

MAKING “TDR” WORK FOR THE CONSERVATION OF A HISTORIC CENTER CITY NEIGHBORHOOD

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I. Da-Dau-Cheng District, Taipei: A brief introduction

Historical Background

Da-Dau-Cheng District is located on the east bank of Tanshuei River that forms the western boundary of Taipei, one of the last Chinese imperial cities to be built in the Chinese tradition of geomancy. The District finds its root going back to the mid-19th century when Taiwan, an island to the southeast coast of China and originally named as “Ilha Formosa” (Beautiful Island) by the Portuguese sailors who first discovered it in 1544, was under the rule of the Ching government. In 1858, the Ching government, in defeat, consented in the Tienjin Treaty with the French, and later in the 1861 Peking Treaty with the British, to open a number of trading ports in Taiwan, including the port of Da-Dau-Cheng. Soon after, in 1866, an Englishman named John Dodd began to grow tea in northern Taiwan for export to the West and eventually settled on Da-Dau-Cheng as his manufacturing base. With the growing popularity of the “Formosa Oolong”, also known as “champagne of teas”, the District also began to take hold in the ensuing decades as the center of trade, commerce and culture in the northern part of Taiwan.

In the aftermath of the Sino-Japanese War in 1895, Taiwan was ceded to the Japanese. For the next fifty years, Da-Dau-Cheng continued to reinforce its position as the economical, social and cultural stronghold of the northern region around Taipei. By the time Taiwan was released from the Japanese rule in 1945, the District had reached its peak as the wholesale and trade center of not only tea, but a variety of dry goods, grains, textiles, and traditional herbal medicines. In a rich context of architectural styles ranging from the simple 1-story wood structure built in the Ching Dynasty to the 3-storied brick buildings constructed during the Japanese rule in elaborate pseudo-Baroque style or neo-classicism, trade was mixed with housing, commerce and culture thrived side by side.

Since the mid 1950s, the decline of Da-Dau-Cheng, one that had been brought on by the interruption of the cross-strait trade as a result of political upheaval and the growing deterioration of the working harbor, has been hastened by the fundamental transformation on the economic, manufacturing and commercial fronts.

The fate of Da-Dau-Cheng was directly challenged in 1977 when the city government announced its plan to widen De-Hwa Street, the main thoroughfare and commercial spine of Da-Dau-Cheng, from its current width of 7.8 meters to 20 meters. By that time the District has been relegated by many of its resident-merchants, as did those city’s planners and politicians, to be a backward urban sore in need of modern resurrection in the form of 4-lane traffic. If left unchallenged, the proposed action would obliterated hundreds of shop-houses that flanked the 1-km core Da-Dau-Cheng and effectively erase from the city’s cultural and historic landscape the one last sector that has remained largely intact from the city’s birth.

II. The road to TDR

Fortunately, the proposed plan to widen De-Hwa Street served as a lightning rod that galvanize the attention and passion of the budding preservation community in Taiwan. The ensuing struggle spanned more than twenty years, during which time the Preservation of Cultural Heritage Law was enacted (1982). The struggle culminated in the establishment of the Da-Dau-Cheng Special Historic Landscape District in 2000, the government’s plan to widen De-Hwa Street was reversed accordingly and specific urban design guidelines established for both historic buildings and contextual buildings in the special zoning district. Most significantly, the legislature and zoning regulations enabling the district-wide application of “Transfer of Development Right” were also adopted the same year.

Compared to offering tax and other financial or administrative incentives, TDR, in a seemingly more straightforward manner, enables the owner of a historic property to enjoy the same amount of financial benefits derived from the development right as originally zoned for the property. He will be able to transfer the reduced amount of building density and volume required by conservation measures to another qualified site he owns, or sell it to the owner of that property. In other words, a property owner’s development right will not “suffer” as a result of adhering to conservation measures, thus reducing his objection to them.

Equally important, of not more, the execution of TDR can be carried out without adding to the public authority's financial burden, since it does not require the government to finance the transaction (sale) of development right which will occur when the unused development right is transferred to a site owned by another party.

Generally speaking, the feasibility and "desirability" of TDR is directly linked to the market condition and to the environmental impact it may generate. The effectiveness of TDR parallels with the market condition; a slow market, like one with high vacancy rate, is definitely not going to be as "friendly" to TDR as a hot one. The abuse of TDR, e.g. permitting large amount of development to be re-distributed may bring undesirable disruption to land use control as well as the real estate market.

In order to mitigate any negative environmental impact that may result from increased amount of building density and volume, the selection and control of the receiving sites is also crucial. Aside from setting outright regulatory limit such as 30% or 40% of the baseline zoning, a stringent review and approval process should also be in place to respond to case-specific issues and conditions.

A third concern involves the operating philosophy, i.e., whether we want to offer TDR as an incentive measure or as a mitigating measure. This will affect how we calculate the building volume that may be transferred. In the case of Taiwan, since TDR is considered to be a mitigating measure, efforts have been made so that the owner of a historic property will not profit "more" from the transfer than he would with a non-historic building on the original site.

III. Related regulations and implementation

The Da-Dau-Cheng Special Historic Landscape District covers an area slightly over 40 hectares, within which a total of 77 buildings have been designated by the municipal government as "historic buildings". Over 60 percent of these were constructed during the Japanese colonial rule between 1898 and 1947, and over 26% built after 1948, with the remaining 13% prior to 1898 under the Ching rule. In terms of architectural styles, 21 percent of these historic buildings were constructed in the pseudo-Baroque style, 25 percent in the early modern shop-house tradition, and 52 percent the neo-classical and modern style, with the remaining 2 percent being traditional Chinese shop houses.

With regard to preservation controls, 84 percent of these designated buildings are required to preserve at least the façade and the ground floor arcade, close to 12 percent are required to preserve the entire building, and the remaining 4 percent are required to preserve the first of the serial courtyard sections. A uniform height control also applies to all historic and non-historic buildings

along De-Hwa Street, stepping up from three stories for the first if the serial courtyard compounds, 6 story for the second one and 8 story for the third one and beyond. When subject to preservation control measures which result in the unrealized development rights, all buildings in the Special District, both historic and non-historic ones, will be qualified for the application of TDR related provisions.

It is estimated that the total floor area to be transferred from the Special District should fall between 120,000 square meters to 350,000 square meters. In comparison, the total floor area constructed per year in the past ten years ranged from 170,000 square meters to 430,000 square meters. Furthermore, it is estimated that the receiving capacity for the various Rapid Transit Stations come to around 700,000 square meters in the minimum. It was thus concluded that the implementation of TDR for the preservation of Da-Dau-Cheng Special District would not result in, or suffer from, negative market reaction.

To maximize marketability, the maximum amount of Floor Area Ratio (FAR) of a Receiving Site may be raised from 30% to 40% of its baseline FAR when it is: (a) located within an Urban Renewal Area; (b) part of a Planned Development Area; (c) facing a Permanent Open Space; or (d) located in other specific areas in accordance with an urban plan approved by local authorities. With regard to the last provision, the Special District Plan specifies four categories of Receiving Sites, including:

- Sites around Transit Stations along 2 metro transit lines;
- Sites located in the immediate outlying area of the historic district; and
- Sites located in the Urban Redevelopment Areas

Calculation of the amount of Transferable FAR

Public assessment of the respective "Land Values" associated with a "Sending Site" and its "Receiving Site" form the basis for the calculation of the actual amount of floor areas transferred between the two sites. In other words, a receiving site with a higher land value will result in lesser amount of actual floor areas transferred than one with a lower value.

CASE A

- The amount of floor area qualified for transfer out of the Sending Site totals 2479 m²
- Public Assessment of Sending Site: 88,745/ m²
- The amount of floor area actually transferred to the "Receiving Site" totals 756.68 m²
- Public Assessment: 290.744/ m²

CASE B

- The amount of floor area qualified for transfer out of the Sending Site totals 657 m²
- Public Assessment: 167,000/ m²
- The amount of floor area actually transferred to the "Receiving Site" totals 1913 m²

- Public Assessment: 57,000/m²

Since the implementation of the Da-Dau-Cheng Special Historic Landscape District Plan and accompanying zoning regulations in 2000, including those governing the application of TDR, a total of 8 development projects have opted to make use of the TDR provisions, all of which have selected a receiving site located outside the Special District.

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IV. Partners of TDR for the conservation and revitalization of urban quarters

Da-Dau-Cheng

Existing Groun Coverage Ratio 80%

Existing FAR 266%

Average Living Area per person 25m²

Most of the historic quarters in a developed urban center are

often those also in line for economic, social and physical revitalization. Meanwhile, the legislative foundation and specific tools designed and targeted for “preservation” may not yet exist. Under the circumstances, with preservation in mind, an intelligent use of the various mechanisms that could be developed within the legal framework of the more established “urban renewal” discipline could yield surprising partners to TDR.

Regulations for the Designation and Grants for the Restoration of Historic Buildings in Urban Renewal Area, City of Taipei, 1997

These grants are applicable only to historic buildings, excluding monuments, that have been officially designated by the City of Taipei as possessing commemorative, historic, cultural and artistic values. In principle, a grant may only cover up to 1/2 of the qualified expense items entailed in a restoration plan. Nevertheless, under special circumstances and with the approval by the Urban Renewal Committed, the ceiling for the grant amount may be raised.

The approved grant will be released in three phases:

- 1st Phase 40% released upon Signing of Construction Contract
- 2nd Phase 30% released during construction period in accordance to pre-approved schedule.
- 3rd Phase 30% upon passing the final inspection of completed work.

Grant Recipients must agree to maintain the restored building exterior for a period of 5 years after the final inspection. In addition, Grant Recipients must submit to the Urban Planning Department qualification documents

signed off by the project architect for contractors (including craftsmen) under his employment.

Program for Small Building Sites in Old Urban Area

TAIWAN has implemented the mechanism of FAR to control and regulate urban development country-wide since 1999. However, reconstruction in accordance with the newly implemented FAR usually results in less floor area than that provided by the existing building. Oftentimes, sites are too small, or too irregular shaped, or both, to allow efficient development and adequate floor space. This program provides FAR incentives for the combination of inadequate sites, in terms of size or shape, for a single development plan. Also allowed is a reduction in capital gain tax for an irregular sites that participates in a combined development, and where a transfer of ownership is involved. In the Da-Dau-Cheng Special District the followin FAR bonuses are made available:

- Site Area exceeding 400m² 15% FAR Bonus
- Site Area exceeding 1000 m² 20% FAR Bonus
- Site Area exceeding 2000 m² 25% FAR Bonus

Self-Governing Laws Adopted by Local Authorities

- Self Governing Regulations for the Management of Commercial Street, City of Taichung, April, 2002. Failures to comply may result in a fine between 5000NT and 30,000NT. Failures to make the payment will be subjection to collection action by the court.
- Self Governing Regulations for the Management of Vacant Properties (Draft), City of Tainan. Incentives for providing temporary off-street parking and non-profit facilities such as park area and gymnasium include: FAR bonus up to 5% of the baseline zoning and a reduction in Property Tax

Self Governing Regulations for the Protection of old and/or large size Trees. A number of cities, including Taipei, have either proposed or enacted legislature that seek to protect the well-grown trees in the cities from the bulldozers driven by private developers as well as city engineers of various public works. As currently proposed by the City of Taipei, trees and greeneries that could fall within the protective umbrella include, among others, those trees exceeding 15 meter high, possessing a trunk exceeding 0.8 meter, or deemed to have significant cultural and historical values. Violators against private properties may expect a fine under NT50,000, and those against public properties between NT50,000 to NT100,000.

V. A reminder: place preservation

As the end of this brief review, one has to point out TDR could be made an effective tool in addressing the legitimate concerns of property owners, both in terms of financial burden and public justice. Nevertheless, in order “to retain

or recover the cultural significance of a place” in accordance with the conservation principles entailed in the Burra Charter (1981), TDR needs to be implemented in the company of more than a few other partners. While the implementation of the TDR provisions set the physical conservation of Da-Dau-Cheng on its course, the ultimate revitalization of this richly endowed historic and cultural locus of Taipei partly depends on how successful we are in breathing new life into its unique place setting through intelligent and sensitive reuse and the strengthening of community consensus on conserving its unique heritage to the benefit of all.

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Related Projects:

Proposed Local Ordinance for Historic Areas and Buildings,
A Demonstration Project for the Restoration and Maintenance of Historic Buildings,
Landscape Improvement Plan for Section 1, De-Hwa Street,
Comprehensive Plan for the Da-Dau-Cheng Special District
Boston Chinatown Community Plan and Accompanying Zoning Amendments