

**Revitalising Historic Buildings Through Partnership Scheme
Comments Collected and Initial Assessment**

A. Vetting Criteria in General		
	Comments Collected	Initial Assessment/Observations by AC
1.	Some have asked us to review whether there is any need to add in new items, re-define existing items, or add in specific elements to take into account the uniqueness of each historic building.	<ul style="list-style-type: none"> Criteria 1, 2 and 3 are related to intention/concept by the applicant on how to re-use the historic buildings while criteria 4 and 5 are related to the capability of the applicant to deliver the proposed social enterprise. We feel the existing five criteria are balanced, comprehensive and generally well accepted. They should hence be retained. However, some specific elements/angles can be introduced to take into account the uniqueness of each building. For instance, in the Blue House cluster case, we may consider how the proposal can meet the specific requirement of “留屋又留人” and aspirations of the existing tenants in the assessment. This is pretty similar to the case of Mei Ho House in which a Museum of Public Housing is a “must” in the proposal for the revitalisation of this building. AC would meet with the residents of the Blue House cluster before the vetting process.
2.	Some enquired whether we should apply equal weighting (or assign different weightings) to different aspects to reflect their importance. For instance, since these are historic buildings, heavier weight should be given to criterion 1 “reflection of historical value and significance”.	<ul style="list-style-type: none"> The balanced approach, which is less complex, easy to be understood and now well accepted by stakeholders, should be adopted in the assessment process. Therefore AC will maintain the existing equal weighting on the 5 assessment aspects.
3.	Some have suggested applications submitted by local organisations should be given priority/preference over those submitted by overseas organisations.	<ul style="list-style-type: none"> Participation in the Scheme by local organisations is of course most welcomed. However, to ensure we get the best possible proposals for our historic buildings, we feel that we should not, as a rule, give preference to local organisations as sometimes overseas organisations can bring in a breath of fresh air and very good

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		proposals. They can also help to elevate Hong Kong's international status in certain areas which we are keen to attain.

B. Terminology and Explanation of Individual Vetting Criterion		
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Criterion 1 Reflection of historical value and significance		
1	Some commented that there is confusion between criterion 1 (i.e. reflection of historical value and significance) and 2 (i.e. heritage preservation). For instance, the assessment on “retention of architectural authenticity” can be assessed under both criteria.	<ul style="list-style-type: none"> • Agreed. To provide clarity, we will rename criterion 2 i.e. “Heritage preservation” to “Technical aspects”. • The assessment on “retention of architectural authenticity” will be moved from criterion 2 “Heritage preservation” to criterion 1 “Reflection of historical value and significance”. • Furthermore, compatibility of the nature of the proposal versus the original use of the historic building will be assessed under criterion 1. For instance, for some buildings with memories of very respectable personalities, some uses will appear incompatible e.g. drug addiction treatment centre.
Criterion 2 Heritage preservation		
2	Some commented that the second criterion, i.e. “Heritage preservation” should focus on the technical aspects of the proposals. Please see above.	<ul style="list-style-type: none"> • Agreed. The criterion will be renamed as “Technical aspects” and the assessment will focus on the quality of the technical submission.
Criterion 3 SE operation		
3	Some considered the definition of social enterprise not clear.	<ul style="list-style-type: none"> • While the definition of SE is featured in some LegCo documents, the definition of SE is not set out in the Guide to Application. • We agree and will include the following definition in the Guide, i.e. “There is no universal definition on SE and the concept of SE is still evolving. In general, SE is a business. It should be able to make profits and operate on a self-financing basis. However, the pursuit of maximum profit should not be the primary objective of the organisation and instead, bringing of social value to our community is of paramount importance. The profits also cannot be distributed but should be principally reinvested in the SE business or in the community for the social objectives pursued by the SE.”

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4.	Some commented that it would be difficult to differentiate among renting out, hire of service, outsourcing, etc. and to what extent they are allowed.	<ul style="list-style-type: none"> To provide more flexibility to SEs, we will allow these provided that it is of a reasonable extent. It is difficult to specify in quantitative terms to what extent each item is allowed. Instead we will state in the Guide to Application that we will adopt a common sense approach, and the following would be taken into account in assessing whether the case is reasonable: <ul style="list-style-type: none"> Percentage of GFA/site area (the larger the percentage, the less desirable); Duration involved (the longer the duration, the less desirable); Importance of such component in the overall proposal (must be of secondary importance). A proportionality test should be adopted in assessing the applications and on the merit of each case. For instance, for a large project providing a large number of courses, we may allow the SE to outsource the operation of a café to an established operator. Also, it is permissible to outsource its laundry service to be cost effective. However, we would not allow an applicant to sub-divide the premises into various shops (or sublet) merely to earn income to make ends meet.
5.	Some commented that intangible social value such as preservation of traditional culture should be taken into account.	<ul style="list-style-type: none"> Agreed. We will include both tangible and intangible social value in the assessment. This criterion will also be renamed to “Social value and SE operation” to be more accurate.
6.	“Demand for services” should appear under “Financial viability” instead of “SE operation” to avoid “double counting”.	<ul style="list-style-type: none"> Agreed. The “demand for services” will be moved from “SE operation” to “Financial viability”.
Criterion 4 Financial viability		
7.	Some requested greater clarity on whether donations should be	<ul style="list-style-type: none"> DEVB will state clearly in the Guide to Application that the operation of SE

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	allowed.	<p>should primarily not rely heavily on donations and other forms of subsidy as the business should in principle be viable and sustainable on its own. However, under special circumstances, e.g. during difficult period like SARS or financial tsunami, donations can be regarded as a fallback source of income.</p> <ul style="list-style-type: none"> • Again a common sense approach and a proportionality test would be adopted.
8.	Whether Government subvention would be allowed.	<ul style="list-style-type: none"> • DEVB will clarify this point in the Guide to Application. Government subvention from other bureaux /departments should be discouraged as this will lead to duplicated financial support from Government. Perpetual subvention (and not a SE being financially independent) is also against the spirit of SE.
9.	Some applicants said they found it difficult to prepare the submission in regard to Financial Viability and requested for more assistance.	<ul style="list-style-type: none"> • DEVB will provide assistance in the following ways: <ul style="list-style-type: none"> • A checklist on things applicants should take into account in filling in this section will be attached to the application form. Applicants should go through this checklist carefully before submitting their applications • DEVB will include a session in the Forum in May 2009 for the potential applicants in which advice on the preparation of the financial section will be given by DEVB's professional accounting colleagues.
10.	Some commented that the element of financial capability now featured under both the criteria of 'Financial viability' and 'Others' and sought clarification.	<ul style="list-style-type: none"> • We noted this. DEVB will clarify that under the criterion of 'Financial viability', it is the "financial capability" of the SE as a business; while under 'Others', it is the "financial capability" of the applicant organisation (which is relevant in the ability of the organisation to withstand unforeseeable crisis like SARS or financial tsunami).

Criterion 5. Others		
11.	Whether applicants can seek third party endorsers to support their applications.	<ul style="list-style-type: none"> • Yes. If applicants wish to seek third party endorsers, such as from DCs, they are free to do so but they should preferably provide documentary evidence to substantiate such support.
12.	The existing criterion by its name is not clear. Suggest to rename the criterion to “Other considerations”	<ul style="list-style-type: none"> • Agreed. Moreover, the management capabilities of the applicant will be further elaborated to include <ul style="list-style-type: none"> • adequacy of resources to deliver the project; • track record (if any); and • level of commitment.

C. Modus Operandi		
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1	A lot of comments have been received on the cost of preparing the submission, which is high in particular in the second-round submission. There are enquiries whether cash subsidy or subsidy in kind can be provided to the applicants by the Government.	<ul style="list-style-type: none"> • We appreciate that some organisations have put in substantial resources in their applications. However, we cannot reimburse the cost due to the need to maintain consistency within Government practice. • However, DEVB has successfully sought approval to reimburse to the selected applicants the cost for the pre-contract preparation works (including preparation of detailed architectural, heritage conservation, structural, geotechnical, building services and landscaping design; quantity surveying services and tender documentation; and minor investigation for site survey, etc.). This will help a lot. • DEVB will also prepare 'generic information' as far as possible to alleviate burden on applicants, e.g. survey on loading, utilities mapping, etc.
2.	Whether more guidance can be provided to NPOs.	<ul style="list-style-type: none"> • DEVB will organise a Review Forum in May 2009 to share experiences with previous and potential applicants. After the launch of Batch II, DEVB will invite interested NPOs to visit the buildings via Open Days and a Workshop on how to complete the Application Form. Suitable information will also be posted on the heritage website to assist the applicants in preparing their applications, e.g. powerpoint used at the Review Forum.
3.	Some enquired whether there is a deadline they must get the charitable status under section 88 of the IRD Ordinance (Cap. 112).	<ul style="list-style-type: none"> • While we are prepared to be flexible in accommodating interested organisations that may not have acquired charitable status at the time of submission of application, the lead applicant (and the co-operating organisations) must have obtained the charitable status within 3 months after the application deadline.
4.	Some NPOs would like to have longer period to prepare their applications	<ul style="list-style-type: none"> • For Batch II, the application period will be extended to 4 months.

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5.	Whether those examples about possible uses of the historic buildings will mislead the applicants.	<ul style="list-style-type: none"> The examples are for reference only. A remark will be added in the resource kits to explain clearly that applicants are free to propose other uses.
6.	Some failed applicants have requested for information on the assessment of their applications.	<ul style="list-style-type: none"> AC has already agreed to provide the requested information (including the marks). AC Secretariat will prepare the draft and circulate to Members before issue.
7.	Some commented that more public engagement or consultation with the respective DCs should be carried out.	<ul style="list-style-type: none"> DEVB should consult parties concerned such as AAB and conduct a Review Forum with previous and potential applicants on the Revitalisation Scheme and organise a Workshop for potential applicants of Batch II in the next few months. On the involvement of DCs, we fully appreciate that DCs are the ones most familiar with the aspirations of the local community and would hence welcome their views. For the Batch II and future exercises, DEVB should consult DCs on their aspirations on the buildings concerned in their districts before application is officially invited. Indeed C for H has been consulting the DCs concerned and hopefully will have visited all the relevant DCs before the roll-out of Batch II in mid-2009.