



Heritage-led urban regeneration in Yangon: Pre Feasibility Study in three pilot areas

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List of Abbreviations

ADB	Asian Development Bank
AMA	Association of Myanmar Architects
BCR	Building Coverage Ratio
CDIA	Cities Development Initiative for Asia
CMP	Conservation Management Plan
FAR	Floor Area Ratio
HMF	Housing Micro Finance
MES	Myanmar Engineering Society
MFI	Micro Finance Institutions
MOC	Ministry of Culture
MOF	Ministry of Finance (MOF)
PSC	Project Steering Committee
PFS	Pre-Feasibility Study
YCDC	Yangon City Development Committee
YHT	Yangon Heritage Trust

Images

All images have been produced by the CDIA team as part of the PFS study, unless specified otherwise.

1. EXECUTIVE SUMMARY

Heritage led urban regeneration pilot in Yangon

The Cities Development Initiative for Asia (CDIA) has deployed a team of ten international and local planners, architects, heritage experts and economists (i.e. CDIA team) to undertake a Pre-Feasibility Study (PFS) to help the Yangon City Development Committee (YCDC) and the Yangon Heritage Trust (YHT) to define tools and instruments for heritage-led regeneration initiatives in selected pilot areas in the city’s historic core. Based on the principle “Heritage Works” the PFS demonstrates how heritage can create value and drive economic growth by increasing the competitiveness of the City of Yangon and enhancing the living conditions, economic and tourism potential of the city. The study also identifies public and private-sector funding opportunities to make urban regeneration happen and improve the existing building stock and historic urban fabric.

Unique cityscape disappearing

Yangon is the only city in Asia with its historic core [an estimated 2,000 properties that date back from before 1950] largely intact, primarily as a result of decades of political and economic isolation. The city’s historic core reflects the rich and cosmopolitan past of the city: pre- colonial structures such as pagodas and temples, grand mansions and administrative buildings dating back to the colonial period and important 20th century architectural heritage. In a long-denied striving for modernisation, many of the original properties are now being demolished to make way for modern buildings. Almost invariably this means that original 4-6 storey historic properties are being replaced by modern 8-12 storey structures transforming the cityscape at a rapid pace, thus putting pressure on the public infrastructure. Local livelihood is changing, developers move in, original residents move out with a severe impact on the cityscape.

In an environment where legislation is still being developed and market forces prevail, new development is happening abruptly, often distorting the urban fabric and uprooting the local community. In addition, physical improvements are often confined to buildings only, without much if any, improvement to the public and common spaces. Given the speed of change occurring in the historic core of the city, there is only a short window of opportunity before the unique character of Yangon’s city centre will be lost forever.

Need for tools to make heritage-led urban regeneration happen

The YCDC Planning Department and YHT have made considerable progress in the past two years in articulating a development vision for Yangon’s historic core, creating a list of ‘protected’ heritage buildings, as well as effectively halting further demolition of heritage buildings in selected parts of downtown. Yet, within the current political and institutional context, the development conditions downtown are not yet effectively governed by legislation and planning control, let alone the master planning of different heritage precincts within the area. Meanwhile development pressure is stronger than ever before and elements of Yangon’s historic streetscape are disappearing on a daily basis, especially in the residential streets. In the absence of comprehensive planning control for the Downtown Conservation Area, the CDIA team, together with YCDC and YHT, have explored different tools and instruments that could catalyse urban regeneration in the short term.

OBJECTIVE

Demonstrate how heritage can create value & drive economic growth

OUTCOMES

- Development strategies for three pilot areas: one commercial & two residential street clusters
- Portfolio of prospective upgrading projects
- Anticipated positive social, environmental & economic impacts
- Technical, legal, financial analysis
- Capital investment requirements
- Potential financing models

GUIDING PRINCIPLES



Upgrade infrastructure & improve living conditions



Maintain residential function, livelihoods & community



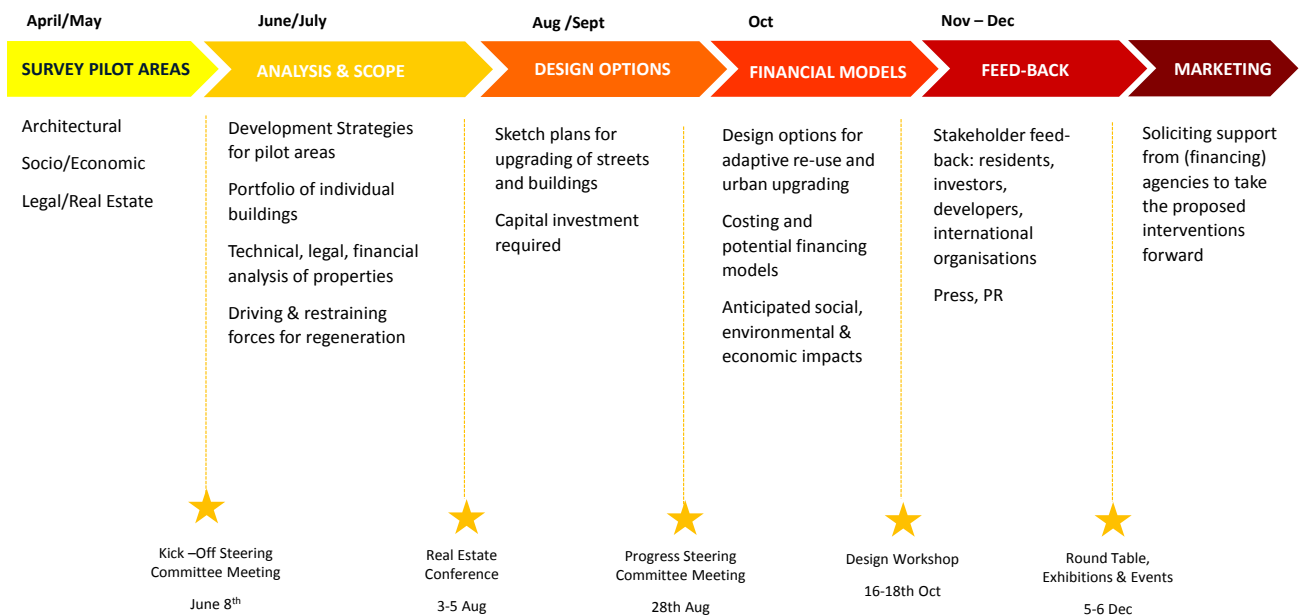
Keep historic identity, unique character & cityscape

PFS process and activities

The Yangon City Development Committee (YCDC) and Yangon Heritage Trust (YHT) worked with the CDIA team in developing the strategies, roadmaps, plans and investment packages summarised in this report. As the study process unfolded, the CDIA team established links and dialogues with a wider range of players (f.e. developers, investors, local residents, NGO’s, MFI’s, companies and international financing agencies) to assess the feasibility of the proposed interventions. Throughout the process, the CDIA team continuously cherished opportunities to build capacity within the counterpart organisations and the proposed interventions suggest ways to continue to expand the resource base and strengthen capacity of YHT and YCDC.

A project Steering Committee comprising of the relevant industry associations and government agencies in the field of urban development was established to provide guidance on the project objective and deliverables. The Steering Committee met three times over the duration of the project to review and monitor the progress of the PFS and steer the general direction.

In addition to the Steering Committee, the PFS also included a comprehensive outreach and awareness component, an integral part of the stakeholder engagement process that served two objectives: to ensure the proposed interventions resonated well with the various stakeholders and to maximise the chances for downstream financing. For this PFS the stakeholder engagement comprised of a.o. focus group discussions with residents in pilot areas, interviews with owners and potential developers of selected properties, architectural design workshop, series of exhibitions and events as well as high level roundtable discussions.



Timeline CDIA Pre-Feasibility Study Yangon

FOCUS OF PRE-FEASIBILITY STUDY

The main focus of the Pre-Feasibility Study was to assess the feasibility of potential tools and instruments that could allow for urban regeneration/adaptive re-use intervention that is more respectful of the historic fabric compared to the current practice of site clearance and new build real estate development. While the primary focus of this study was on privately owned buildings, the study also investigated redevelopment opportunities of publicly owned properties and sites and potential for partnerships between public and private sectors. YCDC and YHT selected three pilot areas in the proposed Downtown Conservation Area to test the feasibility of the proposed tools & instruments:

- one commercial/cultural area (Pansodan Cluster)
- two typical residential areas (Shwe Bontha and Bogalayzay Cluster)



Figure 1 - Proposed Downtown Conservation Area. Source: YHT

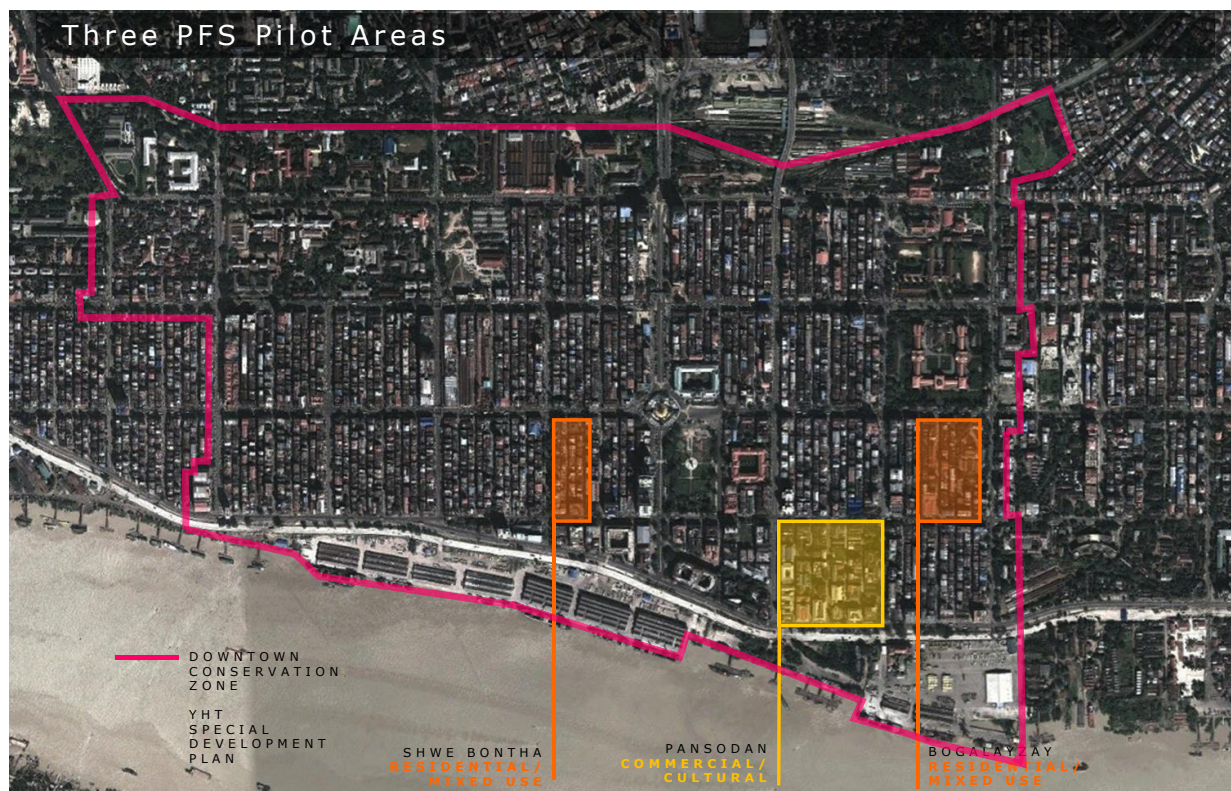


Figure 2 - Selected Pilot Areas for Pre-Feasibility Study

PILOT AREA SELECTION CRITERIA

When selecting the pilot areas the CDIA team and project counterparts looked at streets with a **comparatively intact historic streetscape** (i.e., less post-1990 infill compared to other streets downtown, attractive visual character/intact continuous streetscape, and prevalence of buildings of architectural-cultural-historical significance). In addition the team looked for streets with a **positive conservation dynamic** (i.e. evidence of recent investment in renovation of properties, expected buy-in from local property owners and tenants).

Additional selection criteria for the **‘commercial cluster’** included:

- sufficient critical mass to attract a variety of investors and allow for packaging of sites
- range of different building types, sizes and uses and vacant plots,
- availability of “bankable” properties for adaptive re-use able to attract inward investment,
- low population density - with corresponding lower expected level of complexity in tenancy arrangements - and
- presence of religious or institutional buildings that are currently in use

For the **residential clusters** the team looked at potential to show **impact** (potential to improve the public space, i.e., accessible back alleys, wide streetscapes and potential to demonstrate positive pro-poor environmental and economic impact, improving living conditions while maintaining historic buildings) and **replicability** (typical residential street).

SCOPING REGENERATION POTENTIAL: THREE DIFFERENT TYPOLOGIES

The situation in downtown Yangon calls for a comprehensive approach to district based urban regeneration, as practiced for many years in North America, Europe and Australia, but also with much success in places like Taipei (Taiwan)¹, George Town (Malaysia)² and Jakarta (Indonesia)³. While the CDIA Team advocates a comprehensive precinct based master planning approach to improve local living and working conditions while safeguarding the historic streetscape, it is recognised that the current legal, political and institutional context and absence of a solid and respected planning framework currently limits the possibilities for implementation of area based regeneration activities.

Yet, with the development pressure in Yangon at an unprecedented high, the need is for short term action. Hence the CDIA team decided to focus on individual buildings and sites in the pilot areas and look for potential tools and instruments to unlock their potential for heritage-led redevelopment/revitalisation. The team identified selected properties and sites in both private and public ownership that are currently underutilised, vacant and/or in a state of disrepair.

Based on technical site analysis, a social survey, interviews with stakeholders and series of focus group discussions the team was able to broadly distinguish four types of properties (together representing nearly 30 million sqft in the proposed Downtown Conservation Area, roughly three quarters of the historic urban fabric) which each merit their own intervention approach.



1. Typical tenement buildings with apartment units in *private* ownership
2. *Privately* owned (former) commercial/industrial properties that are currently underutilised/vacant
3. *Publicly* owned properties that are currently underutilised/vacant

¹ Taipei Urban Regeneration Stations as described in C. DeWolf, “Taipei’s urban renewal programme succeeds by listening to its citizens” (South China Morning Post 19 June 2015) and in ‘We Own the City; Enabling Community Practice in Architecture and Urban Planning in Amsterdam, Hong Kong, Moscow, New York and Taipei’ by Francesca Miazzo and Tris Kee 2015

² Comprehensive package of planning interventions initiated by NGO Think City including George Town Grants Programme (GTGP) has been successful in leveraging private investment in the . As presented at WMF Conference in Yangon January 2015


³ The formation of the Old Town Revitalization Corporation in Jakarta has spearheaded the revitalisation of the historic inner city of Jakarta, after decades of negligence left many properties in the Kota Tua abandoned and dilapidated.

Table 1 – PFS property typologies and proposed interventions in pilot areas

PLANNING GUIDELINES AND FRAMEWORK FOR THE PROPOSED DOWNTOWN CONSERVATION AREA - is a pre-condition for heritage-led urban regeneration			
1) provides listing and grading to prevent demolition of properties with individual or contributing heritage significance 2) limits height and volume of new development 3) assigns management and responsibilities for the historic environment to guide owners, developers and investors in renovating and redeveloping properties			
Type	Volume	Potential for revitalisation	Proposed intervention and Recommendations
1 Typical tenement buildings ⁴ with apartment units in private ownership dating back to pre-1990 ⁵ 	Estimated total floor space in Downtown Conservation Area GFA ≈ 20 million sq ft Estimated investment value 100-150 million US\$	RETAIN ORIGINAL USE & RESIDENTS – make upgrading of current unit an attractive alternative to demolition and new construction for residents and owners of buildings. This would help maintain local livelihood and upgrade local living conditions, while conserving the historic streetscape.	HOUSING MICROFINANCE SCHEME - Initially sized at US\$15 million, the housing microfinance scheme will allow a residents' collective to access a <i>short term loan</i> for climate resilient and life safety upgrades and heritage conservation. Major challenges to such a fund are the limiting regulations for MFI's. Proposed Next Steps: - TA for study on best practices for MFI regulations in neighbouring countries.
2 Privately owned (former) commercial/industrial properties that are currently underutilised/vacant 	Estimated total floor space in Downtown Conservation Area GFA ≈ 3 million sq ft Estimated investment value 100-200 million US\$	ADAPTIVE RE-USE – Change of use into commercial, residential or cultural facilities by owners in partnership with domestic private sector investors: local family offices, 'club' private equity, social impact investors and/or charitable foundations, who are not constrained by insecurity of title/ regulatory framework and or debt financing. The PFS shows, if repurposed for high yield uses, this can be a FINANCIALLY VIABLE PROPOSITION for owners (they keep ownership) and these types of investor based on current 'acceptance' of zoning regulations that limit demolition and redevelopment options in downtown area. Over time, if and when TITLE AND REGULATORY CHALLENGES are solved and investment takes place in the urban realm, this market could also open up to foreign investors looking for higher returns and security of title.	HERITAGE UNIT - at municipal level to provide <i>information</i> to potential developers/investors on ownership/plot boundaries, history and heritage value and planning in the area

⁴ Typical 2-4 storey 'shop house' dwelling with commercial activities on the G/F and residential on the upper floors

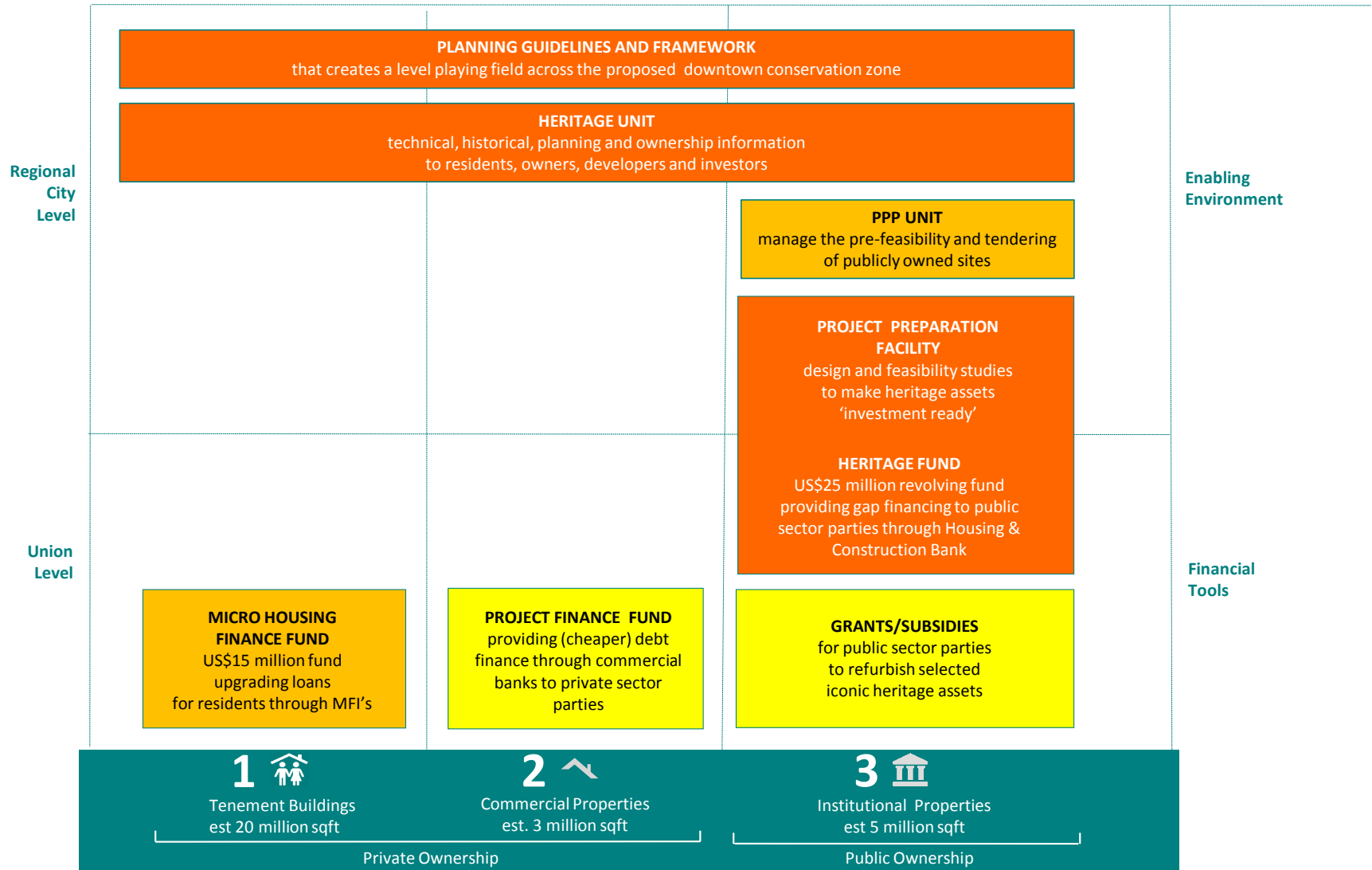
⁵ According to surveys by YHT pre-1990 properties typically conform to the historic streetscape

<p>3 Publicly owned properties that are currently underutilised/vacant</p> 	<p>Estimated floor space in Downtown Conservation Area GFA ≈ 5 million sq ft</p> <p>Estimated investment value 400-600 million US\$</p>	<p>ADAPTIVE RE-USE – Make refurbishment an attractive alternative for owners (e.g. line ministries) who currently have limited budget and/or capacity to revitalise their heritage assets. Change of use into commercial/residential/cultural facilities by owners in partnership with domestic and foreign private sector investors.</p> <p>Financial viability depends on:</p> <ul style="list-style-type: none"> • <i>size</i> - desirable GFA 15,000-35,000 sqft. Smaller or larger size properties limit marketability • <i>technical state</i> – although most properties are structurally sound, years of decay and underinvestment have left some in a derelict state • <i>type of use</i> - the more community/low-revenue uses the longer the pay back • <i>location</i> - many of these properties are located in prime locations with high levels of visibility, but the ones located off main roads will be less attractive <p>3A- The PFS suggests that for selected MEDIUM SIZED AND WELL LOCATED PROPERTIES the configuration as suggested under 2 would provide a FEASIBLE DEVELOPMENT OPTION for both owner (e.g. line ministry) and investor (domestic private sector investors).</p> <p>3B- For OTHER PROPERTIES (including many of the 189 properties) adaptive re-use/refurbishment is NOT COMMERCIALLY VIABLE AT THIS TIME.</p>	<p>HERITAGE FUND (IMMEDIATE) – Sized at \$25 million and managed at the Union-level, the fund would target owners of institutional heritage assets (e.g. line ministries) and comprise of:</p> <ul style="list-style-type: none"> • REVOLVING FUND - at Union level providing <i>gap financing</i> to help public sector owners of selected properties to ensure viability of otherwise non-commercially viable refurbishment. • PROJECT PREPARATION FACILITY – at Municipal level to provide public sector owners with <i>ideas</i> of what their vacant buildings can be used for and provide the necessary technical, legal, design and feasibility <i>studies</i> to make them ‘investment ready’. <p>PPP UNIT (MEDIUM TERM) – at Regional level to <i>provide capacity</i> to the line ministries and lead the prioritisation of local and regional development projects, manage the pre-feasibility and feasibility studies to make sites ‘investment ready,’ and lead the tendering and bidder selection processes.</p> <p>Such a unit would be particularly important in the refurbishment of ICONIC PROPERTIES (such as Secretariat, Telegraph Office, Court House etc.) that have significant historic/cultural/social value and may require evaluation of supporting GRANTS/SUBSIDIES.</p> <p>Myanmar, though, still does not have the policy, legal and institutional framework for PPPs in place.</p> <p>PROJECT FINANCE FUND (LONG TERM) – <i>privately-led</i> commercial funds to provide private sector parties (developers, real estate investors) with opportunities to access <i>project financing</i>. Major challenges for such a fund is the lack of a clear pipeline, limited project underwriting capacity at commercial banks, and regulatory limitations on foreign investment. Proposed Next Steps:</p> <ul style="list-style-type: none"> • Proposed PPTA for a \$25 million Heritage Fund. • Proposed TA to develop the legal and institutional framework for PPPs in Myanmar • Proposed TA to develop the legal and institutional framework for PPPs in Myanmar
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Summary proposed PFS interventions

to catalyse respectful urban regeneration in Yangon proposed Downtown Conservation Zone

- = immediate
- = short term
- = long term



INSTRUMENTS TO LEVERAGE INVESTMENT POTENTIAL

The PFS convincingly shows the financial viability of renovation of the medium sized well located commercial properties (Category 2) in the city's historic core for cultural/commercial purposes that fit well within the YCDC and YHT ambition to revitalise the area with uses such as hotels, café's, food courts, galleries, training centres, creative facilities and schools. The PFS also shows that with defined planning guidelines, strict height controls and easy access to information on technical and ownership status, investors - typically local family offices, 'club' private equity, social impact investors and/or charitable foundations - show a keen interest in repurposing these underutilised properties, representing a direct investment value of US\$100-US200 million.

Yet for larger and more complex properties and sites (typically owned by government, Category 3/4) as well as privately owned tenement buildings (Category 1) tailored instruments are needed to incentivise the owners to commit to the necessary investment as these do not make sense financially in the current context. The PFS proposed interventions are geared towards establishing partnerships to unlock investment potential and together these instruments could realise an estimated direct investment value of US\$700-US\$1 billion US\$ in the historic core alone.

SOCIAL ECONOMIC, ENVIRONMENTAL AND CULTURAL IMPACT

The real added value of the proposed interventions goes beyond the direct investment. The PFS has assessed the potential positive social, economic, environmental and cultural impact of heritage-led urban regeneration in the pilot areas:

ECONOMIC IMPACT

- **Direct job creation in upgrading projects** - The upgrading projects would create jobs in the short and longer term: including construction workers and skilled craftsmen, surveyors and architects. Research suggests that renovation of historic properties typically generates 10-20% more jobs compared to new construction⁶. In addition, the renovation projects equip workers with specific restoration skills, which require skilled artisans and sophisticated engineering.
- **Employment creation** - If underutilised Category 2 and 3A properties with commercial potential would be repurposed, this would increase the number of local jobs in those properties by factor 6⁷. The PFS estimates that the small businesses that currently operate in these Category 2 and 3A properties - representing roughly four million sqft of heritage premises in the historic core - only employ around 1,000 people. Once repurposed into commercial use as, per the proposed PFS investment packages, this would create an additional 5,000 jobs in the historic core. The numbers become more convincing when taking into account the employment generation potential of the additional four million sqft of underutilised publicly owned properties (Category 3B). If repurposed for social, cultural, commercial or community uses these could create up to 6,000 jobs.
- **Enhance revenue-generating functions for local SME's** - The PFS proposed designs not only aim to revitalise the historic buildings, but also revitalise the local street economy. Whereas new high-rise construction typically results in the displacement of such businesses, the proposed renovation projects provide ample low-rental spaces and facilities to allow for small businesses and mobile food and goods vendors to continue and further enhance their trade.
- **Increase property value** - For owner/residents of apartments in typical tenement buildings (Category 1), renovation will mean an increase in property values and potential for rising rental revenues. For landowners of typical tenement buildings, renovation currently seems a financially less attractive option

⁶ Donovan Rypkema: 'The Economics of Heritage' 2010

⁷ Calculation is based on estimated increase in # of jobs as a result of repurposing 13 selected Category 2 and 3 historic buildings in the PFS pilot areas according to designs proposed in the PFS design workshop

compared to demolition and new build. Yet with new regulations in place to prevent further demolition, upgrading becomes an increasingly attractive proposition, especially since in the long term the uniqueness of historic properties proves to be a valuable commodity⁸.

- **Stop decline of tourism arrivals into downtown Yangon** – Data from the Myanmar Tourism Federation suggest that while the number of tourism arrivals to Myanmar is rising rapidly, the number of visitors to downtown Yangon is actually decreasing because of the traffic congestion, difficulty of getting around (walkability) and increasingly unattractive environment (vibrant street life giving way to uniform shopping malls)⁹. PFS research suggests that embracing the diversity and vibrancy of the historic centre and improving accessibility and walkability could capture a larger segment of the roughly one million international arrivals¹⁰ into Yangon and keep them there for longer than the average two days. If 20% of the international visitors would spend one extra day downtown, this would yield an expenditure of almost US\$35 million¹¹ into the local economy.

SOCIAL IMPACT

- **Improve living conditions and create affordable housing options** – The objective of the proposed micro-finance scheme is to prevent as much as possible gentrification, keep housing affordable and maintain local livelihood while improving living conditions.
- **Improve working conditions of current vendors** – The proposed designs for upgrading historic properties are inclusive, taking into account the needs of current small businesses and mobile vendors and will result in improved hygiene and working conditions while utilising empty space to expand their market reach to customers.
- **Create new public space for social events and communal activities** – In response to the limited provision of open space in Yangon’s historic core, all proposed designs for upgrading of historic properties incorporate elements of communal space at street and/or roof level that is accessible for the public. The PFS designs show that around 100,000 sqft of new public space can be created in the pilot areas alone.
- **Enlivening streetscape** – On-site research by the CDIA team shows that the downtown streets where the original fabric has been replaced by high rise developments with office, retail and car parking uses, the streets tend to become less lively. In contrast, the PFS proposed designs that keep the fabric intact offer potential to further enhance casual outdoor dining, religious observances and sports activities that are such an important part of the city’s social life.

CULTURAL IMPACT

- **Preserving historic identity** – Restoring the remarkable and unique architecture of Yangon would help to revive interest in and appreciation of local culture, collective memory and historic identity through revitalising tangible and intangible heritage assets.
- **Create a popular leisure destination** – Many of the renovation ideas for the historic buildings and vacant sites incorporate new elements creating additional floor space for sport, play, shopping, worship

⁸ Donovan Rypkema; Heritage Conservation and the Local Economy, Global Urban Development Magazine, Vol 4 Issue 1, 2008 and Measurements and indicators of heritage as development, Icomos Paris 2011

⁹ Interview with Kyi Thein Oo of Myanmar Tour Guide Association

¹⁰ Tourism Data 2010-2014, UMTA, Union Myanmar Tourism Federation

¹¹ Based on UMTA estimate of average spending of US\$170 a day in 2014

and relaxation that will appeal to locals and visitors looking for a vibrant, diverse and charming leisure destination. In addition, the floorplates in the commercially repurposed historic buildings are naturally tailored for food & beverage (F&B), hotels and small companies rather than for large corporates, keeping the city attractive also at street level.

- **Enhance cultural and educational function** - The large underutilised publicly owned properties (Category 3B) that are currently not contributing to the local economy would make suitable venues for the local cultural and art industry, such as libraries, museums, galleries, venues for performing arts and music, craft production as well as schools and educational institutes that are currently lacking in the downtown area.

ENVIRONMENTAL IMPACT

- **Conservation of historic buildings is proven to be more environmentally friendly compared to new construction** – No demolition means less construction waste (which is one of the most polluting forms of waste). Conservation projects rely largely on locally available materials, so are less reliant on imported building materials.
- **Prevent occurrence of flooding** - Bangkok and Jakarta are good examples of what happens when high rise construction is allowed on low-lying marshy lands, a sinking city subject to frequent flooding. As the downtown area is the city's lowest point, the intrusions associated with high rise construction such as deep wells, heavy foundations and massive generators have an explicit negative environmental impact on the immediate surroundings and would require climate change mitigation measures.
- **Promote healthy living** – Embracing the natural qualities of the historic fabric that was built to suit the hot and humid climate (properties with high ceilings and thick walls, streets in North-South direction for optimum ventilation and sunlight exposure) is a better alternative to high rise development that reduces access to natural light, air and green space. The PFS proposed design interventions further enhance the natural qualities through use of advanced building design and technology (natural lighting, recycled materials, ventilation) to minimise energy consumption and guarantee breathing space in the congested downtown area.
- **No increase in density** – The PFS is based on the YCDC principle not to further increase population and traffic density in the downtown area, whereas the current development context is allowing for a substantial increase which has a negative impact on air and water quality and pedestrian circulation. The PFS proposed design interventions actively discourage further increase in density by reducing car traffic, introducing pedestrian zones, installing metered parking and promoting public transport.
- **Improved public realm by upgrading basic infrastructure** - The PFS recognises that improvement of the public realm is an important pre-condition to making urban-regeneration happen. This would require investment in basic public infrastructure (drainage, sewage system and waste collection). It would also require improvement of walkability by bringing back the pavements and encourage better use of back alleys. The PFS estimates the capital investment required to be around US\$500,000 per street (drainage, surface of road and sidewalks, street lighting and furniture)

2. PROJECT BACKGROUND

2.1. PROJECT HISTORY

Yangon is the only city in Asia with its historic core largely intact, mainly the result of decades of political and economic isolation. Yangon has an estimated 2,000 properties that date before 1950. The city's historic core reflects the rich and cosmopolitan past of the city: pre-colonial structures such as pagodas and temples, grand mansions and administrative buildings dating back to the colonial period and more recent heritage.

The historic core is also the commercial centre and location of choice for the many international business and brands establishing a presence in Yangon. In a long denied striving for modernisation, many of the original properties are being demolished to make way for modern buildings. Almost invariably this means that original 3-4 storey historic properties are being replaced by modern 8-12 storey structures transforming the cityscape at a rapid pace thus putting pressure on the public infrastructure. Local livelihood is changing, developers move in, original residents move out and the cityscape is drastically altered. Given the speed of change occurring in the historic core of the city, there is only a short window of opportunity before the unique character of Yangon's city centre will be lost forever.

In an environment where legislation is still being developed and market forces dictate, new development is happening abruptly, often distorting the urban fabric and uprooting the local community. In addition, physical improvements are often confined to buildings only, without much improvement to the public and common spaces.

The main focus of this PFS is to provide a feasible alternative that is more respectful to the historic fabric and also provides more acceptable and affordable alternatives to residents compared to the current practice of real estate redevelopment. Therefore privately owned buildings are of prime importance. The study aims to look at models that can generate investment beyond individual buildings leading to an upgrade of the wider urban environment in downtown Yangon.



Figure 3 – Proposed Conservation Area in Downtown Yangon (Source YHT)

2.2. PROJECT INSTITUTIONAL SET-UP

Two Project Counterparts

This PFS had two counterpart agencies: Yangon City Development Committee's Urban Planning Division (Planning Unit) and Yangon Heritage Trust (YHT). This was because the historic core agenda in Yangon is largely driven by these two agencies. Although coming from a different perspective, the two organisations are very much aligned and there is strong mutual respect. Both are very committed and have substantial leverage but limited capacity to undertake the work required. They understand the argumentation of the advocates of a 'different approach to development' in the historic core very well and they recognise the only way to convince them is with well-substantiated alternatives for which they have limited resources and manpower.

The two organisations work together in many aspects of what could become the first generation of legislation to manage the city's heritage assets. The collaboration manifests itself at different levels. In the first place there are the formal arrangements:

- YCDC and YHT together with representatives from the Department of Human Settlements and Housing Development (DHSHD), the Ministry of Science and Technology, Japan International Cooperation Agency (JICA), various Union and Regional level ministries and the Association of Myanmar Architects (AMA) – sit on the **zoning committee** for Yangon, established in 2013 to update the current planning framework and consider a comprehensive height control and zoning plan for the city of Yangon.
- Both are involved in the formulation of the **National Building Code** that was kick-started in July 2011, as a result of a joint initiative between the Ministry of Construction and UN-Habitat, the Myanmar Engineering Society. This four year project was completed with a Provisional Building Code in 2015 that included specific articles on heritage buildings (see chapter 5.2). In addition YHT advises redrafting other pieces of legislation relevant to the urban built environment such **Protection and Preservation of Cultural Heritage Regions Law** [1998] and the **Antiquities Act** [1957] as well as Myanmar Investment Commission (MIC) controls for development/investment of places with heritage significance in Yangon.

In addition, there is a continuous working relationship in which the YCDC Planning Unit typically consults YHT for matters concerning heritage in general and the downtown area specifically, such as demolitions, listing and heritage impact assessments.

In the past years there has been a number of capacity building initiatives that have further strengthened the working relationship. Examples are joint capacity building trajectories by UN Habitat (2014) and NUFFIC (June 2014) as well as a more comprehensive EU funded capacity improvement programme (2013-15) aimed at strengthening institutional and operational capacities of both organisations in three key areas:

- Enhance quality of urban planning and practice, in particular heritage planning framework;
- Make planning processes more inclusive and accessible to citizens, including awareness raising for heritage conservation; and
- Provide capacity building, data and software to embark on an inventory of heritage buildings.

What transpired from these collaborative capacity building and research initiatives was the urgency of the situation, the unique window of opportunity and the need for guidance on financial and legal tools and instruments to better guide development in the historic core, but perhaps most important the willingness of YHT and YCDC's Planning Unit to join forces in progressing this agenda. It was against this background that CDIA committed the resources for this Pre-Feasibility Study in a dual counterpart configuration which was a first for the facility.

Yangon City Development Committee Planning Unit

YCDC is essentially the execution agency of the Yangon Regional Government in charge of the provision of public services in the city of Yangon. YCDC's area covers 33 out of the 45 townships of Yangon Region. Its budget, 238 million USD) for FY 2014/15 is almost 70 percent of the total expenditure budgeted for the Region. It is integrated into the Yangon Region budget, and is administered under the Region Minister for Development Affairs (dealing with municipal services), and who is at the same time chair of the YCDC and as such 'mayor' of the city.

YCDC consists of 20 departments, employs around 17,000 staff and conducts construction, maintenance of public facilities (e.g. parks, roads, public buildings, vehicle storage, cargo truck stations, markets, and slaughterhouses) general administrative management (e.g. control on construction, shops) and work-site operations (e.g. water supply, garbage collection). In terms of income, YCDC is more or less self-sufficient. It is an independent body, which raises resources for its services through tax collection, fees, licenses and property development, whereas expenses for operation of work-site operations and general administrative management are provided from the Union Government as a grant budget. Budget for development projects is limited, as these funds are provided from the union government as loan budget and interviews with city officials suggest that this loan scheme is scarcely applied.

The focus on urban development is fairly recent. YCDC was only established in 1990 with the passing of the Yangon City Development Committee Act and YCDC's Urban Planning Unit was established as recent as November 2011. They are the government agency responsible for mapping, surveying, and zoning of the city and produce the plans for the future development of Yangon. They are also the agency in charge of planning control including the issuance of building construction permits. YCDC's planning unit has a professional staff of around 40 comprising engineers, (landscape) architects, surveyors, draftsman and administrative staff. Their mandate includes determining the future land use and density for the downtown area and in recent years they take a very pro-active role in advocating the establishment of heritage planning framework and guidelines for this part of town within the larger administrative system. The Planning Unit even has an Urban Heritage Conservation Section dedicated to developing guidelines for heritage areas to ensure appropriate integration of residential and commercial activities so that they retain their economic viability and attractiveness to tourists and residents.

In 1996, the Yangon City Development Committee (YCDC) - as the first city in Myanmar - created an official list of 189 heritage buildings. Today, this list provides the only statutory protection for urban heritage in Yangon and performs an important role to prevent demolition of historic buildings.

Yangon Heritage Trust

Yangon Heritage Trust (YHT) is an NGO promoting the conservation of Yangon's unique urban heritage through advocacy, research and projects. Founded in 2012 by Dr Thant Myint-U and a group of like-minded architects, business people, historians, at the occasion of a conference "*Towards a Conservation Strategy for Yangon in the 21st Century*" at which national and international experts, civil society leaders, and government ministers recognised the urgency of Yangon's quickly disappearing heritage. In a timespan of three years YHT has grown from a small group of volunteers to a mature organisation with a full-time staff of 15 historians, architects and administrative personnel. YHT is supervised by a board of 12 of the country's leading practitioners in the field of planning and architecture. YHT's activities can be broadly be divided in the following three categories:

1. Advocacy & Policy Development
2. Example Renovation Projects
3. Public Engagement & Education

1. Advocacy & Policy Development

YHT is taking a pro-active role in developing planning guidelines for the downtown area: they are not only advisors on the various committees currently drafting new zoning and land-use plans, but perhaps more importantly, have taken the initiative to draft legislation to best guide development, such as:

- **Proposed Downtown Conservation Area** - YHT has been the key advocate for a designated heritage area with height and density controls in the downtown area. The proposed Downtown Conservation Area covers approximately 2 km² and contains almost 3,000 buildings, of which 40% were built before 1945 (Figure 3 and Annex 1).
- **Yangon Urban Heritage Conservation Law** - YHT was asked to assist in the drafting of Myanmar's first urban heritage conservation law. This was submitted to the Regional Government in May 2013 and allows, for the first time, urban heritage places such as buildings, parks, streetscapes, conservation areas, moveable objects and archaeological sites to be considered as heritage items. It does not mandate an age by which a place can be considered valuable but instead acknowledges that Yangon's urban heritage has an evolving and diverse value for the community.
- **Advocacy for amendment/expansion of 189 list** – YHT hopes that the 189 list will become part of its proposed Yangon Urban Heritage Conservation Law and be expanded to include not only individual buildings but several conservation areas where neighbourhoods and streetscapes have a collective heritage value. YHT's work has shown that there are many thousands of individual heritage buildings in Yangon and that an area-based approach, providing protection for districts and neighbourhoods is required to properly manage Yangon's unique urban heritage.
- **Special Development Plan** - YHT has started the process in 2015 by leading a multidisciplinary team of local and international experts to bring together a plan for wider Yangon with a focus on the proposed Downtown Conservation Area. The models and approaches to be put forward in this plan are meant to provide ideas for Myanmar Government and YCDC in forming a foundation to make decisions about the appropriateness of new developments, their location, scale and impact in the coming five years, an important transitional period for the development of the city (see chapter 6.6).
- **Conservation Management Plan (CMP)** - YHT has been instrumental in making Conservation Management Plan (CMP) a compulsory requirement for development of the city's iconic historic buildings. Two examples are:
 - **The Secretariat** - Myanmar Investment Commission (MIC) required the site's lease holder, Anawmar Group, to submit a CMP. YHT worked closely with Anawmar have worked closely with YHT on the conservation guidelines within the plan which was executed by Edinburgh-based heritage consultancy, Simpson and Brown.
 - **New Law Courts** - Prime Residence - the developer of the New Law Courts site – also needed to submit a CMP as part of the approval process to convert the NLC into a Kempinski Hotel. This is plan was undertaken by Purcell, out of their Hong Kong office. YHT acted as an advisor on the CMP process.

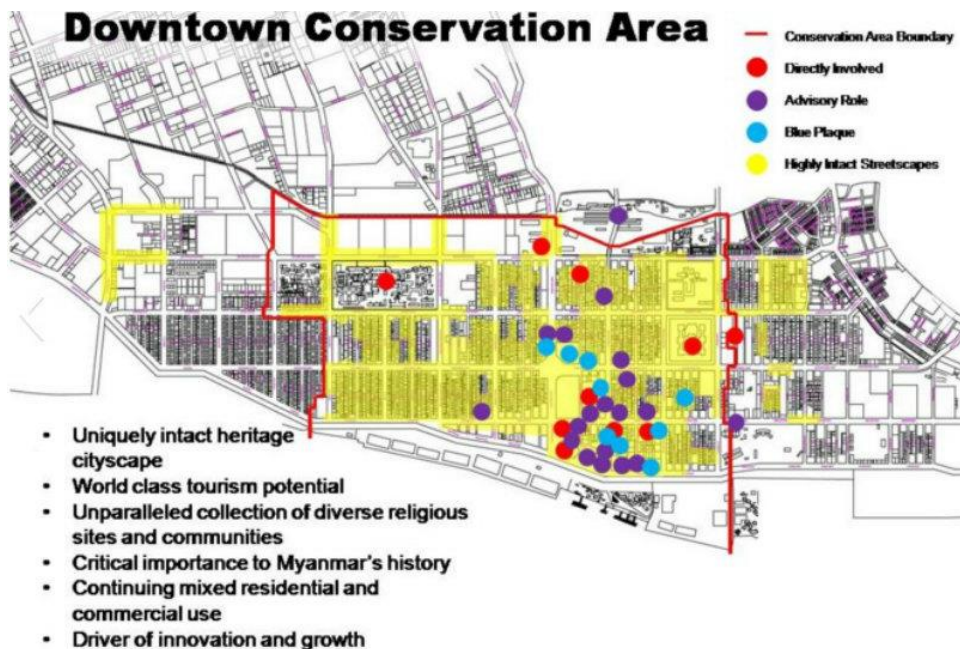


Figure 4 - Assets of Downtown Conservation Area (Source YHT)

2. Example Renovation Projects

YHT has initiated and advised renovation projects to showcase how respectful upgrading of historic building can be done in the Yangon context. These projects go beyond physical restoration of buildings and emphasize a holistic approach to preserving the spirit and vitality of neighbourhood life with special attention to social exchange and environmental impact. Some recent examples:

- **Merchant Road Restoration Project** – This joint project with Turquoise Mountain Foundation, Canadian Department of Foreign Affairs and Global Heritage Fund is restoring a historic building at 491-501 Merchant Street which is over 100 years old, and has a mix of commercial and residential uses. The restoration project which is expected to be completed mid 2016 engages the public and government in a conscious decision making process regarding the development of Downtown Yangon and will provide an example to drive the sympathetic conservation of other historic Downtown buildings.
- **Yangon General Hospital** – YHT is closely involved as an advisor to the architect's team working on the restoration and upgrading of the Yangon General Hospital. The team has adopted a sympathetic approach to the renovation works which stems from the decision to use the original buildings as recovery wards while moving the major operating theatres and care wards to new buildings.
- **Chin Tsong Palace (State Fine Arts School)** – YHT was asked by the Ministry of Culture to provide advice on how to ensure the long-term conservation and use of the State Fine Arts School (the former Chin Tsong Palace). The site is one of the most ornate and impressive heritage buildings in Yangon. The Ministry are hoping to allow limited commercial use of the site to fund future conservation.
- **Former Reserve Bank of India** - YHT has part of the review committee on the current adaptation of the former Reserve Bank of India into Myanmar's first stock exchange.

- **U Thant House** – YHT assisted with the renovation of the residence of former United Nations Secretary – General U Thant. The house, which belongs to the government is a colonial era building which has been renovated for reuse as a museum dedicated to the life of U Thant, as well as a centre for public events, such as lectures and seminars.
- **Waziya Cinema** - Waziya is the oldest cinema in Yangon and is situated the heart of what was once known as “cinema row” in the centre of the city. YHT is advising Myanmar Motion Picture Association (MMPA) in their plans to renovate and restore the historical Waziya into a modern cinema and performance arts space in the centre of Yangon.
- **Government Press Building** – YHT made a design study for the Ministry of Information for repurposing of the Printing and Publishing Enterprise building (formerly Government Press) at the ground floor level incorporating new public bookshops, cafes, restaurant, multipurpose spaces, car parking and garden courtyard spaces.



Figure 5 - Merchant Street heritage-led restoration project. (Source: Turquoise Mountain Foundation)

3. Public Engagement & Education

A large part of YHT’s work is recording Yangon’s tangible and intangible heritage and sharing this knowledge to build awareness on the value of heritage. YHT’s research and educational outreach activities about Yangon’s history and heritage are fundamental to reconnecting residents and locals with the buildings around them. Selected examples:

- **Blue Plaques** - commemorative plaques around Yangon to highlight historical buildings and renowned residents
- **Heritage Walking Tours** - for both locals and international visitors. YHT tours are conducted by YHT’s trained tour guides with anecdotes and insights into the history of both buildings and residents. All funds raised through the tours supports YHT’s continued advocacy efforts.
- **Exhibitions** - “Global City: Yangon’s Past, Present and Future” exhibition sponsored by Prudential showing more than 120 photographs exposing Yangon as the hub of many of the key events in the history of Myanmar revealing Yangon’s cosmopolitan past and present.
- **Outreach Projects** - YHT - with the assistance of the New Zealand government - initiated a project to study local residents’ opinion on the city that they call home. Polaroid cameras were provided to take pictures of things that residents in three townships value and things they dislike within their environment.
- **Trainings & Workshops** - YHT regularly initiatives training and capacity building in a variety of topics from cultural mapping to conservation techniques and 3D rendering, typically in collaboration with industry associations like AMA or MES, local universities (YTU,MTU), and/or international universities (HKU, University of Pennsylvania) or architectural practices.

Practical arrangements and reporting structure

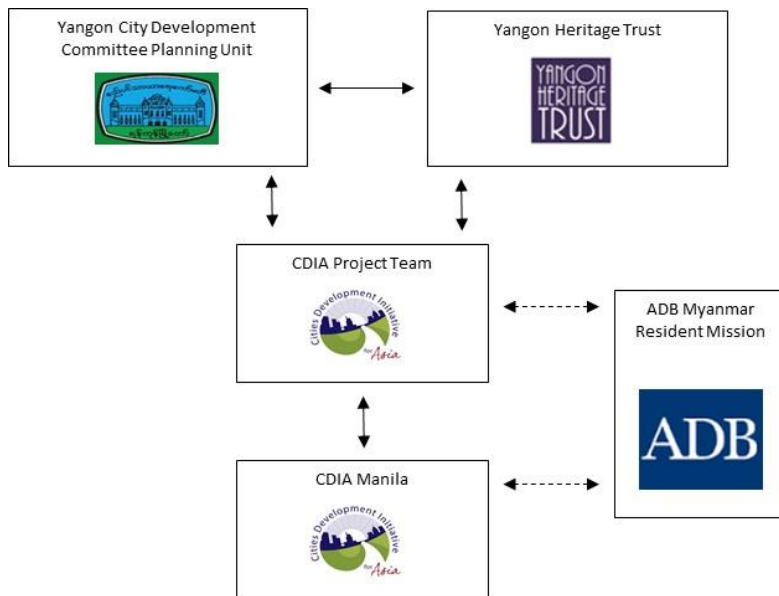


Figure 6 - PFS institutional Set-Up

Figure 6 details the reporting structures between the different parties involved in this PFS.

- The project team was based in Yangon within the premises of the YCDC Planning Unit who have generously provided office space and required facilities for the team to work as well as staff to assist in carrying out the surveys.
- The team reported on progress to senior management of both YCDC and YHT at the beginning and end of each mission. This was almost always done in person, only when time became more constrained towards the end of the PFS, at times the PFS team and counterparts had to resort to e-mail correspondence. Key decisions (selection of pilot areas and properties, heritage grading, development parameters etc.) in the project were made in meetings with senior representatives of the two counterparts present.
- The final deliverables of the project (maps, databases, project portfolio) will be made available to both YCDC and YHT.
- The PFS team reported back to CDIA in Manila through periodical progress reports and three main reports: inception, interim and final report. Staff of CDIA Manila visited the project at key intervals during the project.
- In addition the PFS received intellectual, logistical and moral support from the ADB resident mission in the form of regular updates on relevant developments, assistance with recruitment of local experts, introductions to international agencies and PR support.

2.3. PROJECT SCOPE & WORKPLAN

Objective

The aim of the study was to bring to the forefront heritage conservation, infrastructure development and economic development for Yangon. The study has demonstrated how heritage revitalisation can improve liveability and drive economic growth and which tools and instruments could be introduced to make heritage-led urban regeneration happen in the Yangon context.

Geographic Area

The study boundary was the proposed Downtown Conservation Area and the PFS team focussed on three pilot areas within this Area determined by the team and partners in the inception phase.

Types of Heritage

While not excluding intangible heritage, the study focused mainly on built heritage, such as:

- heritage buildings, heritage spaces and streetscapes
- places of cultural significance to Yangon

Heritage buildings and places may be in public or private ownership. The team identified separately the properties owned by private owners, government and the public.

Collaboration Configuration:

The Yangon City Development Committee (YCDC) and Yangon Heritage Trust (YHT) worked with the PFS team in developing the strategies, roadmaps, plans and investment packages summarised in this report. As the study process unfolded, the PFS team established links and dialogues with a wider range of players (f.e. developers, investors, NGO's, MFI's, companies and international financing agencies) to assess the feasibility of the proposed interventions. Throughout the process, the PFS team continuously cherished opportunities to build capacity within the counterpart organisations and the proposed interventions suggest ways to continue to expand the resource base and strengthen capacity of YHT and YCDC.

Team composition and workplan

The team for this PFS comprised of the following experts:

International Experts

- Urban Heritage Economist, Team Leader (3 months) – *Ester van Steekelenburg*
- Heritage Architect and Planning Specialist (2 months) – *Donald Hankey*
- Cultural Resources and Community Specialist (2 months) – *June Taboroff*
- Project Finance/PPP Specialist (2 months) – *Sanjay Grover*
- Real Estate Development Specialist (1 month) – *Margaret Brooke*

National Experts

- Architect (2 months) – *Su Su*
- Financial Management specialist (2 months) - *Sandra Nyunt*
- Social Safeguards Specialist (3 months) - *Min Min Han*
- Municipal Infrastructure Specialist (2 months) - *Saw Htwe Zaw*
- Real Estate Specialist (3 months) - *May Thi Oo*

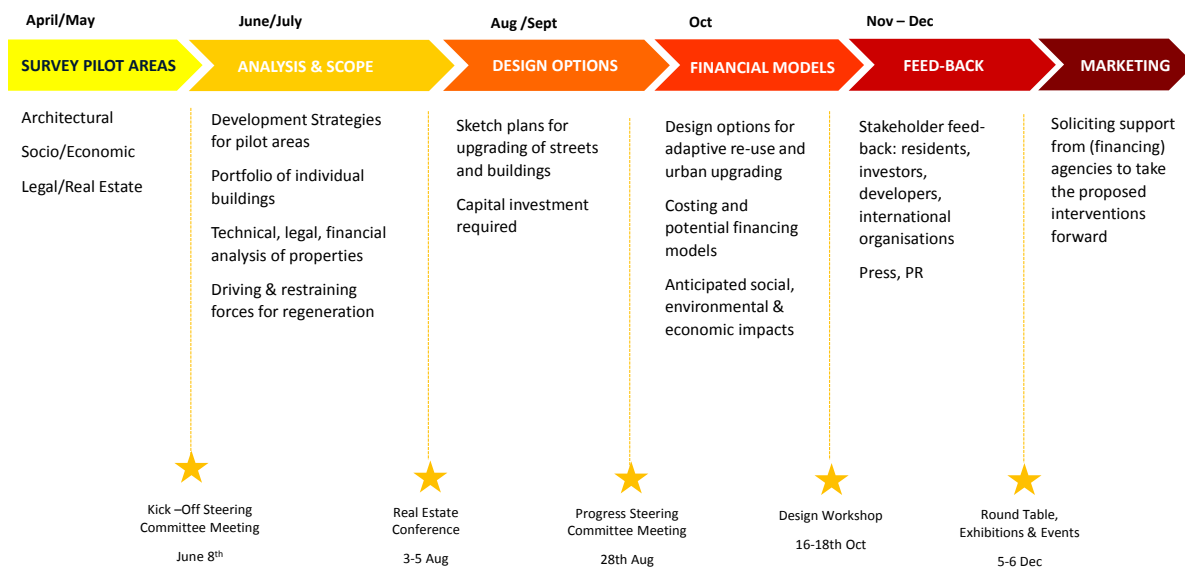


Figure 7 - PFS Workplan

2.4. WORKING GROUP MEMBERS

YCDC Planning Unit provided three staff members:

- Ms. Daw Nyein Aye (Deputy Director),
- Ms. Thu Htet Tun (Assistant Engineer),
- Ms. Cherry Myint Thein (Sub-assistant Engineer)

YHT has provided one staff member:

- Mr. Kyan Dyne Aung (Senior Program Officer)

For these individuals the PFS provided ample opportunities to work together with the team international and national specialists. Since the project office was in the City Hall, especially the YCDC Planning Unit benefitted greatly from the interaction with the consultants team to increase the depth of their knowledge as well as broaden their skill set.

2.5. SURVEY TEAMS

The project team deployed two survey teams to carry out

- 1) architectural survey and
- 2) socio economic survey.

Cooperation from the counterparts in the surveys has been excellent. YCDC provided 10 of their staff to carry out the architectural survey, assisted by two students from Mandalay Technical University. YCDC also provided two staff for the social surveys and helped with the logistics of those surveys. Because of limited manpower YHT could not dedicate staff to take part in the technical or social survey but they provided guidance on methodology, deliverables and outcomes.

The collaborative effort was a steep learning curve for all involved. Both the architectural team and social survey team had to spend many hours in on-site guidance of the teams to achieve desired quality of output as well as desk time to achieve standardisation of recording.

2.6. STEERING COMMITTEE

A project Steering Committee comprising of Yangon’s leading organisations and business representatives has been established to provide guidance on the project objective and deliverables. In a PFS the Steering Committee typically serves to review and monitor the progress of the PFS and steer the general direction. For this particular PFS it has provided an opportunity for the two counterpart organisations to reach out to a number of organisations - particularly in the real estate/financial sector - that to date may not necessarily have been that familiar with the YHT, YCDC planning unit and their vision for downtown Yangon and as such engage them in the discussion. Both YHT and YCDC realise that if they want to make their plans a reality, they have to reach out to a wider audience and these organisations will be key partners in linking to finance and implementation.

The Steering Committee met three times over the duration of the project (June-August and December) and is comprised of the following 13 members:

Table 2 - Steering Committee Members

#	Name	Position	Organisation
1.	Dr. Thant Myint-U	Chairman	Yangon Heritage Trust (YHT)
2.	U Hla Myint	Mayor	Yangon City Development Committee (YCDC)
3.	Mr. Winfried Wicklein	Country Director	ADB Myanmar Resident Mission (ADB)
4.	Mr. Jeremy Caulton	Urban planning consultant	Prince's Foundation Advisor for the YHT Special Development Plan
5.	U San Myint	Deputy Director General	Myanmar Investment Commission (MIC)
6.	Daw Nanda Hmum	Permanent Secretary	Ministry of Culture (MinC)
7.	U Htay Myint	Executive Committee member	Myanmar Real Estate Services Association (MREA)
8.	U Kyi Thein Ko	Secretary General	Myanmar Tourism Federation (MTF)
9.	U Sun Oo	Vice President	Association of Architects (AMA)
10.	U Nyunt Maung San	Central Executive Committee Member	Myanmar Engineering Society (MES)
11.	U Win Zaw	Director	Construction and Housing Development Bank (CHDB)
12.	U Tin Maung Naing	CEC Member	Myanmar Construction Entrepreneurs Association (MCEA)
13.	U Moe Kyaw	Executive Committee Member	Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)

The first Steering Committee meeting was held on Monday 8th of June in the City Hall. In the Mayor’s absence, the meeting was chaired by the Secretary U Kyaw Soe at which occasion the project objective and proposed activities were presented.

The 2nd Steering Committee Meeting took place on the 28th of August at which the CDIA team presented the four project pillars:

- investment programme for adaptive re-use of private properties in three pilot areas,

- resident targeted housing microfinance scheme for urban upgrading,
- PPP'S for historic buildings strategies to tender and develop properties & sites;
- 'Heritage Fund' to safeguard and revitalise public historic buildings.



Figure 8 - YHT Chairman Thant Myint U addressing the Steering Committee



Figure 9 - PFS Team Leader Ester van Steekelenburg at 1st Steering Committee meeting

In addition selected Steering Committee members have been invited as professional panel members for the Design Workshop 16-18 October (also see 6.2).

2.7. HERITAGE WORKS ROUNDTABLE

The 3rd and Final Steering Committee Meeting was replaced by the '*Heritage Works*' Roundtable 5th and 6th December where the PFS proposed interventions were presented for feed-back. Steering Committee members participated as panellists at the roundtable (see 6.4). The Roundtable consisted of three tracks, track one making the case for heritage-led urban regeneration while track two and three each focusing on the different aspect of how to make it happen in the Yangon context:

TRACK 1 - ART, ARCHITECTURE & HERITAGE TO REGENERATE OLD NEIGHBOURHOODS

CREATING LIVABLE & LOVABLE CITIES

Around the world from Melaka to Taipei and Paris to Rio de Janeiro older neighbourhoods have been injected with new life through art, heritage and colour. Architects and developers around the world see the potential of historic buildings in place making. Using case studies from the Yangon Heritage Works Design Workshop and lessons learned from the Yangon Street Art Festival as well as Akzo Nobel's Human Cities Initiative panelists will explore how these elements play a role in creating livable and lovable cities and how this could be applied to Yangon.

Moderator:

Vicky Bowman – Myanmar Centre for Responsible Investment

Panelists:

- Sanda Khin - Deputy Minister Ministry of Culture
- Toe Aung - Head City Planning YCDC
- Kyi Thein Ko - Myanmar Tour Guide Association (representing the Myanmar Tourism Federation)
- David Teng - General Director of AkzoNobel Decorative Paints, Vietnam
- Sebastien Bris - Deputy Director of the Institut Français de Birmanie
- Franz Xaver Augustin - Director Goethe Institute Myanmar
- Jack Finegan - UN Habitat
- Ohmmar Myo - National Project Officer UNESCO

Participating Architects

- Tun Kyaw Thu - Amenity Design, Yangon
- Si Thu Myint Swe - ST & T Architects
- Htin Kyaw Myint - Edgewise Architects
- Win Myint - Utopia Architects
- Christopher Green - Tangram Architects, Yangon
- Amelie Chai, Spine, Yangon
- Luther Seet - Benoy Singapore
- Brian Anderson - Purcell, HK
- Clover Lee - David Clovers, HK
- Ivan Valin – HK

TRACK 2 & 3 - HOW TO MAKE URBAN REGENERATION HAPPEN?

TOOLS & INSTRUMENTS TO REVITALISE OLD YANGON

The Pre Feasibility Study proposes a number of tools and instruments to catalyse heritage-led urban regeneration in Yangon. The panel discussion provides an opportunity to reflect on feasibility in local context, impact and for Yangon citizens and roles & responsibilities of the various stakeholders involved. The panel discussion will comprise of two tracks:

1. UNLOCKING INVESTMENT POTENTIAL .

Incentives for owners & residents to invest in historic properties

Panelists:

- Dr. Kyaw Latt - YCDC Planning Unit
- Hlaing Maw Oo – Ministry of Construction
- Win Zaw - Government Housing & Construction Bank
- Khin Sanda Win - MD LOFT Hotel
- Harry Wardill - Myanmar Director Turquoise Mountain Foundation
- Josephine Price - Director Anthem Asia
- Sun Oo - Chair Myanmar Architects Association
- and selected newly elected township representatives

Moderator: Prof. Lynne D DiStefano - Academic Advisor Architectural Conservation Programme HKU and President HK Institute for Architectural Conservationists

2. PARTNERSHIPS IN HERITAGE .

Instruments to leverage public investment in government owned heritage buildings

Panelists:

- Dr. Kyaw Latt - YCDC Planning Unit
- Ko Ko Gyi - MD Capital Diamond Star Group
- Daw Hlaing Maw Oo – Ministry of Construction
- Moe Kyaw – Board Yangon Heritage Trust
- Aung Naing Oo - DG Myanmar Investment Commission
- Martyn Sawyer - Group Director Properties Peninsula Hotels
- Richard Emerson - MD Savills Myanmar
- Peter Brimble - Principal Country Specialist, ADB Myanmar Resident Mission

Moderator: Maggie Brooke – Real Estate Specialist CDIA CDIA Team

Main statements made at the roundtable:

On heritage and city competitiveness and liveability:

1. *“We need to increase the awareness of our children. If the identity of our city is lost, we will be like a person without a face” (U Sun Oo, Myanmar Association of Architects)*
2. *“Yangon struggles to be a competitive tourist attraction. Traffic congestion, reduced walk ability and fewer trees make Yangon’s historic city centre less attractive. There are alternative international airports in the country and we already see that tourists are starting to bypass Yangon and tourism numbers are declining. Without tourists there is definitely no business case for renovation of the city.*

We have to act now, otherwise the business case will be lost.” (Kyi Thein Ko - Myanmar Tour Guide Association)

3. *“Shwedagon Pagoda alone is not enough to attract sufficient tourists and without tourists no business case. It is important to maintain those buildings for the people, to maintain local livelihoods, residents, small business etc.”* (Daw Hlaing Maw Oo – Ministry of Construction)
4. *“The past of Yangon: a very successful, sustainable and liveable city. Until 2040 another 5 million people are expected to flock to Yangon. What can we learn from the great past to ensure sustainability and liveability? And how can we ensure that Yangon is not making the same mistakes as other cities in Asia?”* (Jack Finegan, UN Habitat)
5. *“If the city can provide better working conditions, which includes a lively streetscape, easy accessible places to get lunch/dinner/coffee, access to services (nice place to work, walkable distance, safety, print shops, wifi, post office etc) (24/7?) – workers, including start-ups will be happier. When people are happy they are more productive.”* (Josephine Price, Anthem Asia)
6. *“Bringing back colour can mean a rippling effect in neighbourhood upgrading. By finding a good balance between old & new, the past and the future, heritage is in the middle.”* (David Teng, Akzo Nobel)
7. *“There is enormous value in historic buildings for the society, they have character and tell a story of their own and ensure collective identity.”* (Franz Xaver Augustin, Goethe Institute)
8. *“City development is intertwined with street culture (dance, art etc). We would like to cooperate closer to authority to enable win-win”* (Sebastien Bris - Institut Français de Birmanie)
9. *“UNESCO would encourage the candidacy of Yangon’s historic city centre - with the presence of century-old colonial buildings and a rare combination of sacred and cultural sites and the multinational and multicultural co-existence of Chinese, Muslim and other ethnic communities - for UNESCO World Heritage Listing”* (Ohmmar Myo, UNESCO)
10. *“Investing will promote living standards and if living standards are better, people are happier, healthier, more productive etc. It makes social sense. To upgrade Yangon downtown we need a collective of institutions, rather than YCDC alone.”* (U Win Zaw, Government Housing & Construction Bank)
11. *“Our city has many challenges. Everybody needs to help YCDC: residents, architects, investors etc. It is about saving tangible and intangible heritage. To promote our city, we have to answer to all – immense task. Detailed zoning guidelines are being formulated: best measure for control. We’re doing our best, please cooperate with us”* (U Toe Aung, Director YCDC Planning Unit)

On the challenges of unlocking investment potential for private properties:

1. *“We have a problem with the law. Now we are formulating a new umbrella law: immovable property law & condominium law that will enable / enforce people that buy the whole building to maintain the common areas”* (Dr. Kyaw Latt, YCDC)

2. *“Crucial is to help change the perception of landowners who don’t believe that an old or new beautifully designed building can actually create more value over time. They don’t believe they can rent it out again for a good price when new lease is finished - they prefer to build a new box, which in their opinion is more marketable”* (Josephine Price, Anthem Asia)
3. *“These historic buildings are treasured pieces. Repurposing them makes sense as a business case and benefits the people of Yangon”* (Khin Sanda Win - MD LOFT Hotel)
4. *“The business case for renovation of old buildings is strong, you earn back your investment in one or two years”* (Edwin Briels, Khiri Travel)
5. *“Collective improvement is a good opportunity. Currently labour is still cheap and because renovation material investment is also low. Small investment will unlock big improvement in living standards. Set against investing in new buildings with shorter life spans, the opportunities are great”* (Harry Wardill, Turquoise Mountain Foundation).
6. *“Missing piece of the puzzle is government support”* (Khin Sanda Win - MD LOFT Hotel)
7. *“To upgrade Yangon downtown we need a collective of institutions, rather than YCDC alone. Can it be taken one step forward: a neighbourhood development initiative in which all stakeholders are involved, including residents? We need to come up with a concrete proposal for Government”* (U Win Zaw, Government Housing & Construction Bank)
8. *“A Microfinance scheme needs to be transparent! Cannot be just one institution to handle this, needs to be a collective of institutions”* (U Win Zaw, Government Housing & Construction Bank)
9. *“It is a misconception that (International) investors are only interested in condominiums. There is appetite for investment into renovation projects. Yangon needs investment not speculation: investment is about a long term commitment. Speculation about quickly making money”* (Josephine Price, Anthem Asia)
10. *“Rather than waiting for title and regulatory issues to be solved, let’s explore alternative ways of financing, for example why can’t we use the enormous popularity of social media to unlock funds through crowd funding?”* (Josephine Price, Anthem Asia)

On the challenges of leveraging investment in public buildings:

1. *“We have a long window and are not just in it for the money, but still expect a positive return on investment”* (Martyn Sawyer - Group Director Properties Peninsula Hotels)
2. *“We don’t make this investment for our generation but for the next generation”* (Martyn Sawyer - Group Director Properties Peninsula Hotels)
3. *“There is no understanding, no interest and no mandate for heritage buildings at Union government. Currently we rather see heritage buildings dilapidated rather than as an asset. Ministries do not have the same agenda and have vested interest in alternatives rather than conservation”* - (Moe Kyaw - Board Yangon Heritage Trust)

4. *“The government does not know what it owns and what its potential is - these buildings should be for the people”* (Daw Hlaing Maw Oo – Ministry of Construction)
5. *“For smaller scale, well positioned properties there is plenty of money, as long as the correct legal regulations are in place”* (Ko Ko Gyi - MD Capital Diamond Star Group)
6. *“The very large public buildings do not make sense, they are inefficient and the market cannot absorb the volume. There needs to be some funding (equity subsidy) to bridge the gap as commercial feasibility is low, especially if they are purposed for low yield uses”* (Richard Emerson, Savills Myanmar)
7. *“How should the government prioritise spending? Myanmar has so many problems, there are so many other things to sort out... does this issue have the highest priority?”* (Peter Brimble, ADB)
8. *“A Heritage Fund should be targeted at specific buildings and stimulating local investment only. For a Heritage Fund all the regulations need to be clear and transparent, as the tender process. A good housekeeping seal to ensure credibility”* (Ko Ko Gyi - MD Capital Diamond Star Group)
9. *“What is needed is information about ‘who is in charge’, ‘where do we need to go’, ‘who really owns this building’, ‘what is it worth’, ‘what should be conserve, preserve and change’. What the government should provide is feasibility studies and guidelines. This is holding up more buildings coming to the market”.* (Daw Hlaing Maw Oo – Ministry of Construction)
10. *“What is the right way of conservation? It currently is not in our DNA and need a less chaotic and more constructive attitude to present opportunities and guidelines”* (Moe Kyaw - Board Yangon Heritage Trust)
11. *“Install a project development facility that helps with the technical, commercial analysis and to calculate feasibility of various scenarios”.* (Peter Brimble, ADB)
12. *“Access to information and research capacity is sparse, also in universities and other knowledge institutes. Academic institutes like YTU and MTU would like be more involved in academic applied research, specifically in relation to the formation of project development facility”* (Dr. SuSu, Mandalay Technical University)
13. *“There is a need for an umbrella law: urban planning development law, incl. zoning to help decide where do we need what! ”* (Daw Hlaing Maw Oo – Ministry of Construction)
12. *“YCDC supports these ideas but needs capacity and authority to carry out”* (U Toe Aung, Director YCDC Planning Unit)

3. PLANNING FRAMEWORK & PILOT AREA SELECTION

3.1. URBAN PLANNING FRAMEWORK

Existing heritage preservation & planning/zoning regulations

Myanmar is witnessing a rapid evolution at the policy level. Legislation that defines the boundaries for use, height and mass of development in the historic core and guides urban development in Yangon in general – like in many other sectors – is in the process of being drafted and/or revised. Figure 10 shows how the CDIA PFS fits in the legislative planning framework from national (Union) level down to local (regional and downtown) level.

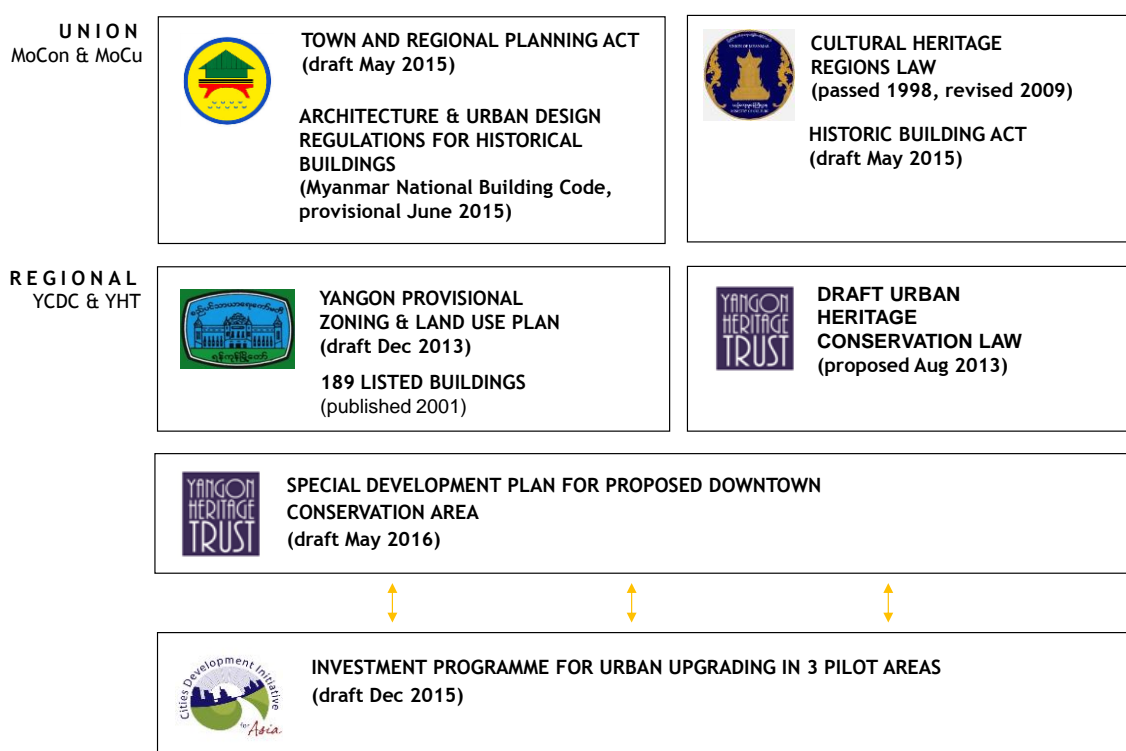


Figure 10 - PFS Legislative Context

The relevance of the specific pieces of legislation is outlined below:

Heritage Conservation Legislation

- “The Protection and Preservation of Cultural Heritage Regions Law” (Ministry of Culture, 1998, amended 2009) – This law applies to places which have been designated as Protected Areas and ancient buildings or monuments. To achieve this designation the building or monument must be older than 100 years.

Relevance for PFS:

The Protection and Preservation of Cultural Heritage Regions Law (1998) fails to respond to the diversity of heritage assets across the country – archaeological sites, religious sites, governmental institutional buildings, residential buildings – and their ownership structures. The 100 year old threshold also means that large swathes of Yangon’s heritage remain unprotected. Interviews suggest that the Law is mostly relevant

to religious or ancient monuments and sites, and its applicability and relevance to non-religious heritage buildings in urban areas is not clearly established. The law is therefore not able to respond to the development and use pressures on the dense and dynamic urban context of present day Yangon.¹²

The process of property designation and property listing on the National Heritage Register are the two currently available operational tools for identifying and protecting historic assets, but given the varied ownership and locale of these assets, the resources and skills to conserve these assets is not uniform across the owner institutions. For example, the City of Yangon has identified a list of “heritage buildings,” many of them owned by government institutions. Yet to date they have done little to inform the public about which buildings have been selected and explain what the heritage value is. It is actually YHT that has taken the initiative to commemorate the listed buildings with a blue plaque scheme. In particular, the next steps required are to increase awareness and ensure the quality and level of maintenance and responsibilities of owners are not defined or regulated, especially when the buildings are owned by line ministries and beyond the purview of the YCDC or Yangon Regional Government.

- “The Antiquities Act” (Ministry of Culture, 1957) - The 1957 Antiquities Act of Myanmar acknowledges the protection of places of worship. It allows the government to decide on a case by case agreement on the preservation status of a monument.

Relevance for PFS:

In April 2015, the GoM released two heritage protection bills¹³ which essentially modify the 1957 Antiquities Act and separated this into two bills in order to improve legal protection for heritage structures and heritage objects. The bills would protect “more than 100-year-old buildings and antiquities across the country—either above or below the ground and water—that have historic, cultural, artistic, antique and archaeological values.” Penalties for damaging, removing or destroying heritage buildings and objects would be tougher than under the 1957 Act. The Protection and Conservation of Ancient Buildings Bill states anyone who destroys or damages protected buildings could face prison terms of between 1–7 years.

- “Historic Building chapter in Myanmar National Building Code (MNBC)” (Ministry of Construction, provisional 2015) - The provisional National Building Code has a chapter dedicated to historic buildings which when passed would apply to buildings on the 189 list (see 3.1). Chapter 2 specifies architecture and urban design regulations for historical buildings as follows (only relevant sections included):

PURPOSE - ‘The purpose of the HBC is to provide regulation to guide works affecting heritage places during conservation, restoration, rehabilitation, relocation, reconstruction, adaptation, or new works to buildings or properties designated as heritage places or properties within heritage conservation areas (Chapter 2.10-2). The HBC is intended to provide solutions for the proper conservation of heritage places or properties, to promote sustainability, to provide access for persons with disabilities, to provide a cost-effective approach to conservation, and to provide for the reasonable safety of the occupants or users. The HBC requires enforcing agencies to accept solutions that are reasonably equivalent to the regular rules and regulations (as defined in Chapter 2.10-2) when dealing with heritage places or properties.’

APPLICATION. The HBC is applicable to all issues regarding code compliance for heritage places or properties. The HBC may be used in conjunction with the regular rules and regulations to provide solutions to facilitate the conservation of registered heritage places or properties. The HBC shall be used by any

¹² Interview with Yangon Heritage Trust, June 2015

¹³ Protection and Conservation of Ancient Buildings Bill and Protection and Conservation of Antiquities Bill

agency with jurisdiction and whenever compliance with the code is required for registered heritage places or properties. The relevant Union or Regional government department shall apply the provisions of the HBC in permitting repairs, alterations and additions necessary for the conservation, restoration, reconstruction, rehabilitation, relocation, adaptation or continued use of a “listed” heritage place or property when so elected by the private property owner.

HERITAGE PLACE OR PROPERTY. Any habitable building, site, place, location, district or collection of structures, and their associated sites, deemed of importance to the history, architecture or cultural landscape of an area either “listed” by an appropriate local, regional or union level jurisdiction or with cultural significance. This shall include habitable historical buildings or properties on, or determined by city or county historical buildings lists, inventories or surveys of historical or architecturally significant sites, places or landmarks, identified and determined by the relevant local authorities, communities and concerned organizations to be included.

CONSERVATION MANAGEMENT PLAN AND HERITAGE IMPACT ASSESSMENT. Every “listed” heritage place or property for which a permit or approval has been requested shall be classified prior to permit issuance according to conservation management plan and heritage impact assessment as required. In addition, the process shall be applied to any other heritage places or properties if required by the relevant planning authority, and/or a committee formed by the relevant planning authority and/or the commission formed by Union, Regional and/or Local authorities.

Relevance for PFS:

When passed this piece of legislation will be a major breakthrough in the protection of heritage buildings. According to "Regulations for Historical Buildings (Historical Building Chapter, HBC)"(provisional), authorities can designate areas of significant historical, social, cultural, architectural and scientific values to protect the nature and character of the urban heritage conservation areas, and the developer to submit heritage impact assessment or/and conservation management plan when proposing interventions to historic properties. Yet, in its current form this law only applies to 189 publicly owned buildings which excludes all historic properties in private ownership.

- *Draft Yangon Urban Heritage Conservation Law (YHT 2013)* – This draft law was submitted to the Regional Government by YHT in 2013 to address the lack of sufficient legal background for all categories of urban heritage in the Union level “*Cultural Heritage Regions Law*”. However, it has not yet been enacted.

Planning & Zoning Regulations

- “*Strategic Urban Development Plan of The Greater Yangon*” (YCDC, conducted by JICA in 2013) – This was ‘adopted’ by the regional authorities in 2014. The plan sets out the development vision for Greater Yangon and determines the five development priorities, in which cultural heritage is explicitly mentioned.
- “*Zoning Plan*” (YCDC, draft 2014) - As the ministry responsible for urban planning of the cities in Myanmar, Ministry of Construction is assisting YCDC in drafting a Zoning Plan of Yangon. Key stakeholders such as YHT, Mandalay and Yangon Technological Universities and Association of Myanmar Architects, etc. together form the ‘*Yangon City Comprehensive Land use, Zoning and Urban Design Review Working Committee*’ to prepare the plan. Current Zoning plan of downtown Yangon (shown as Figure 11). includes a ‘*Downtown Conservation Area*’ (see Figure 12), together with a corresponding “*Heritage Conservation Renovation and Regeneration Framework*” which includes specific zoning parameters reflecting the maximum range of allowable heights, heritage designations and a development control framework, etc.



Figure 11 - Provisional Zoning Plan Downtown Yangon (Source YCDC Planning Unit)

- “Special Development Plan for the proposed Downtown Conservation Area” (YHT, draft expected 2016) – will articulate YHT’s vision and key points for the proposed heritage conservation Area as well as consolidated action plans for specific designated areas and buildings. In its inception (at the start of this PFS) the SPD was designed to also include a proposed regulatory planning framework, yet because of political circumstances beyond the control of the CDIA project team or counterparts the scope was amended.



Figure 12 - Location of proposed Downtown Conservation Area (Source YHT Special Development Plan)



Figure 13 - Boundary Proposed Downtown Conservation Area (Source YHT Special Development Plan)

3.2. OTHER RELEVANT LEGISLATION

In addition to the laws and regulations outlined in 3.1, a number of laws that are relevant to the PFS.

The new Condominium Law :

- The law outlines the formation of Building Management Committees to monitor the management and maintenance of condominiums – currently it appears there is no formal arrangement to ensure proper maintenance and management of co-owned/occupied buildings
- Foreigners will be able to buy up to 40 percent of apartments on the sixth floor and above in condominium buildings
- The draft Condominium law includes some elements of a body corporate associate type structure within its provision, but refers only to new buildings.
- Draft law specifies that condominiums must be constructed on land which is zoned for residential use and is not smaller than one acre. Smaller plots require approval from the Ministry of Construction before commencing work

Relevance for PFS:

Although the Condominium Law only applies to new build, so there is no direct relevance for revitalisation of historic properties, the passing of a Condominium Law is expected to have indirect impact on tenant expectations in respect of multi-occupation properties.

Rent Control Act

- Urban Rent Control Act has been in place since 1948 with minor revisions in 1960 and 1961. It protects the rights of tenants as well as the amount of rent the landlord can ask. Annual rental increase is capped at 25 percent per year.

Relevance for PFS:

One of the main reasons for the lack of maintenance of housing stock in downtown Yangon is the “Rent Control Act”, which keeps (ground) rents at an artificially low level. This means that land owners do not have a revenue stream that justifies regular maintenance, let alone investment in upgrading of the building. Furthermore, in the current situation, the only way for the land owner to monetise the value of land is to partner with a contractor/developer to demolish and reconstruct something of a greater height/density than the existing building. This explains the high proportion of dilapidated properties downtown and little interest from land owners to safeguard historic buildings. Lifting of rent control which is on the political cards could have a major impact on the driving forces for revitalisation.

Microfinance Law

- Microfinance was among the eight priorities of the National Development Strategy. A specific Microfinance Law (2011) and Microfinance Notification and Directives (2011) were adopted in 2011. (It is one of the first new pieces of legislation brought in by the civilian government)

Relevance for PFS:

In absence of a formal banking sector use of informal providers of credit and transfer services in both urban and rural areas has been widespread for many years despite the additional risks and expense (10–20 percent per month) (LIFT 2012). Cooperatives, which date back to early 20th century, report more than 10,000 primary societies and 470,000 members. International and national nongovernment organizations (NGOs), such as Partner Agencies Collaborating Together (PACT), GRET, World Vision, and Proximity, have pioneered microfinance methodologies since the mid-1990s (CGAP, IFC, 2013) but the industry had previously been closed to all but a handful of institutions.

Passing the Microfinance Law has paved the way for micro finance financial services to take off. Following the 2011 law a number of international players entered and local organisations began looking at expansion. Now more than 200 microfinance institutions are active in the market and micro finance is becoming an increasingly popular tool in increasing access to finance.

The main accomplishment of the change in legislation has been opening the market for more players and lifting the previous loan size cap of US\$500 to US\$5,000 after industry criticism. Yet, legislation is still quite restrictive in terms of access to debt for MFI's, which currently limits expansion.

Chapter 5.2 will explain in more detail the relevance of this legislation for the PFS proposed housing micro finance product

3.3. SELECTION OF PILOT AREAS

Based on a December 2014 quantitative survey by YHT measuring the percentage of post- 1990 infill in streets in the proposed conservation Area, YHT and YCDC had suggested seven potential 'pilot street clusters' to the team that all showed a comparatively intact historic streetscape. These included:

'Residential' Street Clusters:

1. Latha - 19th Street - Middle block
2. Kon Zay Dan -26th Street - Lower Block
3. Shwe Bontha - 29th Street - Lower Block
4. 35th -36th Street - Upper Block
5. 41st -44th - Lower Block

'Commercial' Street Clusters:

1. Bank Street
2. 37th – 40th Lower Block

From these seven street clusters, the team undertook a rapid assessment looking at six pre-defined criteria that are fundamental to the success of this PFS:

1. **Feasibility**
2. **Conservation Dynamic**
3. **Demonstration Value**
4. **Heritage Value**
5. **Impact and Visibility**
6. **Replicability**

Each street was 'scored' on each of these criteria (see matrix in Annex 15). The results were presented and discussed at a meeting on 7th May 2015 of the project team with representatives of the two counterparts: YHT and YCDC Planning Unit. Ultimately YHT (represented by Moe Moe Lwin) and YCDC Planning Unit (represented by Dr. U Toe Aung) decided on the three pilot areas (see Figure 14 - CDIA PFS Pilot Areas for location):

1. Lowest Pansodan Block (commercial/cultural precinct)
2. Bogalayzay Lower Cluster (typical residential street)
3. Shwe Bontha Lower Cluster (typical residential street)



Figure 14 - PFS three pilot areas

The streets were selected based on the following criteria:

PANSODAN CLUSTER

- | | |
|------------------------------|---|
| Feasibility | <ul style="list-style-type: none">• Sufficient critical mass to attract a variety of investors (seeking financial, economic and/or social return on investment)• Availability of “bankable” properties for adaptive re-use able to attract inward investment• Low population density – with accompanying lower expected level of complexity in tenancy arrangements• Range of different building types, sizes and uses and vacant plots• Presence of religious or institutional buildings |
| Conservation Dynamic | <ul style="list-style-type: none">• High development pressure• Evidence of recent investment in renovation of properties• Expected buy-in from local property owners and tenants• Expected buy-in from local property developers and construction companies |
| Demonstration Value | <ul style="list-style-type: none">• Potential to showcase the relevance of new instruments, i.e. PPP’s• Potential for adaptive re-use of buildings |
| Heritage Value | <ul style="list-style-type: none">• Limited number of major new/recent infill• Attractive visual character/ intact continuous streetscape• Prevalence of buildings of architectural - cultural - historical significance |
| Impact and Visibility | <ul style="list-style-type: none">• Potential to demonstrate positive environmental and economic impact• Potential to improve the public space, i.e., accessible back alleys, wide streetscapes |

SHWE BONTHA AND BOGALAYZAY CLUSTER

- | | |
|------------------------------|--|
| Conservation Dynamic | <ul style="list-style-type: none">• Evidence of recent investment in renovation of properties• Expected buy-in from local property owners and tenants |
| Demonstration Value | <ul style="list-style-type: none">• Potential to showcase the relevance of new instruments, i.e., cooperatives• Potential for improving living conditions while maintaining historic buildings |
| Heritage Value | <ul style="list-style-type: none">• Limited number of major new/recent infill• Attractive visual character/ intact continuous Streetscape• Prevalence of buildings of architectural - cultural - historical significance |
| Impact and Visibility | <ul style="list-style-type: none">• Potential to demonstrate positive pro-poor environmental and economic impact• Potential to improve the public space, i.e., accessible back alleys, wide streetscapes |
| Replicability | <ul style="list-style-type: none">• Typical residential street |

3.4. INTRODUCTION TO PILOT AREAS



Pansodan Cluster

37th -41st block between Strand and Merchant Road

Once centre of trade & commerce

- This block epitomises the centre of commerce and trade in old Yangon. Located at the junction of Pansodan, Merchant and Strand Road, it is the main commercial arteries in the days when port trade blossomed. Remnants of this illustrious past are the many opulent merchant mansions, grand hotels, imposing institutional buildings and impressive bank buildings along the wide main roads, resulting in an unusually high concentration of architecturally and historically significant buildings.
- Enter the narrower streets inside the block and the identity changes. To the back of the grand mansions, you find industrial and warehousing premises that originally supported the dock area on the Strand Road waterfront.

Gradually losing its significance

- With the port activities gradually moving away in the first half of the 20th century, the area slowly lost its key significance as commercial centre. Later with the airport and other logistic hubs opening to the north of the city, trade and commerce followed and Pansodan was no longer Yangon's CBD. Not only did the warehouses lose their function, also the once so modern grand mansions and financial headquarters became outdated and stripped of their triple A location.
- With the move of government to Nya Pi Taw in 2005, the area also lost some of its important institutional functions and some significant historic buildings were left vacant.

Now ready for revival

- YCDC and YHT would like to see the Pansodan cluster being revived as a commercial/cultural precinct building on the strong heritage identity.
- The high concentration of heritage buildings and proximity to the Strand, means the development pressure on this block is high, with owners of vacant sites and dilapidated warehouses proposing modern high rise developments threatening the historic Streetscape.
- YCDC and YHT advocate a respectful approach to properties of heritage significance (see context brief) especially along the main roads, but welcome change of use from industrial/residential to commercial with an emphasis on creative, education, F&B, retail, hotel and leisure functions.

Challenge: feasible development alternatives

- Challenge is to come up with design proposals that provide a feasible redevelopment alternative to owners of vacant/dilapidated/underutilised properties and empty sites that are more respectful to the historic fabric than the currently proposed high rise develop solutions. Perhaps not financially as interesting in the short term but an attractive value proposition looking further forward.



Bogalayzay Cluster

42nd -44th Street between Merchant Road and Mahabandoola Road

Prime residential Street close to the Secretariat

- Located right opposite the Secretariat complex, Bogalayzay has always been a prime residential location as can be witnessed from the architecturally significant and grand mansions at the Northern end of the street. Because of its location, the street sees more than average gentrification (change of use from residential into commercial) as well as visible investment in upgrading of residential properties by residents/owners. Bogalayzay currently is a location of choice for entrepreneurs who recognise the potential of the spacious heritage buildings and transform them into offices, restaurants and cafés.
- The street has a number of religious buildings and is home to the YWCA complex (occupying half the block) and the historic fabric is therefore relatively intact, including the properties cornering Merchant and Mahabandoola Road. There is also a rare and unique wooden building left on the street.
- With the opening of the Secretariat in a few years (anticipated 2017) as a museum and cultural centre, the dynamics of this part of town will change and Bogalayzay will find itself at the centre of what could become an exciting cultural destination for locals and visitors.

Challenge: enhance residential/cultural/community function of the cluster with respect for historic fabric

- Gentrification is already happening, the question is how best to maintain the residential function in the Street, while improving living conditions and being respectful to the historic fabric.
- In view of the future redevelopment of the Secretariat, explore potential for revitalisation of YWCA building to enhance its cultural/leisure/community function.
- Re-examine the development options for the large vacant site (corner Thein Pyu/Mahabandoola) which has been purposed (and tendered out) for high density redevelopment. YCDC and YHT would like to see alternatives for reconfiguring the site lay-out that would result in similar FAR but with respect for the integrity of the down town historic area and specifically the Secretariat complex.



Figure 15 - Aerial View of Pansodan Cluster



Figure 16 - Aerial View of Bogalayzay Cluster



Shwe Bontha Cluster

Shwe Bontha – 28th Street, between Merchant Road and Mahabandoola Road

Beautiful boulevard in the heart of the Indian quarter

- Shwe Bontha, at the heart of Yangon’s Indian quarter, is one of Yangon’s most beautiful boulevards lined with ancient and religious trees. Whereas Shwe Bontha upper is synonymous with the city’s medical industry (high concentration of doctors, clinics and pharmacies), this Shwe Bontha lower block is the epicentre of the jewellery and money changing business. The Street was once an up market area, as can be witnessed from the architecture of the buildings that becomes more profound moving towards Strand Road.
- Like Bogalayzay, Shwe Bontha and the adjacent 29th Street have a number of religious buildings (mosque, Hindu & Jain temple) and a relatively intact historic fabric, including the key properties cornering Merchant and Mahabandoola Road.
- Visible signs of renovation and upkeep of properties, as well as increasing use of upper floors for commercial purposes.

Challenge: enhance residential/retail/community function of the cluster with respect for historic fabric

- Gentrification is already happening, the question is how best to maintain the residential function in the Street, while improving living conditions and being respectful to historic fabric
- Enhance the retail function of the area with specific reference to gold, jewellery and stone trade
- Bring back the former glory of the historic Streetscape, allowing the religious buildings (mosque, Jain temple) to shine and better fulfil their community function



Figure 17 - Aerial View of Shwe Bontha Cluster

4. CONTEXT ANALYSIS PILOT AREAS

4.1. ARCHITECTURAL ANALYSIS

Architectural Survey Activities

Phase 1 – Building and Street Survey

In May and June, the architectural team carried out a building and Street survey in the three pilot areas. Three teams of four (YCDC staff and MTU university students) were trained by the two PFS architects to record and analyse existing streetscapes, back alleys, building types and plans, roofs and opportunities for extension using a survey methodology according to the principles outlined in the ICOMOS document, *“Principles for the Recording of Monuments Groups of Buildings and Sites”*.

The architectural survey has yielded the following deliverables:

For pilot areas:

- **Register of technical specifications for individual buildings:** property number, plot size, numbers of floors, staircase access type, construction, condition, age, historical and cultural value means of escape and use of building frontage. Included as Annex 13
- **Colour coded maps of pilot areas** - summarising heritage value, height technical condition and use are included, along with maps of each of the three areas giving property plan dimensions and property Street numbers. Included as Annex 4-6
- **Photographs of each façade** - linked to map and Excel database (not included as an Annex, but transferred to YCDC planning unit)
- **Drone images of pilot areas** - After the initial week of surveying, it became apparent that the visual information the survey teams were collecting was limited. To aid the architectural and built form analysis, the team acquired drone images from an architectural agency for each of the pilot areas providing indispensable information about building condition, roof structures, service provisions and available infrastructure. The drone images have been used extensively in the course of the project and have all been transferred to YCDC Planning Unit and YHT for their future use.

Phase 2 – Condition Assessment and Design Options for Urban Upgrading

In June/July, after selection of the 15 case study properties, the team has proceeded with an architectural survey of the interior and exterior for the selected buildings. Deliverables include:

- **Measured drawings** - floorplans; floor/clearings heights; stairs configuration; potential for lift; potential for vertical extension; access front and rear; service runs; internal condition and quality (plaster mouldings, and old doors, lighting roses). Included as Annex 12
- **Technical summary** - including suggestions for adaptive re-use (commercial) or upgrading (residential) that can be used as a basis for designing and costing of upgrading potential (i.e., consolidation of land use, external and roof extensions/changes, open space and area re-planning). Is included in the Building Register Annex 13.

Architectural Survey Results

General

Yangon City expresses a rich diversity of architectural styles, decoration and cultural influences that cover many centuries of migration and settlement. The archaeology of this rich past has not yet been fully researched and understood and much lies buried beneath existing construction. Historically Yangon has always been an important trading centre and point of access to the hinterland. The Shwedagon pagoda is 2,400 years old. The city's Street grid layout dates from the 1840s. Land ownership and the design of individual buildings reflects the diverse cultural influences and origins of the people participating in the international influence of Yangon as a trading hub and seat of government. Some decay of fabric demands immediate action, but in general, buildings are sturdy and structurally sound. In our three pilot areas the historic Streetscape is largely intact

1. **Pansodan Cluster** - between the Strand and Merchant Road, containing prime heritage on the perimeter and areas of opportunity to upgrade and to promote a city scape that respects the historic environment. This area was originally the industrial and warehousing support for the historic dock area on the Strand Road waterfront. This has gradually been changing since the first half of the 20th century to national institutional and tourism functions with supporting warehousing and minor industrial uses. A regrettable intrusion of new modern block of flats exceeding reasonable height limits and setting an inappropriate precedent for future development has been permitted in the last 20 years. The warehouses and some major properties are in poor condition. The roads and services infrastructure are in bad condition with uncovered services along the edge of the road below road level, open drains and no pavements. With the open sites there are significant opportunities for re-development.
2. **Boglayzay Cluster** – a typical residential/commercial area with some significant properties dating back 150 years in some instances from the East side of 42nd Street to Bo Aung Kyaw Street between Mahabandoola Road and Merchant Road. The cluster also includes a large sites for new development that can threaten the integrity of the down town historic area and the Secretariat building.
3. **Shwe Bontha Cluster** - between merchant Road and Mahabandoola Road between the east side of 29th Street and the east side of 28th Street, containing major religious and cultural buildings and typical residential properties of different ages and types.

Heritage value

YHT and YCDC are in the process of defining which buildings and elements of the urban landscape within the Downtown Conservation Area are culturally valuable. The UNESCO World Heritage Convention Operational Guidelines sets the philosophy - *“The respect due to all cultures requires that cultural heritage must be considered and judged primarily within the cultural contexts to which it belongs”*.¹⁴ For Yangon the ancient and rich history has left a distinct and diverse cultural and physical character.

The values of Yangon's historic environment is further defined by its:-

- **Authenticity**, which is defined through attributes that might include: form and design; materials and substance; use and function; traditions, techniques and management systems; location and setting; forms of intangible heritage, spirit and feeling; and other internal and external factors.

¹⁴ Operational Guidelines for World Heritage 2008 Para 81

- **Integrity** which is a measure of the wholeness and intactness of the natural and/or cultural heritage and its attributes and the viability of the historic environments for their original or adapted uses.
- YHT notes some 20 other characteristics of conservation value that will be used in defining heritage values. The CDIA team wishes to build upon the internal debate of the YHT.

Appreciation of the existing urban environment:

Both authenticity and integrity have to some extent been compromised in downtown Yangon's different cultural districts by changes to the built form, heights, materials, colours, rhythms, scale etc, damaging the aesthetic and cultural cohesion or the urban landscape. Yangon has a variety of different historic scales, massing and heights of the built environment with post war buildings of greater built volumes along the major East West roads, and smaller original scales and character of construction along the North South Roads. The integrity of the N/S roads is often compromised by higher intrusions of poorer post 1990 quality. The conservation area of downtown Yangon can only be defended by the city planners and conservators in the YHT and the YCDC.

Street patterns in the city and local context all derive from the British colonial period. The topography is relatively flat running from North to South. Land use, public areas, common areas, Street patterns, and today's historic and cultural buildings were mostly defined by 1890. The model parallels the Street patterns of the City of Melbourne in Australia.



Figure 18 - Downtown's original grid pattern is still intact

Bulk and scale was originally a consistent G+2-4 storeys, the higher buildings being located on the E-W principal roads. Today these are often of up to 8-12 storeys, dwarfing the classical forms of the earlier buildings and sometimes unbalancing the city's urban scale. A few streets have tall buildings inserted in a run of lower buildings, again upsetting the scale and character of the street. Care has to be taken to complement the new and old scales of the city blocks, and to respect rhythms, materials and form of construction.

The control of these qualities of the urban environment must be the responsibility of the YCDC as advised by specialist conservation organisations. Such control would be much easier if further designation of conservation grades would be given to buildings in the Downtown Conservation Area and if a record of surveyed properties was retained. This is urgent.

Planning of the conservation area reflects the Melbourne model, is grander in elevational treatment, has great consistency and character of external design and finishes, and reflects, in different areas, the cultural traditions of the residents, adding to the multicultural identities, richness and international commercial and social strengths of the communities of Yangon. Insensitive recent construction of poor quality with unrelated materials of construction has weakened the former cohesion.

The architectural character

The standard dimension for properties on the streets are 50 feet deep throughout, with building blocks some up to 58 feet deep (17.58m) and some only 40 feet deep, backed by services alleys approx. 15 feet deep between the rear of properties on adjacent street. Properties are of greatly varying width, and allow diverse elevation designs. These must be repaired with materials that are compatible with the historic design if known and in the context of the historic setting if new.

Materials and paint finishes - During the 18th century, there was wide use of Parker's cement, first patented in 1795, and its ability to allow walls to breathe, in ways that other cement does not, and to have minimal expansion and contraction under temperature and hygrometric conditions. This makes it an ideal rendering over brickwork. The use of such rendering materials, if found, should be checked and the source of the material checked in historical records if available. Repairs must use compatible materials.

Original paint to facades was lime based and overpainting with later oil based paints should be checked with paint scrapes at a later stage by investors and their building teams.



Figure 19 - The old and the new: freshly painted below banyan root infested facades

Planning of the properties- The 58 foot property depths allow a limited range of internal modern arrangements of living accommodation and service areas with habitable accommodation both front and back. The flats were constructed with the intention of allowing daylight from the tall windows of the front elevation to penetrate deeply into the middle of the apartment. It is the reason why buildings were of limited numbers of storeys on

narrow Streets and they were painted in order to gain daylight penetration. Dining and reception were located in the front half of the flat.

The original flats were not designed for large families and the back 1/3rd of the property accommodated the sleeping washing and cooking functions. However in order to gain bedroom space the centre of the apartment may now have a mezzanine with low headroom below and above. In some buildings the steel beams supporting the floor above are a great barrier to efficient use of the mezzanine floor level. Property widths vary but on average are around 12ft 6 inch - 25 feet (usual plot size), with the wider dimension being possible under or above the flights of stairs.

Wet areas of washing cleaning and cooking are located at the back of the apartment, and the rear wall of the property takes all waste pipes to a trapped gulley before joining the sewer in the centre of the back alley. Whilst the front elevations are mostly in reasonable condition, apart from occasional rusting of balconies support and balustrades and maintenance to architectural details, the rear elevations are less frequently maintained, have vegetation sprouting from face brickwork and joinery to the rear elevations is dilapidated. However, some apartments at ground floor level utilised the amenity value of the back alleys with paving over the drains adding planting pots and seating. Running North/South all alleys get an hour of daylight. If painted a light colour the alleys would enhance the amount of reflected light and amenity value.

Staircases. The steep straight stairs from the Street in the older buildings can limit the layout of flats; and since wet areas (toilets, shower, kitchen – non-habitable rooms) are mostly located along the rear wall to allow drainage to the alleys below there is a distinct loss of space for habitable rooms with daylight and awkward use of internal zones. Many newer properties have dog leg stairs allowing a lift attached (most do not have lifts however) and this allows a better scope for planning habitable rooms on the rear elevation of the property. With the enhanced economic prosperity of Myanmar, improved living accommodation will be expected, especially in the country's principal trading city.

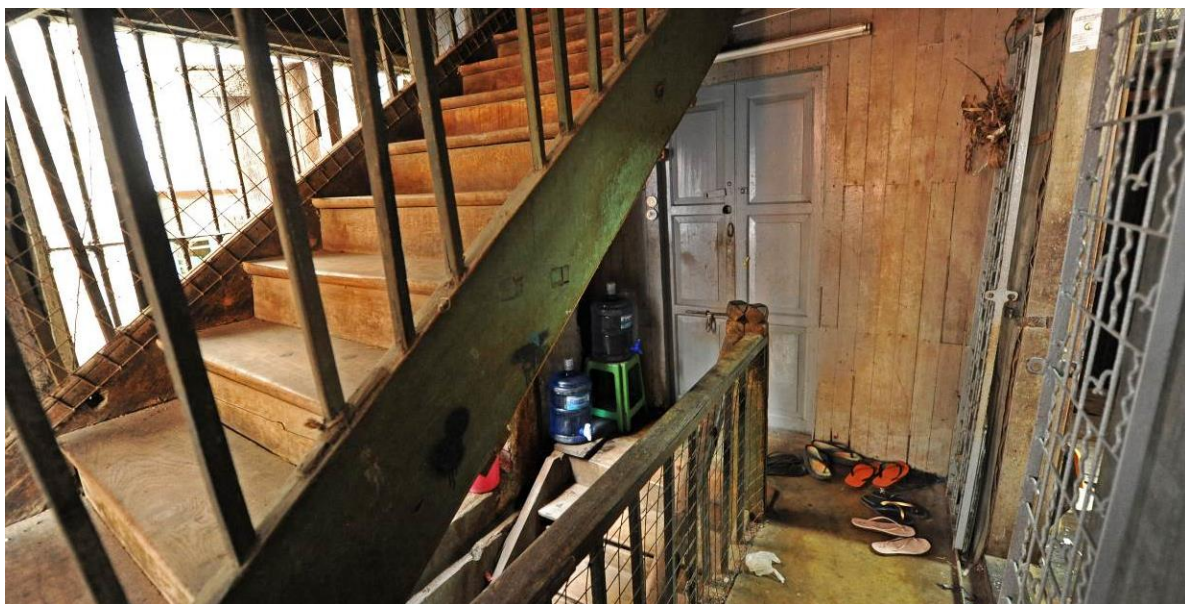


Figure 20 - Original staircase in Bombay Burma Press Building

Health & safety. A major issue is the provision of alternative means of escape. This is generally absent from all residential accommodation. Either escape is designed by additional staircases into the back alley, or escape is arranged over the roof of adjacent properties. In lowest 44th Street new buildings arrange a balcony at each

floor level to allow connection between properties. Some new buildings also include a steel step ladder with a safety cage, but the lowest level to the ground is often missing because of security fears of the residents.

There are examples in some streets of security fears of the residents leading to the lower floors being covered by a metal grille. This is to be discouraged as a means of achieving security as it damages the urban Street setting and architectural rhythms. Alternative means of achieving security have to be found.

The single staircases are inadequate as the sole means of escape when doors to properties are not fire resisting and self-closing.

Possible interventions - Removal of the mezzanine floors would increase the quality of the flats, but today the over occupation resulting from a lack of choice in the property market, and mobility of employment and general poverty leads to the present overcrowding.

The joining of adjacent flats through the party wall would enable a doubling of capacity on any one or by adding floor level where the staircase serves both left and right apartments. In some places three apartments are joined.

Extension upward to the roof level has already been carried out on many properties. But without planning control the impact upon the street scale has been detrimental to the historic quality of the urban setting. There are various ways in which upper floors can be converted and occupied with in some cases tastefully converted into habitable spaces within sound structures.

There are various ways in which upper floors can be converted to allow a new straight or circular staircase into the roof:- by losing part of the upper floor with a return corridor and a further straight flight; by splitting the top of a straight staircase and removing three feet from the flat on each side; or by adding an internal staircase to make a maisonette.



Figure 21 - Roof extensions and subdivisions to increase space efficiency

Planning of back alleys - Access to back alleys was originally intended for service and services, with well organised soil and surface drainage. Ground surfaces were possibly concrete or stone paving. But today these back alleys are badly maintained public areas with unseen deposits of refuse. The open central drain is a hazard to pedestrians and recent raising of the central collecting manholes is a further ugly obstacle. The central surface drain often has soil water running in it. Soil down pipes from properties collect into a trapped chamber, before running out into the central alley sewer. But irregularities lead to soil water mixing with surface water and running in the central surface water drain, which is not adequately cleaned, or adequately covered by paving slabs.



Figure 22 - Open drains in 39th street pose a health & safety risk, while generators block pedestrian access

The back alleys are at present full of rats, is life threatening, unsuitable for pedestrian movement or any amenity to the residents, who are thereby lead not to respect these spaces and to further fill them with rubbish and neglect. There is every benefit in assisting the City to re-plan, upgrade, redesign services and paved surfaces and to improve access and use from the back alleys. Once these alleys are cleaned and managed, the residents may be able to demonstrate that they can improve this neglected and surprisingly unhealthy part of the city's environment.



Figure 23 - Back alley refuse dump

Access to the back alleys from the street is often blocked by goods and rubbish and gated. Therefore the YCDC cannot carry out its role of servicing and waste disposal. But the original design allowed for access and the movement of people through the alleys. Without at least good quality private use, environmental upgrading of the properties will not encourage inward investment by either residents or from institutions. Public access would also allow useful shortcuts between N/S Streets.

There is thus some development opportunity to alter and upgrade and also to enhance the setting with landscaping and amenity use as the YWCA has tried to do, as can be found on Lowest 44th Street and between Shwe Bontha and 29th Street.

Responsibility for cleaning the back alleys lies with the YCDC, but since the residents throw rubbish in to the back alleys the City does not clean back them without considerable payment from the residents who must ask for clearance of the rubbish. This informal system is inefficient and leads to bad financial practices, and for investors, unacceptable standards of maintenance.



Figure 24 - Haphazard installation of water and electricity supply pipes

Conservation and upgrading principles

The project team guiding principles:

- Understand the built historic environment and its social context
- Define options for the future to conserve and enhance use
- Provide a convincing and feasible development alternative
 - that is sensible and respectful to the historic fabric
 - and acceptable and affordable for residents

4.2. SOCIAL ECONOMIC ANALYSIS

Purpose

The purpose of the social and poverty assessment is to develop an understanding of the residents, businesses, and Street vendors in the CDIA project's three pilot areas, the condition in which they live and work, and their interest in upgrading their property. This assessment forms an integral part of the overall CDIA project and should be read in conjunction with the architecture surveys and proposals for resident housing finance. In Yangon, and Myanmar in general, social, demographic and property ownership information for the urban sector is lacking. Moreover, to date few donors are active in the urban sector. The data assembled by the JICA urban plan is not disaggregated for the historic centre and is geared to urban infrastructure provision. Therefore many assumptions about Yangon's historic centre and its inhabitants are unverified and possibly misleading, for example in regard to population density, building condition, ownership etc.

Plan for use of findings

From the outset the team was aware of the importance of establishing a sound evidence base. For the CDIA project, the information gathered is an essential element of the Initial Development Impact Assessment (IDIA). It is being used in testing the appetite for area based upgrading, resident targeted microfinance, as well as for possible Public Private Partnerships (PPPs) for historic buildings and a Heritage Fund. For YCDC and YHT the data and analysis will enable more informed decision making on urban upgrading, conservation, housing, traffic management, and infrastructure provision. The early survey findings were shared with YHT and YCDC as well as with the Prince's Foundation SPD team.

Methodology

The survey benefitted from a systematic approach to design and implementation. A major objective was to capture a representative sample of population, in regard to a range of ages and ethnicities, and gender balance. The principal stages of the process were:

- Definition of research questions in accordance with the overall CDIA Terms of Reference and concerns of YCDC and YHT
- Development of the survey questionnaire by the social team and discussions with stakeholders and experts: specific questions for residential, commercial, Street vendors resulting in three questionnaires
- Briefing for selected YCDC and YHT staff and for CDIA team and refining of questionnaire
- Selection of pilot Streets
- Development of Excel recording format
- Training of junior staff (from YCDC) and CDIA counterpart staff in survey techniques with in depth briefings on key research questions
- Field testing and adjustments, particularly in regard to businesses and key informant issues
- Roll out of survey
- Recording of information to ensure consistency among surveyors
- Analysis, with attention to methods.

The survey was carried out by 4 researchers in teams of 1 to 2 people over a period of 3 weeks and 2 weekends in June 2015 and covers 120 residents, 42 businesses and 45 Street vendors. The sample was selected from three pilot areas with an overall distribution of 60 percent residents, 20 percent businesses, and 20 percent Street vendors. The aim was to interview a representative selection by age, gender, ethnicity, and living situation. During the field testing phase, it became evident that interviewing of businesses required some advance warning in order to speak with the owner or manager. Therefore it was decided to carry out key informant interviews. Many of these were arranged with the assistance of the local YCDC representative. As the survey was undertaken during the day, as well as weekends, there may be a slight bias to those who are not employed outside the home.

Issues and challenges

There are a number of issues and challenges that arose in the design and execution of the survey.

- **Design of sample and realities of Yangon** - Although the team carried out surveys on weekends as well as week days, the sample of informants may not include as many working people as would be statistically desirable. Another issue is the terminology for owner and tenant which may not be as clear in Burmese as it is in English.
- **How representative is the sample?** - Although every effort was made to produce a representative sample, by dint of the fact that the team was depend on introductions by the ward representative may have introduced a certain bias towards longer term residents and 'owners' than newer arrivals.
- **How reliable are the responses?** - Our team was experienced in conducting surveys in rural areas, less so in urban areas. They were aware of social conventions. It is unrealistic to expect that in a short, one time interview, respondents will feel confident to provide information that they may consider to be confidential or sensitive, such as information about borrowing. Our questions tried to overcome some of this reluctance.
- **What was not said?** Social custom is of course strong in Myanmar and our team was well aware of possible sensitivities. For example, 99 percent of residents claimed they were on good terms with their neighbours but interviewers heard complaints about lack of cooperation in housing units. Residents may have minimised the extent of borrowing according to the survey team.



Figure 25 - One of the interviewed households in pilot area

Survey findings - headlines

RESIDENTS

- The Neighbourhood** *Considerable stability, evidence of sense of neighbourhood and community cohesion*
- Preference to remain in the area
 - Perceived advantages – access to transport 96%, markets 88% , schools and hospitals
 - Sense of community and ability to rely on neighbours
 - Proximity to place of work - on their Street 28% or in the neighbourhood 40%
 - But – complaints about traffic (74%) and back alley hazard
- Housing** *Older housing stock with longer term residents, evidence of some investment in fittings and collective maintenance, and willingness to contribute to upkeep, low awareness of heritage value beyond family history*
- Long term residents – 82% more than 10 years and only 4% less than 1 year
 - Self-identification as owner – 88% with some housing owned by government
 - Building age – more than 50 years 68%
 - Accommodation – hallway (studio) type 30%, one bedroom 35%, two bedroom 21% - 65% live in one bedroom or studio
 - Willingness to contribute to improvement 77 %, unwilling profile is mixed
- Profile** *Aging– and vulnerable -population with few young families or new residents*
- Range of occupations including retired individuals
 - More than one third are female headed households
 - Extended family living arrangements with living group size from 1-11, average 5
 - Mix of ethnicity
 - Little formal banking connections 91%, low reported incidence of borrowing 12%

BUSINESSES

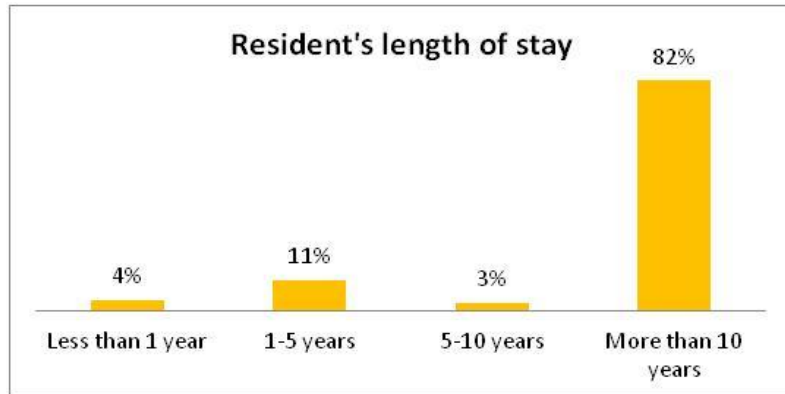
- Longer term presence, evidence of substantial investment in fittings, concern with electricity supply, traffic and parking*
- The period of occupancy for 62 percent of businesses is over 10 years and only 9 percent are arrivals within the year
 - Advantage of area in terms of transport 38% and market access 21%
 - Majority own premises - 57% but 48% are renters
 - Residential use reported by 40%
 - Willingness to contribute to additional maintenance 49%
 - Access to banking system is modest at 16%, reported borrowing 19% - from family and friends
 - Mix of business use
 - Mosaic of ethnicities with Burmese in majority, gender balance

STREET VENDORS

- Generally longer term presence, not resident in area, strong concern with Street cleanliness, traffic hazards and monsoon rains*
- Longer term presence – 64% more than 10 years – with few new arrivals
- Majority do not report paying for their spot 71%
 - Live outside study area, reach area by bus 47% or walking 39%
 - Perceived advantages of the area – transport 42% and market 29%, and personal networks
 - Borrowing reported for 38% - from family and friends 62% also money lender 13%
 - Gender balance of 53% men 47% women, with 52% age 40-50 and 27% age 30-40

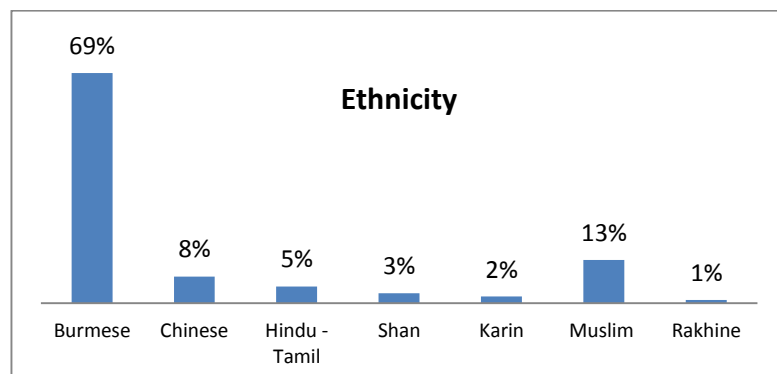
Summary of relevance for urban regeneration

Downtown has many long term residents; with tight knit Street based social, business and religious networks.

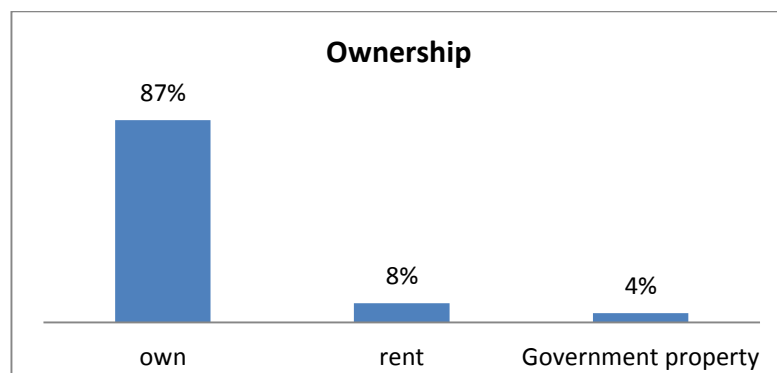


Overall there was considerable stability in the pilot areas, with a majority of long term residents and above average age (>40% is 60+) with 82 percent of residents living there for more than ten years and 62 percent of businesses more than 10 years and 62 percent of Street vendors for more than ten years. During subsequent focus group discussion the survey team revealed Street based (mainly North-South) social capital -both social, religious and business networks. Our interviews found instances of neighbours working together for social and religious activities (31% are members and 11 % give donations)

Downtown is a mosaic of religions and ethnicities with Burmese in majority.

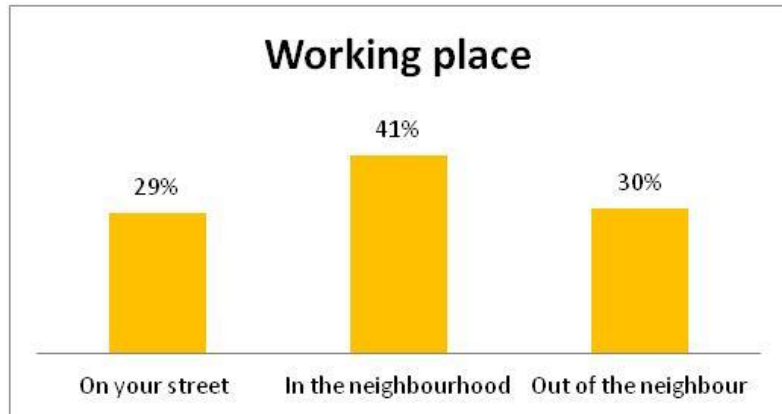


Almost 90% of downtown residents claim ownership to their unit. Insecurity of title appears not to be the main constraining factor.



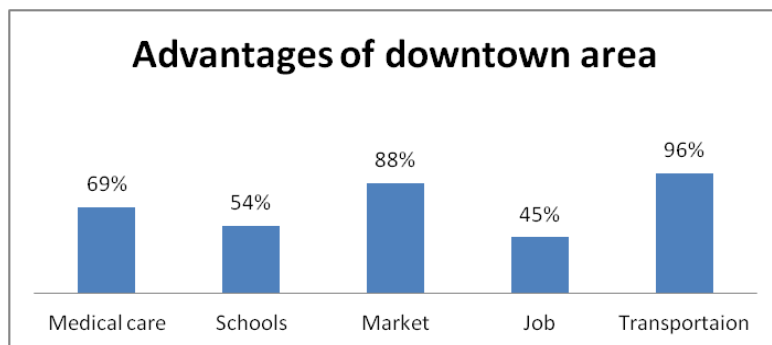
One of the most surprising was that some 88 percent of residents see themselves as owners of their properties, this in spite of the complex property tenure system. They pay annual ground rent to the landlord (owner of the land) as well as water and electricity bills. For business, especially on ground floor premises, it is more common to rent spaces (57%).

Downtown has a primarily residential function fully integrated with a dynamic and vibrant small-medium business sector.



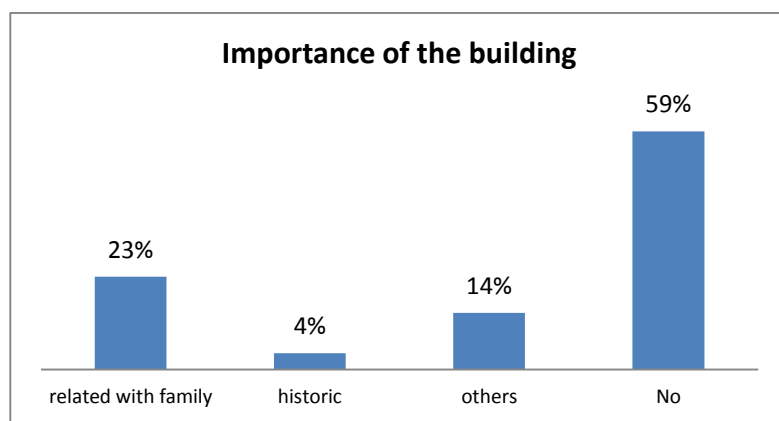
The penetration of businesses into residential space and vice versa. Over 70% work in the same Street or in the neighbourhood and some 40% of residences also accommodate a business function. This promotes integration of functions and sharing of points of view in such matters as urban infrastructure improvements.

When asked what people appreciate about living downtown, it is the locational advantages that matter, never the individual qualities of the unit.

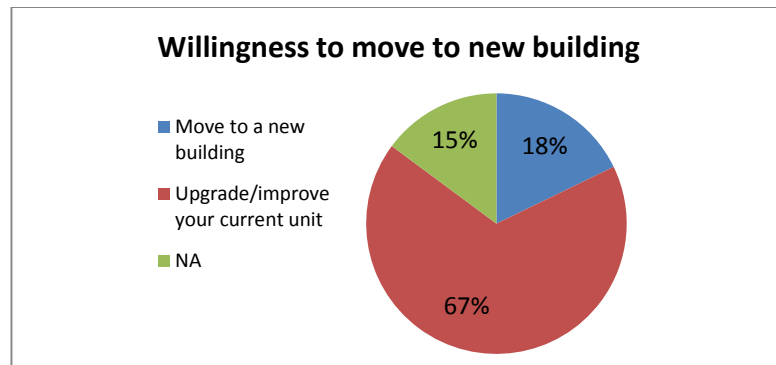


For residents and small business alike the main locational advantages are proximity to transport, markets, work and medical care and ability to rely on neighbours.

The awareness of heritage, in the Western sense, is low. Most people think of heritage in terms of their own family history, and less about the city or country as a whole.



Yet, the survey shows the competitiveness of existing stock versus new build and the preference of most residents to remain in their present unit. The approaches by developers to residents were largely unsuccessful.



Most residents and merchants prefer to stay where they are rather than move: 67 percent of residents prefer to upgrade or improve their current unit and only 18 percent would like to move to a new building. Few of the overtures by developers to demolish a building and provide a higher rise building in its stead were accepted by residents. Less than 20% had been approached by developers/landowner with the proposal to demolish and reconstruct the property. Those who had showed little interest in the proposition. For those who had not, when asked the hypothetical question if they would be interested to move to a newly constructed property, the majority (67%) answered negatively.

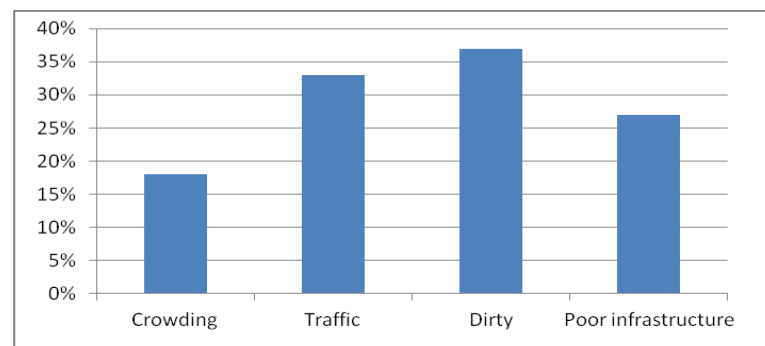
The majority of residents and business prefers renovation over reconstruction for mainly economic reasons.

Subsequent focus group discussion revealed that the primary reasons appear to relate to costs, efforts and insecurity related to the temporary relocation during construction (average 1-3 years). Especially for business who fear losing their customer base and fear higher rents when returning.

The majority would prefer to renovate the existing premises because:

- The old buildings are well built. Often mentioned strengths refer to thick brick walls, wide staircases (providing convenient up and down moves) and strong cross-beams.
- Preference for high ceilings in the existing stock with ample light and ventilation as well as potential to subdivide and/or add mezzanines and increase efficiency of use.
- Expectations to be able to generate increase in value; getting a higher price from selling or renting out after renovating

Residents and businesses complain about poor infrastructure, traffic congestion and dirt & pollution. Increasingly, encroachment of pavements (car parking, Street vendors) is becoming a nuisance.



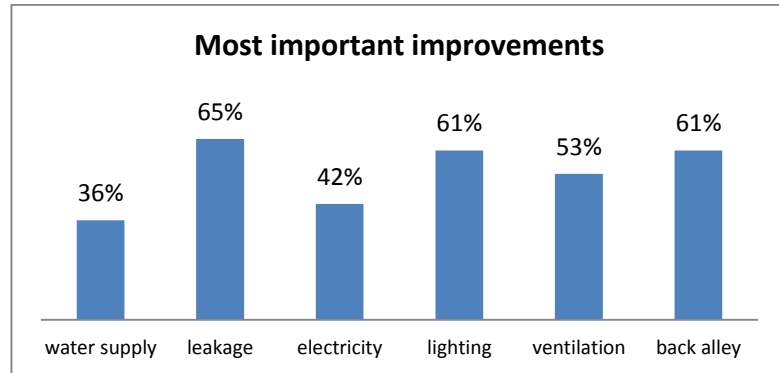
Top of mind issues were largely similar for residents and business:

- Poor infrastructure**
 - Neglected public realm, dangerous overhead wires
 - Uneven footpaths, poor walkability
 - Old buildings in disrepair
- Traffic congestion**
 - Congested traffic flow
 - Parking problem
 - Limited public transport

- Dirt & pollution
 - Trash in back alleys and on Streets
 - Overflowing rubbish bins
 - Vendors impact on mobility

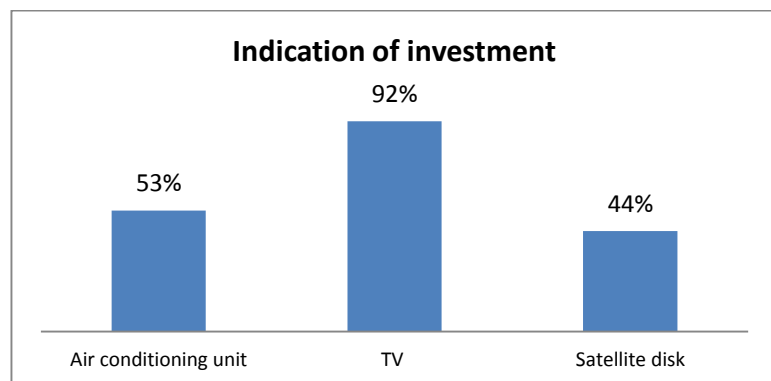
When asking about recent developments, increasing numbers of Street vendors and encroachment of cars on sidewalks were cited as unwelcome changes by residents and businesses. Recent changes to the streetscape by the municipality to provide more parking spaces were not always well received.

More than half of the residents is not satisfied with maintenance of their building. Leakage, lack of natural light and back alley rubbish emerged as main nuisances.



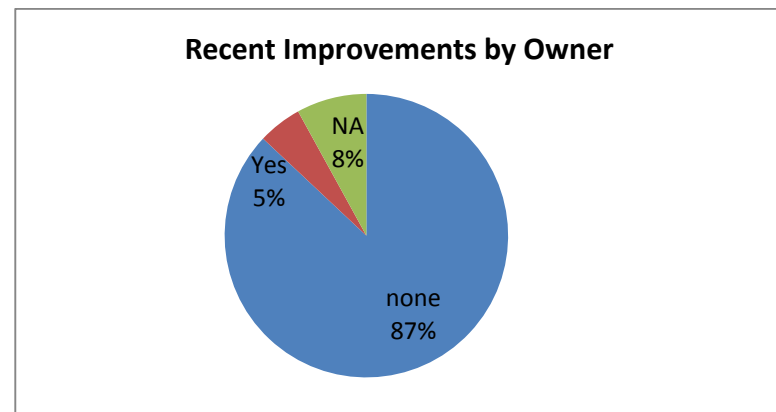
Leakage (including plumbing & drainage) and back alley rubbish emerged as the main issues for downtown residents. Perhaps somewhat surprisingly lack of natural ventilation and light also scored high. This was mainly the case in units with high incidence of subdivided rooms. In addition, falling bricks from concrete façades, holes in concrete walls and banyan trees growing from facades were frequently mentioned in follow-up interviews.

Only few examples of resident-initiated improvements to residential units. Repairs mainly confined to unit, rarely beyond.



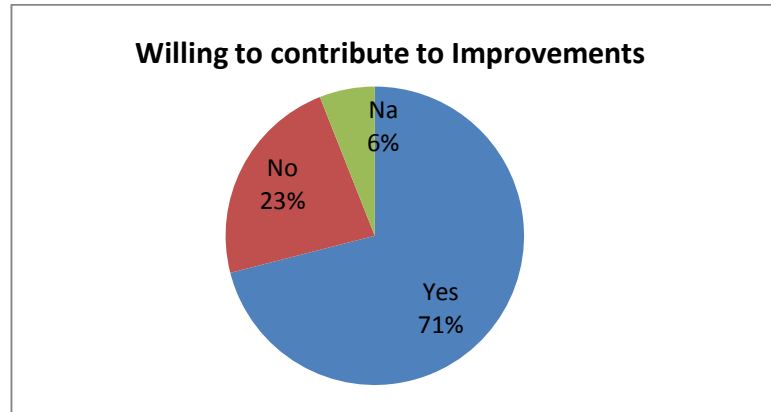
At present inhabitants make investments in such amenities as TVs and air conditioners. We've also seen evidence of upgrading of interiors, but rarely in physical improvements beyond individual unit such as collective spaces, roofs, facades, alleys.

Little evidence of building residents or owners investing in the maintenance of the whole building with the exception of some roof repair (mainly after Nargis).



We only found few examples of resident / owners investing in building repairs. This mainly concerned roof repairs typically triggered after serious leakage after rainy season, especially after cyclone Nargis.

The survey found a significant willingness to pay and/or contribute to improvements by residents and businesses.

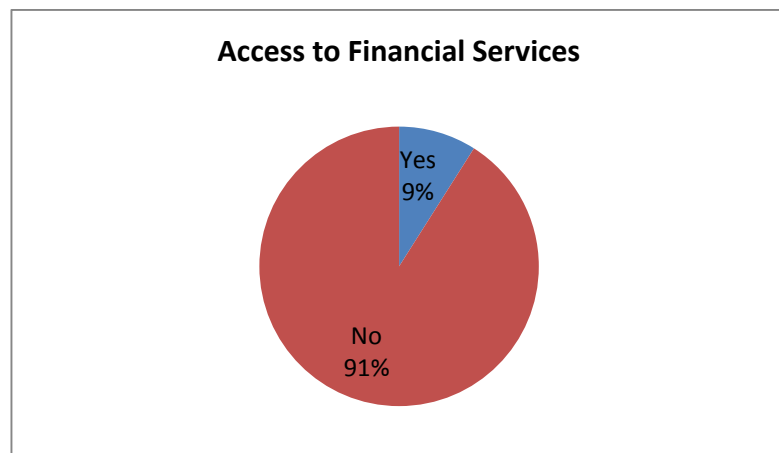


Residents expressed a great willingness to financially contribute to improvements (71 percent). Also 50% of business were committed to make financial contributions. In-kind contributions were not common.

Subsequent focus group discussions suggest few successful examples where residents collectively commissioned a contractor to fix problems.

- These examples were typically triggered when problems (leakage, rubbish) started to affect more than one household and one more affluent resident was able to lead the collective through the process. The constraining factors appear to be a lack of collective responsibility, conflict of interest between landlords/tenants, lack of initiative/leadership and limited availability of funds.
- Lack of title security is surprisingly enough not explicitly mentioned as a prohibiting factor. The current tenure system appears not to be a significant disincentive for resident –led investment.
- Repairs typically included roof and M&E repairs, but excluded common spaces (staircases, back alley) or repainting of facades

The vast majority of inhabitants and businesses are unbanked with only few having access to formal banking services. Comparatively low incidence of indebtedness suggests households do not belong to urban poor.



The vast majority of inhabitants and businesses are unbanked with only 9% of residents and 16% of business having access to formal banking services. Unlike the pattern for more peripheral urban areas (Source: YCDC social survey 2015 Mike Slingsby – in progress), the incidence of debt (as reported) is low in this part of town.

4.3. LAND TENURE AND TITLE

Unique tenancy situation in Downtown Yangon

The specific ownership/tenancy situation in downtown Yangon is not like the rest of the city and is at present one of the main limiting factors for heritage-led urban upgrading. Many of the original occupants and owners of these properties were ethnic Indians and Chinese, of whom the vast majority were expelled under General Ne Win's military regime, when properties were nationalised and apartments redistributed. This means that although many of the residents have been there a long time and unwritten rules¹⁵ stipulate that whoever has been there longer than 12 years 'owns' the apartment, few hold an original documented title to their property. Meanwhile the original land title holders - or a representative- still collect 'ground rent' from the residents, which because of rent control is a minimal amount.

The following graphs introduce the residents of a purely fictional but typical tenement building and attempt to explain the situation:

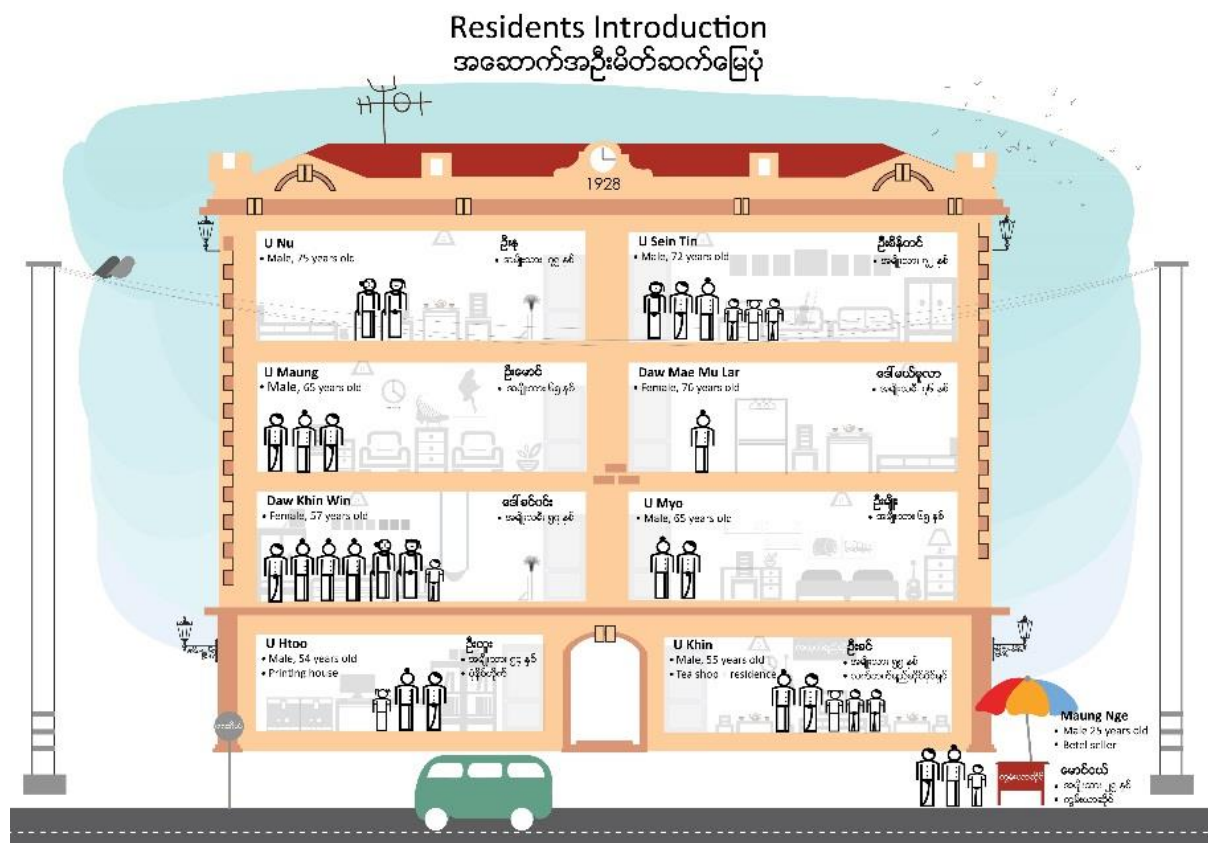


Figure 26 - Variety of households in typical tenement building

¹⁵ Interviews with residents, lawyers, YHT and YCDC

Tenure Status အခန်းရှားနေထိုင်သူများ၏အခြေအနေ

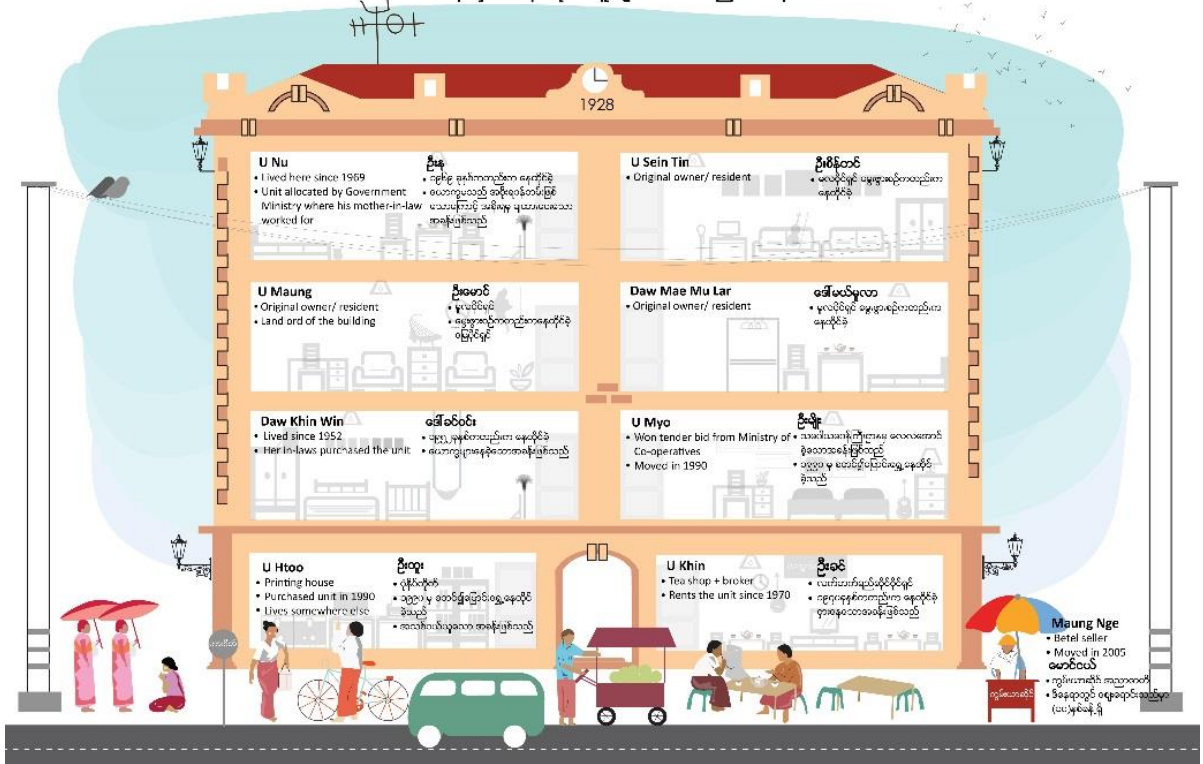


Figure 27 - Variety and complexity of tenure arrangements

Livelihood အသက်မွေးဝမ်းကျောင်းမှုပုံစံပြမြေပုံ

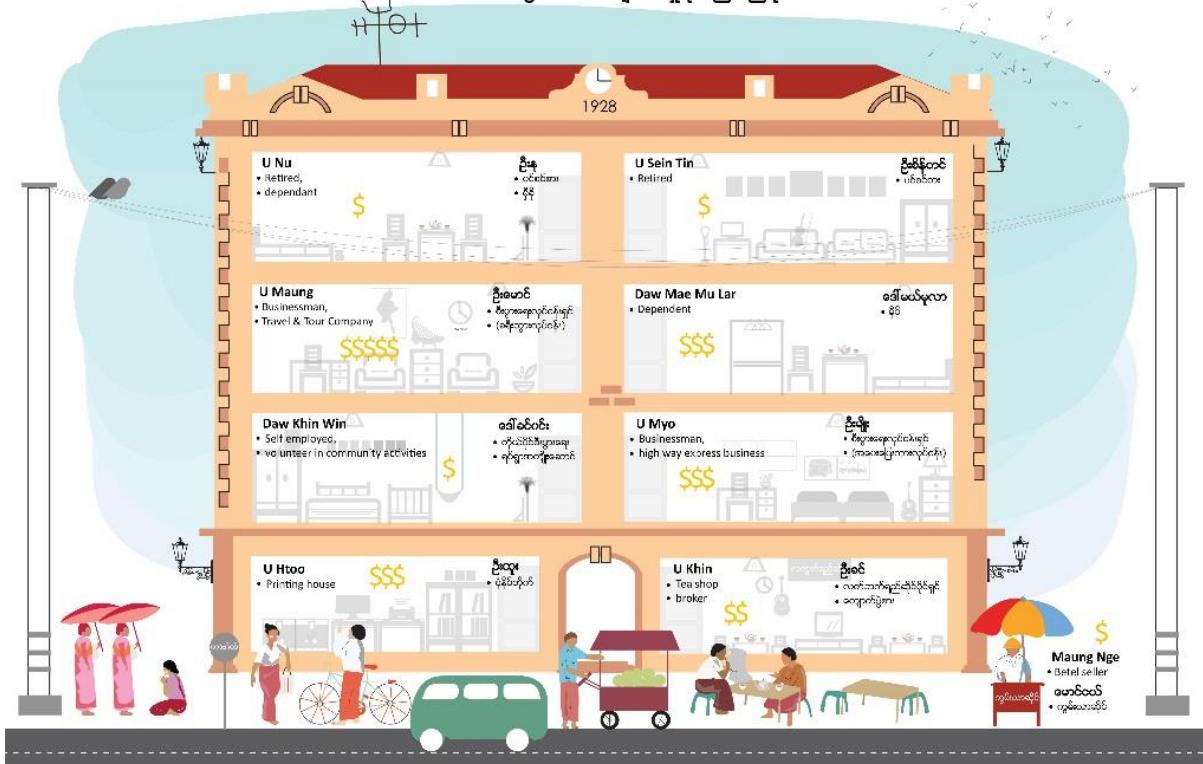


Figure 28 - Variety in local livelihood and income levels

Property Related Expenses အဆောက်အဦးနှင့်ဆက်စပ်သောကုန်ကျစရိတ်များ

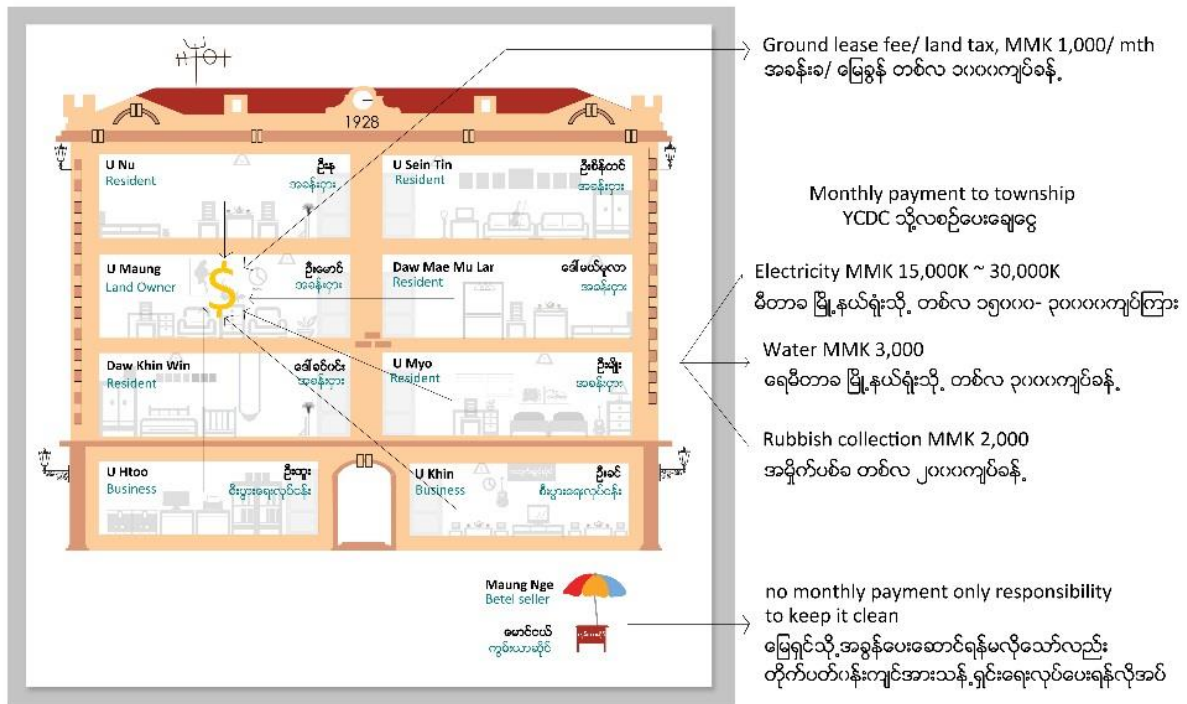


Figure 29 - Minimal property related expenses for residents - limited income for land owner

Title and ownership of property

The legal landscape is extremely challenging. A clean property title in Yangon’s historic core seems to be a contradiction in terms. Because of this turbulent history of the country, ‘ownership’ (in the form of a 90 year lease) of land and buildings cannot always be traced back to a clear title-holder. Although real estate is being sold and purchased on a daily basis, this typically refers only to the title of a property (not the land on which it is built). Properties are traded based on ‘proof of inheritance’ through a registered household list. As both owners and tenants often do not have a documented title.

The figures 26 to 29 above (and Annex 3) show that in the downtown area city centre there could be additional complicating factors because this part of town has a great ethnic diversity and in the past not all different ethnic groups enjoyed similar residential status, which in cases has led to contested ownership of title and in addition there are many incidences of absentee landlords.

Legislation

The current situation (in so far as this project is concerned) appears to be as follows:

There are currently 22 laws in Myanmar which govern the issues of land, land administration and land ownership, ranging from the provisions under the Constitution of the Republic of Union of Myanmar (2008) to the Lower Burma Land Revenue Manual issued in 1876. Significant land laws were also introduced in 2012.

- **Freehold Land**

Freehold land can be interpreted as ancestor land and it is transferable and can only be taken back by the government for the state’s interest and in accordance with the Land Acquisition Act 1894.

Freehold land exists mostly in big cities such as Yangon and Mandalay and there are comparatively few sites which fall into this category.

- **Grant Land**

Grant land is owned by the government. Land at the disposal of the government may be disposed of by grant or lease to any entity for a stipulated period described in the document known in the Myanmar language as “Ga-Yan”. The lease period can range up to 90 years and it is transferable and also renewable. For Yangon, grants are given by the Yangon City Development Committee (YCDC). The city also has its own Development Committee Laws.

- **Town Land**

Town land may be classified under either the Freehold Land or Grant Land but with the titled document called “La Na 39” issued by the State/Division Peace and Development Council in the relevant area under the Land Nationalization Act 1953. The La Na 39 type land is transferable. Buildings are not necessarily owned by the site/land owner. Many owners have leased their land to developers (either individuals or companies) who then “own” the built structure (i.e., hold a land use right). These building “owners” may then lease or sell parts (a form of strata title sale) or the entire building to individual owners or another individual or entity, accepting either capital payments or rents. There currently appears to be no formal arrangement regarding use and upkeep of common areas.

Ownership by foreigners

Foreigners are not allowed to own or transfer land and the only transfer is allowed by way of lease which however shall not exceed one year, except in the case of an MIC-approved company, whose lease period may be granted to 30-50 years with 2 terms extension of 10 years each. The new Condominium Law (see 2.5) will change this.

Land registry

Securing accurate and reliable information regarding land ownership is difficult although it is understood that records are held by a Land Ownership department within YCDC. A publically accessible Land Registry (preferably on line) with accurate and complete title records/certificates would be of great advantage to the future smooth development of the real estate sector. An announced intention to establish such a Registry and that all entries, including the latest transfers, would be checked and confirmed would help to avoid current surprise claims and uncertainties.

Building and development leases should also be publically registered (this may be the case but this has not been verifiable) as these are likely to be long term in nature and all transfers should also be recorded. This would ensure that rental payments are made to the building landlord or his appointed agent and not claimed by unrelated third parties.

It is appreciated that such changes on a citywide basis would not only be sensitive but would take time and could only be accomplished in stages; however knowledge that such action is to be taken and announcement of a timeline for progress may bring some greater order to the market. The establishment of pilot zones for early (trial) introduction could be considered to ensure progress in the proposed Conservation Area.

4.4. REAL ESTATE MARKET ANALYSIS

Real estate market in historic core

Below are the main findings of the EU Real Estate Study undertaken in summer 2015 in partnership with Yangon Heritage Trust (YHT):

- Myanmar is experiencing a period of accelerating economic growth**, driven by rapid expansion in investment, construction and manufacturing. Underlying trends such as rapid monetary growth, rising inflation, increased urbanisation and infrastructure shortages are challenging the government and the real estate sector.
- Supply pipelines across all real estate sectors have burgeoned**, with significant increases in property supply expected in the coming years. The Yangon City Development Committee has recently released data showing that building permit issuance has increased rapidly in recent years, illustrating the ongoing construction boom in the city and the wider economy.

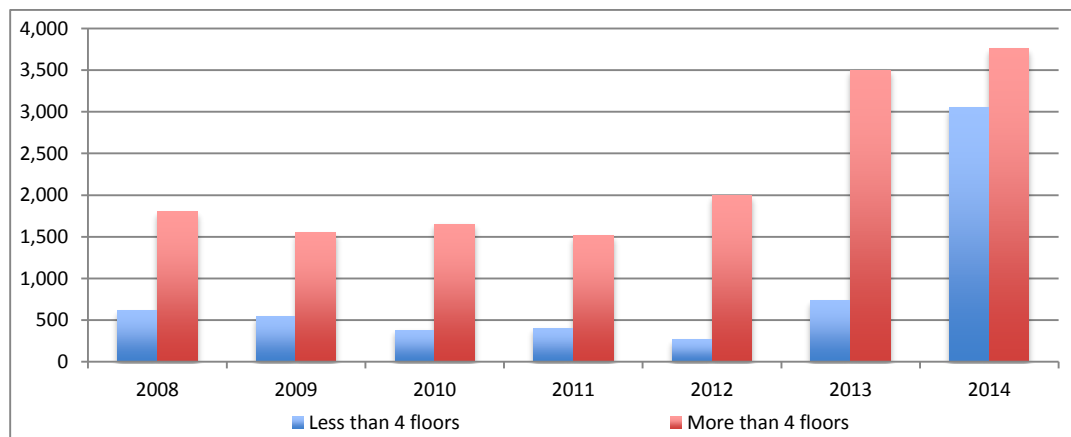


Figure 30 - YCDC Building Permit issuance 2008-2015 (source YCDC)

- Office: Yangon’s office market is seeing slightly weaker sentiment** - due to electoral uncertainty, the high costs of leasing and downward pressure on rents from the growing supply side. Average rent levels are expected to fall through 2015 as Yangon’s supply side expands. Yangon has a burgeoning supply of office space in the pipeline, which has led many occupiers to believe that prices will come down in the near future, enforcing the aforementioned caution about making a significant commitment to a rental lease.

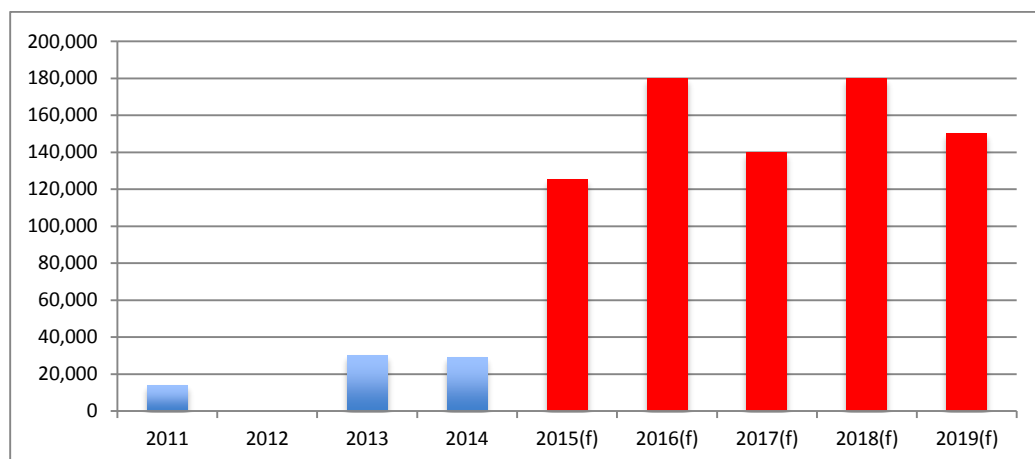


Figure 31 - Office Stock Forecast New Supply 2012-18 (source: Colliers & Frontier Research Q1 2015)

Already rental growth has flattened considerably compared with previous years. Rents for higher-end, international standard office space were around \$67 per sq.m. per month in Q1 2015, down slightly from their peak of \$70.2 per sqm month reached in Q4 2013.

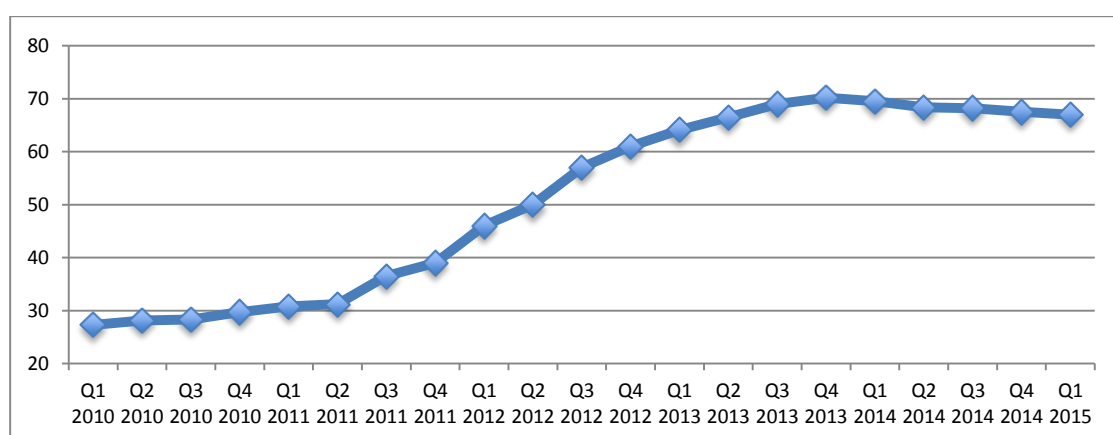


Figure 32 - Rents international standard office space Yangon Q1 2010-15 (source: Frontier Research 2015)

- Locational dynamics are changing - Downtown will lose dominance of Yangon office market** - From having a dominant position share (c.90%) of the market, the downtown area will account for a much smaller share of Yangon’s office market in future years. Locations such as Dagon and Bahan will emerge as major office centres and other outlying townships will emerge with their own space options as rival business centers: land availability, cheaper rents, proximity to emerging industrial and commercial areas and escape from congestion, infrastructure issues, and high costs in downtown will drive a shift out of the downtown area. Downtown area will lose its dominance of the Yangon office market.

Table 3 - Yangon Office Supply Line 2015-18 (source YHT)

Project	Size (Sq.m)	Delivery Date	Rent (US\$ per sq.m)	Township
AWBA Office	5410	2015	45-55	Mayangone
HAGL Myanmar Centre	170,000	2015	55-85	Bahan
Knight Morgan	3,800	2015	16-32	North Okkala
Novotel Yangon	1,200	2015	55-70	Kamaryut
Pyay Garden	4,038	2015	80	Sanchuang
Union Financial Centre	7,150	2015	70-80	Bothataung
Vantage Tower	9,200	2015	TBC	Kamaryut
KBZ Tower	6,835	2016	29-32	Sanchuang
Junction City	33,400	2016	TBC	Pabedan
Naing Tower	2,230	2016	43-45	Kyauktada
SanYeik Nyein	3,187	2016	TBC	Kamaryut
Sule Square	28,880	2016	85-110	Pabedan
Times City	44,000	2016	27-29	Sanchuang
Junction Square	13,450	2017	33.5-41	Kamaryut
Kantharyar Centre	24,989	2017	35	Mingaladon
Manawhiri Complex	56,300	2017	TBC	Dagon
Merchant Luxury	2,550	2017	36-40.5	Bothataung
Pyay Tower	22,193	2017	64-76	Mayangone
Shwe Gone Emotion	10,564	2017	36-38	Kyauktada
Capital City	15,000	2018	55-65	Hlaing
Golden City	26,950	2018	TBC	Yankin
Landmark	68,000	2018	TBC	Pabedan
The Century	2,322	2018	44.6	Hlaing
Union City	57,640	TBC	TBC	Hlaing
Dagon City 1	42,000	TBC	TBC	Dagon
Dagon City 2	14,000	TBC	TBC	Dagon

- **Hotels:** Yangon's hotel market remains relatively small in international terms, but is expected to see rapid growth in the coming years as the supply of new locations ramps up, which may depress room rates and push lower-end, local hoteliers out of business. The hotel stock in the downtown area is skewed toward the lower end and, aside from a few major high-end developments including the 5 star heritage hotels Peninsula and Kempinsky, will likely remain so in the coming years.

There is very little in the supply pipeline in the downtown Area. Room rates are expected to fall in the coming months and year, which may make it more difficult for local operators, many of whom are focused on the low-end and have little in the way of density. The majority of major new developments are occurring outside of the Downtown Conservation Area, reflecting the challenges - land availability, difficulties in building scale - for developers and investors in the downtown area.

- **Retail - Tight Markets Downtown, Retail Migration** - Demand and occupancy for retail space in downtown locations has remained firm but, increasingly, retailers are looking outside of central areas for space, with projects in suburban areas outside of downtown seeing strong demand recently. Checks with local brokers yield insight into the tightness in the market and support our views on occupancy. The study found very few spaces available across both international standard properties and more local properties. In total, we found 14,000 sq.m. of space up for lease, with nothing in the downtown area and with most available space being low-end, targeted at local businesses. These conditions support recent anecdotal reports that local retailers in the downtown area are facing significant rent increases, which is raising pressure on business costs and squeezing profits. As a result, many local retailers are looking outside of the downtown area for retail space.

With strong demand and high occupancy, average rents for the best quality retail space in Yangon ranged between US\$25-30 per sq.m., up approximately 15-20% y-o-y. Colliers has predicted that rents in all areas of the market will grow through 2015 as new and modern retail facilities are introduced. Developers are raising rents for new projects and average city rents are expected to trend upward through 2015

Yet, a lack of developable space, plus logistical challenges, is impeding the development of organised retail in the downtown area..

- **Residential:** Demand has weakened due to electoral uncertainty, higher sales taxes and lack of progress on the Condominium Law. Surveyed agents said enquiries and prices were down significantly compared with a year ago. Yangon's growing supply side is depressing price growth and very few developments are scheduled for the downtown area. After increasing rapidly during 2012 and 2013, buyers are exercising caution because significant new supplies of property are due to enter the market in the coming two years, which may push down prices
- **Looking ahead, for the real estate market in the downtown area** - demand for space from the business sector will increase, housing demand will become more sophisticated, improvements will have to be made to infrastructure and consumers and investors will require stronger legal protection and more clearly defined administrative processes.

It is quite telling from the real estate study that there is little or no new development or investment in either of the four covered real estate sectors in the downtown area and that many new developments are emerging outside of downtown. While this reflects government policy to develop suburban areas, this also suggests a lack of incentives for both occupiers and investors to build in the downtown area.

This reflects many factors, such as a lack of investible stock, a land titling system ill-suited to the needs of investors and occupiers, plus poor public services and infrastructure. With significant growth expected in the urban population, this will need to be addressed in order to upgrade and improve the living and operating environment in the area.

The research interviews with different occupier groups in the city found an appreciation of the value of heritage buildings and the unique character of the downtown area, but found a lack of interest in paying premium prices for them, due to major disincentives to investment that include a lack of government commitment to infrastructure improvement, structural flaws with older buildings, land titling problems, scant incentives to invest in older, heritage buildings and lack of faith in the enforcement of building codes in the city.

Investor/developer profile

Types of developer and investor interested in investing in and delivering projects in areas such as the proposed Downtown Conservation Area are as follows:

Investors: Due to the uncertainties surrounding land ownership and title in the downtown area, many international real estate investors, particularly investment funds, would not be permitted by their Investment and Risk Committees to commit to this market. This being the case, interest has mostly been from small-scale private equity investors, some operating as funds and others as individuals or group/family offices. These types of investor have more flexibility and a greater risk appetite in that the funding providers themselves are generally involved in making investment decisions and there is little if any liability to external parties.

Developers: International target developers are those who have a track record in developing in frontier and emerging markets which largely means mid-size companies from Singapore, Malaysia, Hong Kong, Korea and Thailand. In addition, there has been interest from overseas individuals willing to invest/develop/operate small scale projects, mostly conversions of heritage units into bars, cafes, restaurants, etc. To date local developers have only shown interest in new build projects in the downtown area as they are concerned about title issues, the need to relocate existing residents, the risk of restrictions being introduced as part of proposed heritage conservation zoning regulations and the high cost of heritage renovation/regeneration – developing in the new areas outside downtown is viewed as being less risky and more profitable.

Mortgage market: access to capital

Currently all real estate transactions and rental payments are cash based. Lending for the purpose of purchasing property is limited. Growth of the long term mortgage sector is essential otherwise buying capabilities of many in the district very restricted. Our initial observations:

- **Collateral based mortgage lending**

Until recently no mortgage financing was available in Myanmar. The financial capacity of residents to invest in renovation their properties appears limited; although on paper they may own valuable land or property, still no mechanisms existed to unlock positive equity.

In 2013, the Ministry of Construction set up a residential mortgage facility through the Construction and Housing Development Bank. This facility is envisaged to cater for both developers (construction loans) as well as individuals (residential mortgage loans) and aims to provide a solution to the enormous lack of affordable housing in Myanmar in general and Yangon specifically. The bank is still in the very initial phase of being set up and details of the mortgage financing have yet to be formalized. In the initial phase the

newly formed bank will primarily access capital from international banks and financing agencies and in time build additional capital reserve through member’s saving deposits.

- **Collateral-free micro lending**

Current regulations make it difficult for commercial banks to serve the poor. Banks cannot lend at an interest rate above 13 percent; this effectively curtails their ability to lend profitably to low-income segments (CGAP, IFC, 2013). In addition, past crises in the banking and cooperative sectors have eroded public trust in formal savings products.

The demand for microfinance is high. However, few formal institutions provide microcredit, and unmet demand is estimated by industry experts at close to US\$ 1 billion (UNCDF 2012). Use of informal providers of credit and transfer services in both urban and rural areas is widespread despite the additional risks and expense (10–20 percent per month) (LIFT 2012). Cooperatives, which date back to early 20th century, report more than 10,000 primary societies and 470,000 members. International and national nongovernment organizations (NGOs), such as Partner Agencies Collaborating Together, (PACT), GRET, World Vision, and Proximity, have pioneered microfinance methodologies since the mid-1990s with some success. (CGAP, IFC, 2013).

4.5. YANGON AS CULTURAL TOURISM DESTINATION

The country’s tourism industry has seen major growth in recent years, in part because of the economic and political reforms that have made the country an attractive tourism and investment destination. Tourism has increased 50% year on year over the last the last 3 years.

Table 4 - Tourism Arrivals in Myanmar 2010-2014 (Source: Myanmar Tourism Federation)

Name of Entry Points	2010	2011	2012	2013	2014
Yangon	297246	364743	559610	817699	1022081
Mandalay	13442	20912	32521	69596	90011
Mawlamyine/ Myeik				1024	271
Nay Pyi Taw		521	1250	11842	19261
Border Gateways	480817	425193	465614	1144146	1949788
Total	791505	816369	1058995	2044307	3081412

Further, tourists are staying longer and spending more. The average length of stay has increased from seven days in 2012 to nine days in 2014, and the average expenditure per person per stay has increased from \$135 in 2012 to \$170 in 2014. UMTA expects this trend to continue, as more tourists are beginning to look beyond Bagan, Pyu Cities, and Inle Lake and pay attention to other destinations.

Yet for a large part this growth is bypassing Yangon. Currently tourists only spend a maximum of two days in Yangon where the main attractions are typically confined to the Shwedagon pagoda and Scott Market. Data

from the Myanmar Tourism Federation¹⁶ even suggests that with the increase of direct international flights to other airports in the country, tourist numbers into Yangon are already declining.

Urban historic centres have not featured high on the cultural agenda of the Government of Myanmar. This while ancient and religious sites in Myanmar, like Bagan and the Pyu Cities, have garnered support and recognition from the Government of Myanmar as well as organisations such as UNESCO, and have grown into destinations for international tourists. In contrast, the urban historic centres of Myanmar, like Yangon, Mawlamyine, and Mandalay, have received little attention from the organizations and tourists

Yet, international research suggests that cultural tourism is one of the fastest growing and most lucrative tourism sectors. Increasing the attractiveness for these type of tourists of Myanmar's tourism destinations and Yangon in particular is a key objective of the Myanmar Tourism Federation.

¹⁶ As suggested by the representative from the Myanmar Federation of Tour guides at the Heritage Works Roundtable

4.6. URBAN UPGRADING INITIATIVES

Current practice of urban upgrading in historic core

Demolition – New construction

Demolition followed by higher rise new construction is the current and common practice of ‘urban upgrading’ in Yangon. This is currently the only alternative for a landowner to unlock the value of his/her property as the rent they receive is too low to justify spending money on repairs and adding floor space will provide the additional revenue.

Typically the land owner of a 2-4 storey property makes a deal with a construction company to 10-12 storey condominium buildings with elevators, power and water supply (powered on site by water tanks and generators). Agreement from tenants are made on the basis that they will return back to same floor level with same floor area. Floor to ceiling height is reduced to allow for greater efficiency. Demolition Permit (DP) is required and agreement from all residents is needed to proceed.

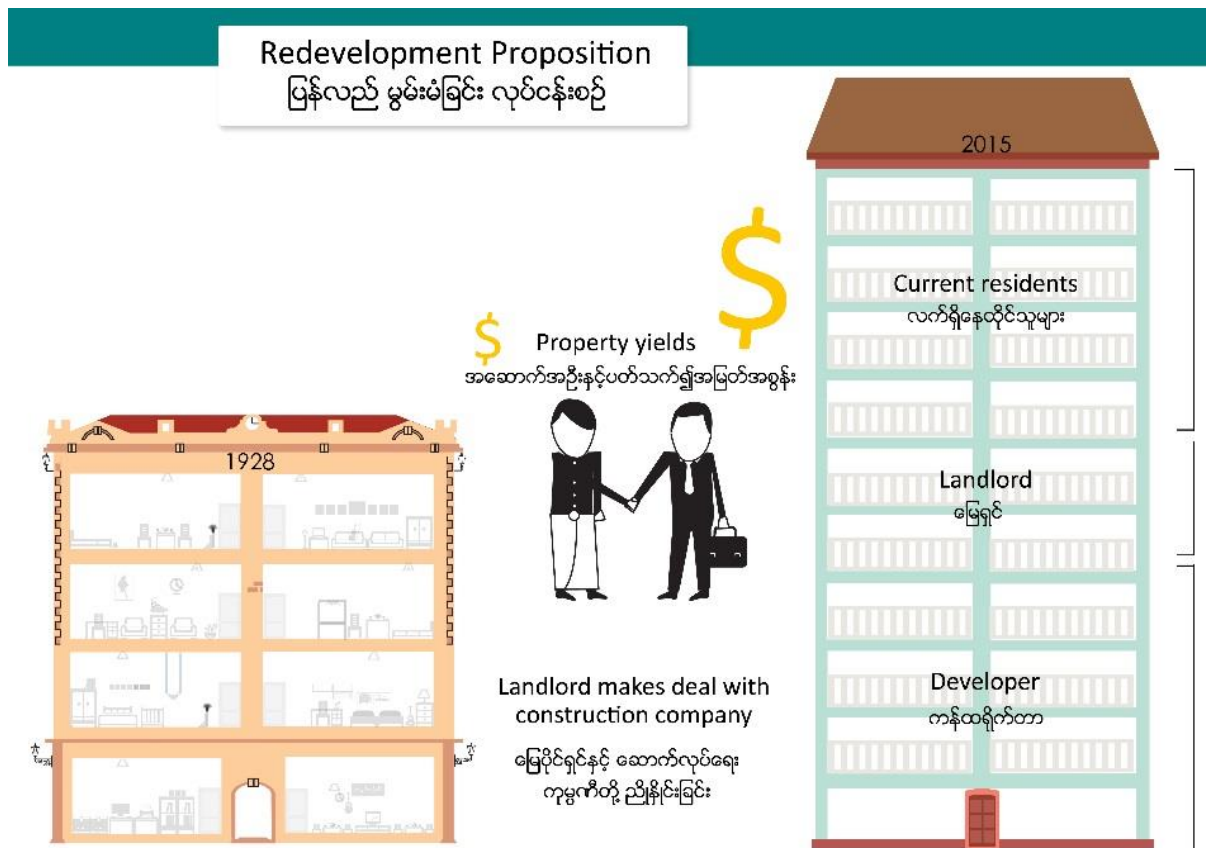


Figure 33 - Demolition - New Build is currently the only option to unlock property value

In recent years, it has become increasingly difficult to receive demolition permits. Both YHT and YCDC’s planning department want to limit this type of high rise development in the downtown area because it increases density, leads to congestion, puts pressure on infrastructure and reduces natural light and ventilation for the Downtown residents. In addition it damages the historic streetscape and leads to a loss of urban identity. It is in this light

that YCDC committee decided to change the policy not to involve in negotiation to settle disputes between tenants, land owners and developers.

Alternatives: heritage-led urban upgrading

In recent years (based on observations since June 2013) there is a notable increase in visible renovation activities of privately owned properties in downtown Yangon. The PFS identified three examples of upgrading typical tenement buildings while respecting the historic streetscape:

1. Substantial improvement of one unit - changing use
2. Minimal improvement of one unit - keeping use
3. Minimal improvement whole building - keeping use

The PFS investigated the driving and restraining forces in this process to assess the potential for replication and upscaling of these practices.

In the most visible category 1 the PFS team interviewed and documented 12 case studies of residential and commercial renovation projects (included as Annex 2).



Figure 34 - Exhibition of the upgrading case studies at Jain Temple

**Box 1 : Summary examples of respectful heritage upgrading projects
(full case studies included in Annex 2)**

Commercial:

- Khiri Travel Office, Bogalayzay Street
- Private Office, Bogalayzay Street
- Willow Inn Guesthouse, Merchant Street
- Hummingbird, Phone Gyi Road
- Rangoon Tea House, Pansodan Road
- Sharky's, Pansodan Road
- Gekko Bar, Merchant Road
- Union Bar, Strand Road
- Office @ 36th street
- Strand Complex, Merchant Street

Residential:

- Private Residence, 34th Street
- Private Residence, 44th Street
- Private Residence, Mahabandoola Road
- Strand Mansion, 39th Street

Other:

- Jain temple, 29th street
- Myanmar Deitta, 44th Street

Rationale

- Colonial buildings are unique, especially attracting high-end market segment
- Practical space – high ceiling, large space
- Prime location downtown, real taste of Rangoon
- Solid structure of old buildings compare to new condos
- Renovation old unit cheaper than acquiring new condo unit of comparable quality

Challenges

- Legal/ownership - unclear procedures; land title is often complicated;
- Structural/construction – to comply with international best practice or not? No clear guidelines
- Technical – difficult to find good contractors/labourers familiar with heritage properties
- Historical information – no reliable source/archive for old photos or other historical information
- Permits – time consuming, mostly going through brokers, good contacts required
- Operational/maintenance - access to other units to fix leakages and clean up rubbish

Value Proposition

- Cost of renovation from US\$15-US\$40 psqft – depending on quality and use
- Attractive investment proposition with residential apartments and boutique office spaces commanding rents of US2,500 per month plus, earning back renovation cost within one year

Replicability

- All reported initiation hesitation among neighbours, but after seeing *'what it can become'* there is anecdotal evidence of residents in the same building or street commencing renovation projects

Quotes

- *'Our staff enjoys working here' - We've set a great example for others to consider renovating their building'* - Edwin Briels, owner Khiri Travel
- *'We didn't have to do much, heritage buildings have an intrinsic beauty, new buildings are empty and soulless'* – Htet Myet Oo, owner Rangoon Tea House
- *'Together we deliver a new message to the public and showcase the value of heritage buildings'* - Neal Robert, developer Strand Mansion
- *'Great to see other units in this building now also being renovated'* - Nico Elliott, Manager Gekko Bar
- *'If you preserve your heritage carefully, it will give you a good return'* - Andy Niang, owner Willow Inn
- *'I am honoured to continue to be the guardian of our temple, our religion, our people'* – UA Cuma, guardian Jain Temple

Upscaling potential

Although many of the case studies are both impressive and encouraging from a social and financial perspective and there is visible evidence of replication, in the current context potential for upscaling is restrained. Our main observations:

- Currently this is very much a local market, upgrading/renovation **floor by floor** or **unit by unit**, mainly by **micro developers**
- Access to **information, processes and procedures** that are both transparent and certain (a level playing field) poses a challenge
- It is difficult to find **skilled labour** as local construction companies have lost the technical skills required for renovation
- The **insecurity of title** limits the type of investors and potential for upscaling foreign investment interest in the downtown district
- Insufficient **heritage appreciation** at present to attract premia affects marketability of properties - would tenants be able to pay rents that would justify investing in the renovation of complete buildings including necessary **structural improvements?**
- Without **improved infrastructure** (drainage, power, parking) and improved public realm it will be difficult to attract other types of substantial investors
- **Restriction on foreign parties** to own existing property in Myanmar, limitation on incoming foreign investment and complex and expensive procedures to get capital out of the country.

Collective upgrading- minimal improvements

The above case studies suggest that the capital investment required for the substantial improvement is a minimum of US\$15 psqft and assuming a 1,250 sqft unit this would mean an investment of nearly US\$20,000, which is unattainable given the income levels and access to finance for Yangon households. The PFS team, taking six typical tenement buildings as an example, estimated the cost for minimal intervention upgrading in two different scenarios. Yet, even minimal intervention improvement requires an investment of between US\$1,000- US\$6.500 per household.

Table 5 - Estimated cost minimum intervention upgrading

Improvements	Roof only	Minimal	Minimal +
	- Roofing only	- Roofing - Staircase - Painting (façade, common spaces and inside unit) - Drainage improvements (inside only) - Fire escape repairs	- Roofing - Staircase - Painting (façade, common spaces and inside unit) - Drainage improvements (back alley and inside) - Plumbing - Electrical works - Fire escape repairs
Average cost per unit	US\$1,000	US\$2,500	US\$6,500
Average cost per building of 8 units	US\$8,000	US\$20,000	US\$52,000

Throughout the pilot areas there is ample evidence of local residents repairing, painting or upgrading their units, maximising space by subdividing, adding mezzanines or rooftop or balcony extensions but typically unit by unit rarely at building level and never beyond. Yet, through the social surveys the PFS team was able to locate two properties in the pilot areas (one in 42nd Street, one in Bogalayzay Street) where the residents had collectively upgraded their property. In both cases it was triggered by the extent of roof leakage becoming a collective problem rather than just the upper floor resident’s problem. The total renovation cost in Bogalayzay Street was US\$1,400 per household, in 42nd Street it was nearly US\$2,000 per household. Figures 36 and 37 explain the process and bottlenecks.



Figure 35 - Examples of unit by unit upgrading in Bogalayzay Street

Collective Improvement စုပေါင်းမွမ်းမံပြင်ဆင်ခြင်း

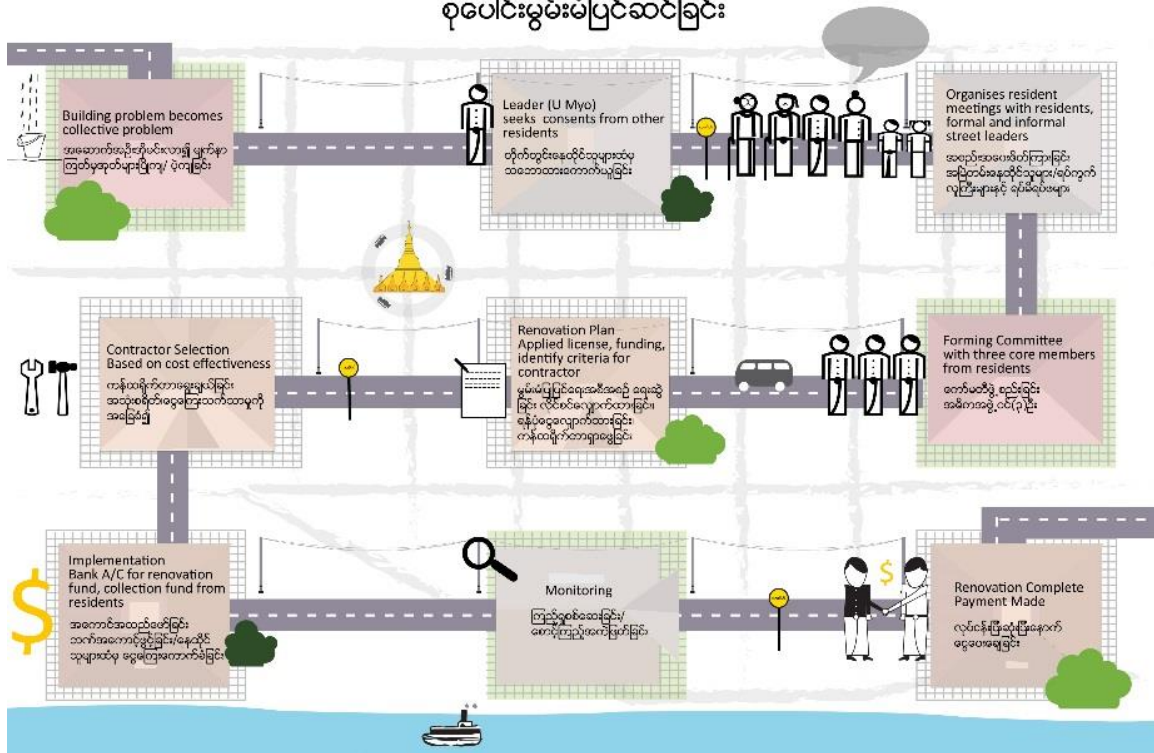


Figure 36 - Collective upgrading process in pilot areas

Bottlenecks အဟန့်အတားများ

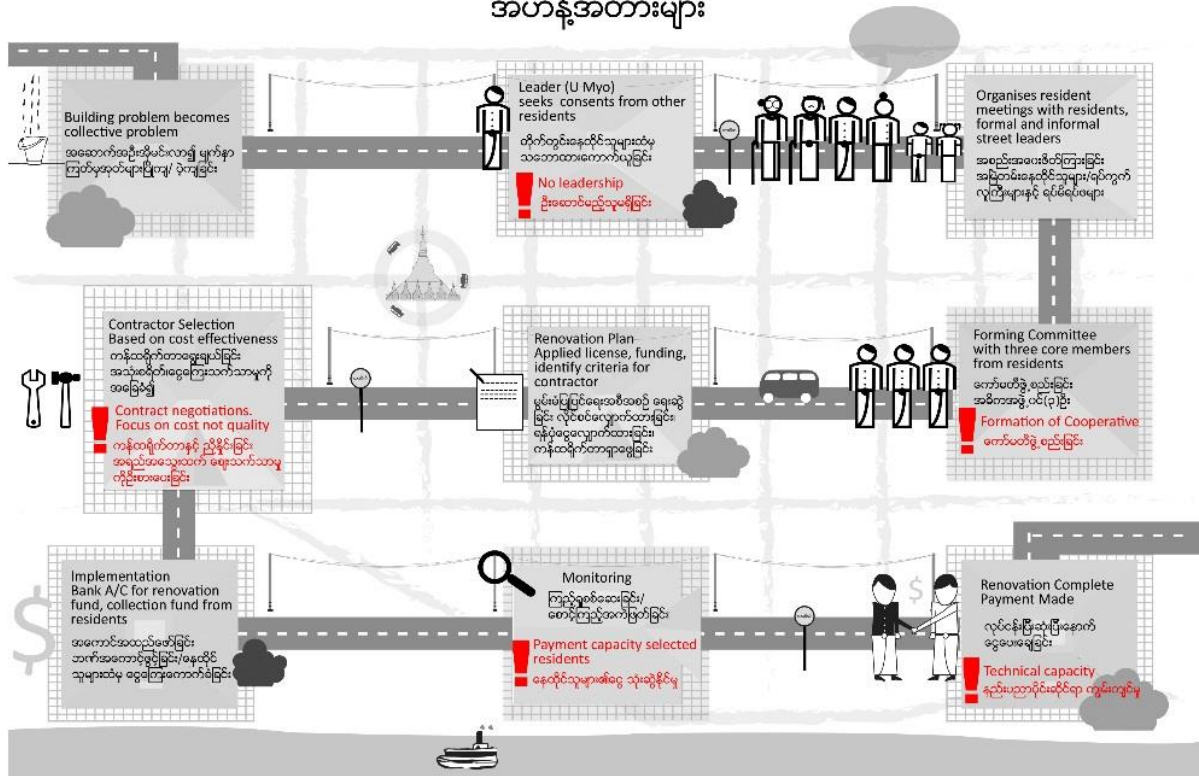


Figure 37 - Bottlenecks in collective upgrading process in pilot areas

The main bottlenecks were identified as:

- No leadership – who is taking the initiative?
- Formation of cooperative – getting residents to agree on priority investments
- Payment capacity of selected residents
- Contract negotiations – focus on cost, not quality
- Monitoring - technical capacity/permits

Interviews revealed that decades of underinvestment in public and common spaces have left residents largely indifferent to anything beyond their individual unit.

Street based upgrading initiatives

Yet, Yangon has a fairly well established system of street management using ‘street convenors’ – commonly referred to as the 100 household leader- to coordinate the participation and consensus on issues of common interest: refuse clearance, management of the properties, redecoration, maintenance of services, parking, etc. It also not uncommon for street convenors to initiate fundraising for additional upgrading or widening of streets complementing funds from township, to upgrade and repair roads and pavements. Based on household focus group discussions, the CDIA team made two important observations:

- The social fabric of Downtown Yangon is very much organised by street in North West direction, residents rarely venture beyond their block, sometimes (specifically elderly) not even beyond their street. As such, any upgrading initiative has a higher chance of being successful if it is organised by street.
- Residents in the pilot areas revealed that in these long established street upgrading processes, the principle and system of collecting funds for collective improvements is non-controversial and well accepted. The fact street convenors (chairperson and administrators) are well respected and trusted is a major factor

Street Process Upgrading လမ်းသာယာရေးလုပ်ငန်းစဉ်

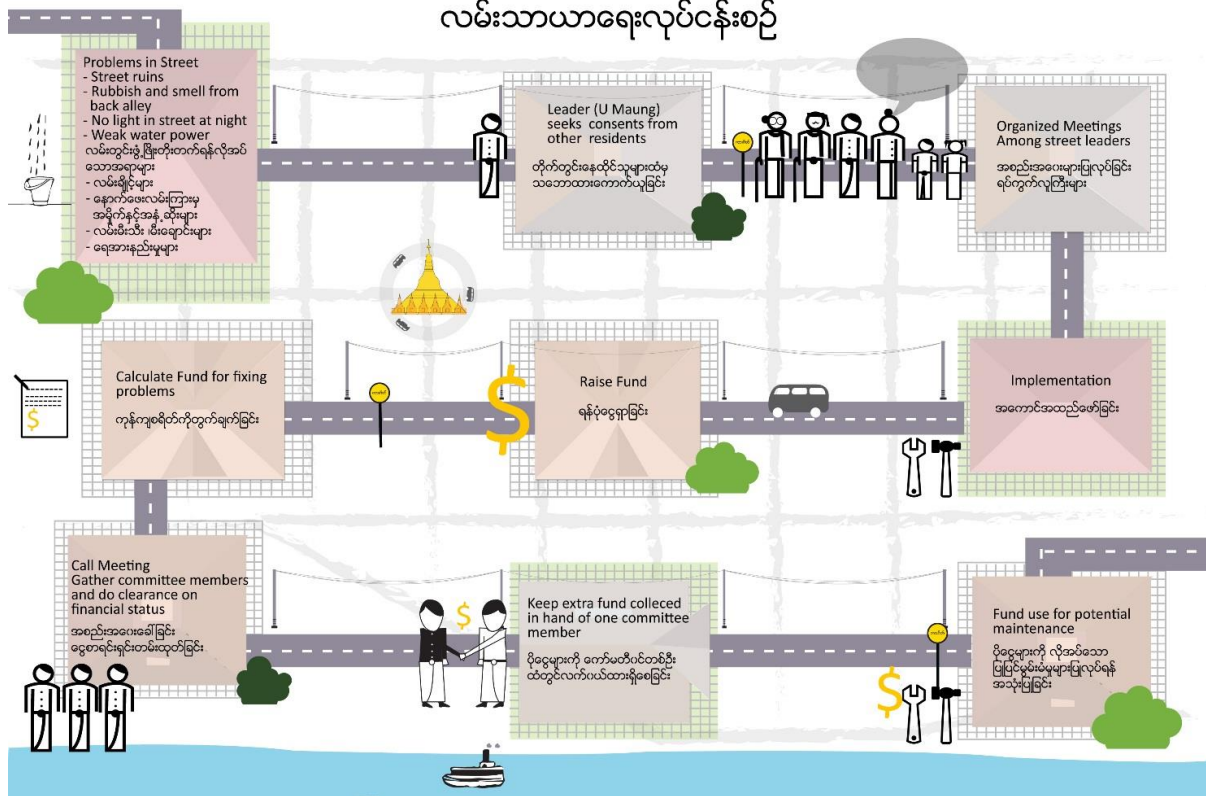


Figure 38 - Process of collective street upgrading



- It usually composed of 5 to 18 members
- Characteristics of the members are well off, professional, formal administrator, businessmen and active residents

- ကော်မတီဝင်(၅)ဦးမှ (၁၈)ဦးခန့် အထိပါဝင်တက်သည်
- အဖွဲ့ဝင်ဖြစ်သူများမှာ- ငွေကြေးတက်နိုင်သူများ/ အရာရှိအရာခံများ/ စီးပွားရေးလုပ်ငန်းများနှင့် ရပ်ရေးရွာရေး စိတ်ပါဝင်စားသူများ

Figure 39 - Street management system

5. LINKING PLANS TO FINANCE

5.1. SCOPING DEVELOPMENT POTENTIAL; DIFFERENT TYPOLOGIES

The situation in downtown Yangon calls for a comprehensive approach to district based urban regeneration, as practiced for many years in North America, Europe and Australia, but also with much success in places like Taipei¹⁷, George Town¹⁸ and Jakarta¹⁹. While the CDIA Team advocates such comprehensive precinct based master planning to improve local living and working conditions while also safeguarding the historic Streetscape, it is recognised that the existing legal, political and institutional context and the absence of a solid and respected planning framework currently limits the possibilities for implementation of such area based regeneration activities.

Yet, with the development pressure in Yangon at an unprecedented high, there is need for short term action. Hence the CDIA team decided to focus on individual buildings and sites in the pilot areas and look for potential tools and instruments to unlock their potential for heritage-led redevelopment/revitalisation. The team identified selected properties and sites in both private and public ownership that are currently underutilised, vacant and/or in a state of disrepair. Based on technical site analysis, a social survey and series of focus group discussions the team was able to broadly distinguish three types of properties (representing about 60% of the downtown urban fabric) that each merit their own intervention approach:



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¹⁷ Taipei Urban Regeneration Stations as described in C. DeWolf, "Taipei's urban renewal programme succeeds by listening to its citizens" (South China Morning Post 19 June 2015) and in 'We Own the City; Enabling Community Practice in Architecture and Urban Planning in Amsterdam, Hong Kong, Moscow, New York and Taipei' by Francesca Miazzo and Tris Kee 2015

¹⁸ Comprehensive package of planning interventions initiated by NGO Think City including George Town Grants Programme (GTGP) has been successful in leveraging private investment in the . As presented at WMF Conference in Yangon January 2015

¹⁹ The formation of the Old Town Revitalization Corporation in Jakarta has spearheaded the revitalisation of the historic inner city of Jakarta, after decades of negligence left many properties in the Kota Tua abandoned and dilapidated.

Table 6 - Proposed PFS interventions for heritage-led urban regeneration in Yangon

PLANNING GUIDELINES AND FRAMEWORK FOR THE PROPOSED DOWNTOWN CONSERVATION AREA - is a pre-condition for heritage-led urban regeneration			
<p>1) provides listing and grading to prevent demolition of properties with individual or contributing heritage significance</p> <p>2) limits height and volume of new development</p> <p>3) assigns management and responsibilities for the historic environment to guide owners, developers and investors in renovating and redeveloping properties</p>			
Type	Volume	Potential for revitalisation	Proposed intervention and Recommendations
<p>1 Typical tenement buildings²⁰ with apartment units in private ownership dating back to pre-1990²¹</p> 	<p>Estimated total floor space in Downtown Conservation Area GFA ≈ 20 million sq ft</p> <p>Estimated investment value 100-150 million US\$</p>	<p>RETAIN ORIGINAL USE & RESIDENTS – make upgrading of current unit an attractive alternative to demolition and new construction for residents and owners of buildings. This would help maintain local livelihood and upgrade local living conditions, while conserving the historic streetscape.</p>	<p>HOUSING MICROFINANCE SCHEME - Initially sized at US\$15 million, the housing microfinance scheme will allow a residents' collective to access a <i>short term loan</i> for climate resilient and life safety upgrades and heritage conservation. Major challenges to such a fund are the limiting regulations for MFI's.</p> <p>Proposed Next Steps:</p> <ul style="list-style-type: none"> - TA for study on best practices for MFI regulations in neighbouring countries.
<p>2 Privately owned (former) commercial/industrial properties that are currently underutilised/vacant</p> 	<p>Estimated total floor space in Downtown Conservation Area GFA ≈ 3 million sq ft</p> <p>Estimated investment value 100-200 million US\$</p>	<p>ADAPTIVE RE-USE – Change of use into commercial, residential or cultural facilities by owners in partnership with domestic private sector investors: local family offices, 'club' private equity, social impact investors and/or charitable foundations, who are not constrained by insecurity of title/ regulatory framework and or debt financing. The PFS shows, if repurposed for high yield uses, this can be a FINANCIALLY VIABLE PROPOSITION for owners (they keep ownership) and these types of investor based on current 'acceptance' of zoning regulations that limit demolition and redevelopment options in downtown area.</p> <p>Over time, if and when TITLE AND REGULATORY CHALLENGES are solved and investment takes place in the urban realm, this market could also open up to foreign investors looking for higher returns and security of title.</p>	<p>HERITAGE UNIT - at municipal level to provide <i>information</i> to potential developers/investors on ownership/plot boundaries, history and heritage value and planning in the area</p>

²⁰ Typical 2-4 storey 'shop house' dwelling with commercial activities on the G/F and residential on the upper floors

²¹ According to surveys by YHT pre-1990 properties typically conform to the historic streetscape

3

Publicly owned properties that are currently underutilised/vacant



Estimated floor space in Downtown Conservation Area GFA ≈ 5 million sq ft

Estimated investment value 400-600 million US\$

ADAPTIVE RE-USE – Make refurbishment an attractive alternative for owners (e.g. line ministries) who currently have limited budget and/or capacity to revitalise their heritage assets. Change of use into commercial/residential/cultural facilities by owners in partnership with domestic and foreign private sector investors.

Financial viability depends on:

- *size* - desirable GFA 15,000-35,000 sqft. Smaller or larger size properties limit marketability
- *technical state* – although most properties are structurally sound, years of decay and underinvestment have left some in a derelict state
- *type of use* - the more community/low-revenue uses the longer the pay back
- *location* - many of these properties are located in prime locations with high levels of visibility, but the ones located off main roads will be less attractive

3A- The PFS suggests that for selected **MEDIUM SIZED AND WELL LOCATED PROPERTIES** the configuration as suggested under 2 would provide a **FEASIBLE DEVELOPMENT OPTION** for both owner (e.g. line ministry) and investor (domestic private sector investors).

3B- For **OTHER PROPERTIES** (including many of the 189 properties) adaptive re-use/refurbishment is **NOT COMMERCIALY VIABLE AT THIS TIME**.

HERITAGE FUND (IMMEDIATE) – Sized at \$25 million and managed at the Union-level, the fund would target owners of institutional heritage assets (e.g. line ministries) and comprise of:

- **REVOLVING FUND** - at Union level providing *gap financing* to help public sector owners of selected properties to ensure viability of otherwise non-commercially viable refurbishment.
- **PROJECT PREPARATION FACILITY** – at Municipal level to provide public sector owners with *ideas* of what their vacant buildings can be used for and provide the necessary technical, legal, design and feasibility *studies* to make them ‘investment ready’.

PPP UNIT (MEDIUM TERM) – at Regional level to *provide capacity* to the line ministries and lead the prioritisation of local and regional development projects, manage the pre-feasibility and feasibility studies to make sites ‘investment ready,’ and lead the tendering and bidder selection processes.

Such a unit would be particularly important in the refurbishment of **ICONIC PROPERTIES** (such as Secretariat, Telegraph Office, Court House etc.) that have significant historic/cultural/social value and may require evaluation of supporting **GRANTS/SUBSIDIES**.

Myanmar, though, still does not have the policy, legal and institutional framework for PPPs in place.

PROJECT FINANCE FUND (LONG TERM) – *privately-led* commercial funds to provide private sector parties (developers, real estate investors) with opportunities to access *project financing*. Major challenges for such a fund is the lack of a clear pipeline, limited project underwriting capacity at commercial banks, and regulatory limitations on foreign investment. Proposed Next Steps:

- Proposed PPTA for a \$25 million Heritage Fund.
- Proposed TA to develop the legal and institutional framework for PPPs in Myanmar
- Proposed TA to develop the legal and institutional framework for PPPs in Myanmar

3 pilot areas; 16 development packages

To provide examples of how these interventions could potentially work, the CDIA team established a list of 13 potentially "bankable" properties (buildings and sites) in the pilot areas across three different categories:

- | | |
|-------------------------------|---|
| 1. BUILDING EXTENSIONS | Combination packages of old buildings, empty plots and/or post-1990 infill with possibilities for extensions/modern interventions |
| 2. HERITAGE BUILDINGS | Adaptive re-use of dilapidated standalone heritage buildings into bankable cultural/commercial properties |
| 3. VACANT SITES | Design ideas for development of vacant sites for public, commercial or cultural use |

For each site/property the CDIA team put together 'investment packages' comprising:

1. Basic Property Information - plot location, property boundaries, owners and occupants
2. Technical Survey - including measured drawings
3. Intervention Control Sheet – stipulating intervention limits or specifications
4. Design Proposal – proposed architectural design interventions
5. Estimated Renovation Cost & Projected Rentals

This portfolio of investment packages is included in Annexes 10-11. For the privately owned properties these are readily presentable to owners of the respective properties as well as potential developers and investors. In fact the YHT and YCDC's planning unit through the CDIA team have already been approached by two investors who expressed interest in the packages.

For the publicly owned properties and sites these investment package elements will feed into the discussion on the scope, pipeline and potential configuration of the proposed Heritage Fund and PPP unit (see 5.5 and 5.6)

- | | |
|------------------------|---|
| 4. PUBLIC REALM | Solutions to preserve/enhance streetscape, improve public space, back alleys and streetscapes |
|------------------------|---|

In addition to the properties, the CDIA team identified three streets suitable for improvement of public realm. Creating designs and costings for the necessary interventions to upgrade public space and infrastructure will inform the assessment of YCDC responsibilities to make urban regeneration happen.

5.2. RECOMMENDATIONS FOR PLANNING/ZONING REGULATIONS

- 1. Absence of clear planning/zoning regulations is one of the main restraining forces for revitalisation of historic properties**

There are currently few planning guidelines or laws which apply to Yangon's urban Heritage Places. The existing Protection and Preservation of Cultural Heritage Regions Law (1998) applies to places which have been designated as Protected Zones and ancient buildings or monuments. To achieve this designation the building or monument must be older than 100 years and the law is therefore not able to respond to the development and use pressures on the dense and dynamic urban context of present day Yangon. The 100 year old threshold also means that huge swathes of Yangon's heritage would remain unprotected.

It is understood that a draft Yangon Urban Heritage Conservation Law has been proposed but that no further action has been taken to date. There is also a draft Zoning Plan for Yangon which contains special provisions for a proposed Downtown Conservation Area but this has not yet been formally adopted.

The transitional period leaves open the potential for different interpretations of current and future development controls. The documented case studies and interviews with a range of developers/investors indicate that absence of clear planning/zoning regulations is one of the main restraining forces for investing in revitalisation/refurbishment of properties with heritage value.
- 2. Heritage-led urban regeneration in the historic core can only happen if stricter demolition and height control removes the (financial) incentive for demolition & redevelopment**

In addition the CDIA team concludes that the absence of a comprehensive and respected planning context still provides a conducive environment for the current demolition/redevelopment practice. Although it has become more difficult in recent months, the planning context still allows for owners of properties with heritage value (individual and/or streetscape) to acquire demolition permits and developers to construct properties that do not respect the historic streetscape in height and volume. Unless stricter controls take away the financial incentive for demolition /new build in the proposed conservation area, heritage-led area based urban regeneration cannot happen in Yangon.
- 3. Absence of clear planning framework for Proposed Downtown Conservation Area limits investor confidence in historic properties**

Absence of conservation planning, legal and regulatory provisions, currently limit investor confidence in the historic environment. In line with the mandate of the PFS (to bring plans to reality) the PFS recommends the formulation of a framework that defines heritage values, management controls and responsibilities for the Downtown Conservation Area to create an enabling environment and level playing field for owners, investors and developers.
- 4. The PFS calls for a set of guidelines that respect the historic streetscape while creating a feasible development alternative for owners of properties and potential investors**

The key challenge is to design regulation that is respectful to the historic fabric, yet allows and encourages improvements to the physical condition of buildings and surrounding infrastructure. The framework should be a realistic and pragmatic alternative that makes heritage-led urban regeneration happen and offers a value proposition to owners and developers that may not be as financially attractive as demolition/new but still allows for a positive return on investment.

5. The PFS assessed under which conditions renovation makes sense financially in the current market conditions in Yangon's historic core based on a hypothetical framework

As part of the PFS and using selected properties in the pilot areas as case studies, the CDIA team identified what different stakeholders expect from a control framework for Yangon's historic core and assessed under which conditions owners, developers and investors would be interested in repurposing/redeveloping historic buildings.

Using input of national and international architects, planners and developers as to reflect the specific political, governance, social and historic dynamics in present day Yangon this formed the basis for hypothetical zoning parameters and heritage conservation framework. These then formed the analytical basis for a set of design and feasibility studies for revitalisation of selected building in the pilot areas, carried out with the purpose of testing under which conditions renovation makes sense financially in the current market and can be a convincing value proposition.

6. These recommendations could serve as a contribution to the wider stakeholder consultation for managing change affecting Yangon's cultural and built heritage

The hypothetical zoning parameters in the form of a context framework and intervention control sheets were tested at the CDIA Heritage Works Design Workshop held with over 100 architects in October 2015. Yet, given that the initial framework was drawn up specifically for the PFS and Workshop, it is recognised that any actual proposal for new parameters and guidelines would need to be subject to more detailed drafting and both stakeholder and public consultation as part of the Special Development Plan (see *chapter 6.6*).

In particular, more attention needs to be paid to upgrade and design aspects of the public realm in the downtown area to ensure not only improved standards of living for residents but also a more appropriate setting for the many attractive heritage buildings. The present downtown area lacks effective services infrastructure, roads and pavements, parking facilities and controls, regular refuse collection, and management of back alleys by both public and private stakeholders.

7. Yangon Heritage Trust and the Heritage Unit under YCDC's Planning Unit need to be strengthened in their capacity to exercise future planning controls

Any future controls, guidelines and processes would be issued and regulated by the designated Heritage Unit (see 5.4) which currently exists under YCDC and which would be strengthened, empowered and resourced as part of anticipated regional conservation and planning legislation, the implementation of which would be the responsibility of the city government. This Heritage Unit would liaise closely with other relevant departments within YCDC (those of Building and Urban Planning in particular) and be advised by YHT, stakeholders and relevant professional organisations as required.

PFS hypothetical planning guidelines for pilot areas

This section sets out hypothetical (a) Zoning Parameters and (b) a heritage conservation protection, renovation, regeneration for Yangon's historic core that were used as an analytical basis for the PFS design and feasibility studies (Annex 10 and Annex 11 respectively). This context framework is an example of how changes to designated Heritage Places could be carried out within the Pilot Areas selected as part of the CDIA study. The PFS consultation with developers, investors and architects concludes that the most important elements to be included in a planning framework are:

1. **Heritage designation:** listing/designation of buildings and places of heritage significance and
2. **Planning controls:** apply restrictions in terms of height and density of development

1. Heritage designation

Heritage significance

Based on extensive consultation with developers, investors and architects, the PFS recommends that a grading system is of primary importance as a tool to prevent demolition of heritage places. A grading system should deal with clarifying the significance of a building hereby making a difference between "individual significance" or being of "streetscape significance".

- Individual Heritage Places designated as having "*significance*" are those assessed as being important in and of themselves
- Buildings of "*Streetscape Significance*" may or may not have specific significant heritage features but are important because of the contribution they make to the conservation area in which they are located. They form part of a collection of buildings which when combined, create a group value.

A description of "Significance" should be factual, stating importance through reference to a list of criteria. It should include the architectural, historical and cultural specifications that justify the importance of a building and provide a rationale to a developer or owner which elements and why they should be conserved. Annex 9 provides a set of hypothetical *Intervention Control Sheets* (prepared as a basis for the design and feasibility studies) that provide an example of what the criteria could potentially be included.

The designation would need to be accompanied by a control framework that ensures that no such Heritage Places can be demolished unless their structural condition represents a risk to local residents/passersby as certified by relevant professional engineers/building surveyors.

The general assumption is that any approved building works within a conservation area (taking the CDIA pilot areas as an example) should be considered within the planning/permitting process for their impact on the heritage significance of all Heritage Places. That consideration should be based on the understanding that new works or changes should not damage the heritage significance of the place or area but rather should conserve and enhance its significance. As such, all Heritage Places would be protected. The degree of conservation can range from the maximum allowable change (as advised by qualified experts/consultants and supported by documentation such as an Intervention Control Sheet) to very little change at all.

Buildings or Places within a conservation Area which are not designated as having "significance" could theoretically be demolished, subject to securing a demolition permit; however, the sites they occupy would have heritage relevance due to their location within an assumed conservation area and therefore guidance as to any new build on such sites would be governed by both the relevant Zoning Parameters.

Public and private ownership

In addition to “significance” a further distinction could be considered based on ownership of properties. A division into public/institutional and private designations could be appropriate based on the different approaches to operation and management related to the two ownership categories. Particularly in Yangon where under the current planning conditions privately owned heritage places do not enjoy any protection, this could be a useful consideration if linked to certain incentives, tools or instruments (the maps in Annex 4,5,6 shows an example this hypothetical heritage grading in the CDIA pilot areas).

2. Zoning parameters

Clearly articulated by many of the consulted stakeholders is the need to define restrictions to *height* and *density* of future development in the Proposed Conservation Area:

- i. **Building Heights:** to restrict building height in a rational relation to street width, measured in feet rather than no. of storeys in case of new buildings.

The hypothetical guidelines for the PFS design and feasibility studies opted for three different options taking reference from planning guidelines currently under review:

30 foot streets: G/F plus 3 storeys (41-46 feet)

50 foot streets: G/F plus 4 storeys (66-76 feet)

100 foot streets: G/F plus 7 storeys (100 feet)

Notes:

- i. **Scale of New Development:** *Certain Places of Individual Significance are of such major heritage value that they must influence the type and scale of new development permitted within the areas around them, whether these are conservation areas themselves or not (for example, Shwedagon and Sule Pagodas, and the Secretariat). For those places, additional rules could apply, for example:*
 - *Maximum height of any new build located adjacent or opposite to a building of Individual or Streetscape Significance not to exceed that of the heritage building except within the parameters set out above.*
 - *Maximum height of new build on a large plot (over 10,000sf), including corner plots, not to exceed the maximum height resulting from the street width standards under (i) above up to the same depth as that of any adjacent building; the overall height should give supremacy to any building of Significance or Special Interest and in any event should not to be higher than 12 storeys.*
- ii. **Allowing Additional Floors:** Within maximum height, allow additional floors to enable viable upgrade of buildings with Individual or Streetscape Significance. Subject to planning approval from relevant authority and assuming that no rooftop addition is already in place, the PFS recommends that one floor can be added only in the case of the maximum heights under (i).

NOTE: Any proposed rooftop extension should take account of adjoining or streetscape roof profiles and slopes and maintain consistency and appropriate set backs on both front and back elevations. Consideration of the main façade and its context, the height of the existing buildings, and the varied character of the urban setting should be taken into account when considering the appropriateness of any design for additional floors. Means of escape in case of fire and a limit on access without lifts for properties over four storeys also needs to be taken into account.

- ii. **Floor to Area Ration (FAR) Maximum for New Build:** To restrict plot coverage ratio dependent on plot area and maximum height allowed: no new build to be higher than the maximum height permitted, dependent on street width standards set out under (i) above and practical design considerations for accommodating existing buildings which already exceed the new recommended heights proposed in (i) above.

In addition, based on international practice in management of heritage districts, the PFS recommends to include **Designated Conservation Area Controls** to specify guidelines for:

A. **Demolition**

No building which is designated as having Individual Significance or Streetscape Significance can be demolished in its entirety. Documentation such as *Intervention Control Sheets* for buildings of individual or group significance should specify the maximum allowable demolition.

B. **Exterior/interior interventions, for example:**

- Minimum necessary to enable level of upgrade considered and approved as being feasible/appropriate by the relevant city authority
- Exterior refurbishment and decoration in line with the original appearance to be encouraged for all designated Heritage Places entered on the Heritage Record
- Standards, conditions and approvals required for any alterations and changes to the following features in recorded Heritage Places :
- Height, bulk, scale, massing, storeys, form, signage, M&E provision, façade treatment, materials, design guidelines, ceilings, walls, fixtures, fittings, doors, windows, panelling, carvings, associated features, monuments, gardens, ponds, gates, etc.
- In addition to other required permits and approvals, all proposed interventions would require issue of a Certificate of Appropriateness by the YCDC Heritage Unit prior to commencement of work

C. **Land/ Use(s)**

Original use is preferred but appropriate change of use can be approved by the city authorities if it meets local demand/need and is respectful of the heritage/history of the building. This judgement could be based on a pre-agreed range of land/building uses²² that is generally acceptable in the Downtown Conservation Area; other uses should be considered subject to written submissions demonstrating justification together with detailed technical and financial viability assessments.

D. **New Build**

The PFS recommends to use the Conservation Area Controls as an additional instrument to discourage new build within a designated conservation area, specifically adjacent to/surrounding individual buildings of Individual or Streetscape Significance to be permitted without a heritage assessment review to ensure its appropriateness in scale, height, massing and exterior compatibility.

²² For example: Residential, including services apartments, Offices, general business use, Media outlets/facilities, Film Studios, Cinemas, Advertising studios, Salesrooms, Food & Beverage including bars, cafes and restaurants, Arts Studios and Galleries, Cultural and crafts studios, workshops (unless safety/weight issues), Children's play areas, Sitting out areas, Schools and Kindergartens, Education, Warehousing and storage (unless safety/weight issues), Exhibition areas/galleries, Shops, retail – lower floors only, Innovative/creative proposals for back alleys, Improvement of public realm, Parking facilities.

Modern interventions, including new builds, adjacent to Heritage Places and new additions to Heritage Places should be identifiably modern and of their time. Faux heritage and imitation heritage elements should generally be avoided. New builds should stand as well designed additions to the architectural patchwork of Yangon's historic cityscape.

Modern architecture should be designed in such a way that it enters into a conversation with the surrounding heritage places. It should converse not only with their built form and design but with their history and use. While the form, scale, bulk, massing height and set backs will all be controlled through regulations, the design should be free to ensure that the current generation can leave their mark, respectfully, on the city without unnecessarily prescriptive limitations.

Regulatory documentation

It is recommended that zoning and planning regulations would be underpinned by a set of regulatory documents. International practice suggests the following particularly useful, but applicability for the Yangon context would need to be further investigated:

Note: The PFS has used Interventional Control Sheets as a basis for the design and feasibility studies, as included in Annex 9

- **Certificate of Significance** - Certificate issued by relevant city authority recording the level and basis of designation of Significance (Individual or Streetscape) and whether Group A (Institutional/public ownership) or Group B (private ownership) as well as significant features/value.
- **Certificate of Appropriateness** - A document which states that the relevant city regulatory authority has decided that a proposal is appropriate in terms of its effect on the heritage significance of a Place or a conservation area/zone.
- **Intervention Control Sheets** - A Sheet that indicates what is sensitive, historic, scientifically and socially important in order to designate a value for the building or area. It would be an attachment to the Recorded *Certificate of Significance*, with statutory status, setting out details of the permitted interventions/changes that can be made to the significance/special features of each Heritage Place and any relevant development controls. It would also state whether a *Conservation Management Plan* or *Conservation Management Guidelines* were applicable. It is recommended for such sheets would be mandatory for all Heritage Places but could be completed/updated over time depending on not only the level of significance but also the threat of demolition or inappropriate alteration/change.

It is envisaged that the *Intervention Control Sheet* would set out details of important heritage features together with guidance and related conservation and development controls and conditions that would apply going forward. If necessary (due to resource challenges) these Sheets would be prepared, approved and further updated over time following issue of the Certificate itself; a proposal to carry out any alteration works would result in immediate production of an *Intervention Control Sheet*. This approach would enable buildings to be recorded (so giving much needed protection) without delay but ensures that the relevant city authority is not overwhelmed with inspection/assessment activities during the early implementation stages of any new conservation framework.

Intervention Control Sheets would also state requirements for the following:

- *Conservation Management Plan* (to be prepared by qualified professionals)

- *Conservation Management Guidelines* (it is assumed that, in time, such Guidelines would be prepared for every Heritage Conservation Zone/Area as the result of detailed area survey and analysis).
 - *Treatment of specific heritage features* (as advised by qualified experts/professionals)
 - *Additional Storey Allowance* (to ensure that any such permitted additions should be designed to avoid visual intrusion from street level)
 - *Subdivision/merging of Plots* (if there is historic value in the existing curtilage of any plot this should also be recorded on the Certificate of Significance)
- **Conservation Management Plan** – If deemed necessary in the Intervention Control Sheet (the PFS recommends to make a Conservation Management Plan(CMP) a mandatory requirement for buildings of individual significance, both A and B) the proponent of a redevelopment of a Heritage Place of Significance would be required to out together a CMP which sets out the significance of a heritage asset, and how that significance will be retained in any future use, management, alteration or repair of the building. In putting together the requirements of a CMP a lot can be learned from YHT’s experience in the process of the CMP for the Secretariat and former Law Courts buildings.
 - **Heritage Record Map** – A plan showing all Heritage Places in the proposed Downtown Conservation Area, with the type of significance being distinguished by colour, with the overall zoning/development controls for each site/building also being clearly displayed. As an example, based on the above Zoning Parameters and Development Controls, a Heritage Record Plan showing, in different colours, all sites/buildings of Individual or Streetscape Significance (A and B) has been drawn up for the CDIA Pilot Areas. In addition, the plan displays the boundary of each site/plot, its area, FAR/plot ratio, BCR/site coverage, and height limit. All plots/buildings within the CDIA Pilot Areas are assumed to permit a mix of uses. Such a plan, once relevant plot by plot areas, heritage status, permitted zoning parameters and development controls have been formally approved and implemented would be a very useful document for all those involved in heritage protection, conservation and adaptive re-use.

Heritage Management

The PFS recommends that the designation of Heritage Places would be undertaken by the Heritage Unit in YCDC, with advice from relevant experts and organisations in line with conservation law among which notably YHT. Ideally each *Heritage Place* would be formally identified and issued with a *Certificate of Significance* (either Individual or Streetscape) and an *Intervention Control Sheet*.

In line with that, the Heritage Unit would then also be responsible for assessing proposals (with relevant expert consultancy advice) and issuing permits, *Certificates of Significance* and *Certificates of Appropriateness* as well as monitoring and providing advice during works programmes affecting Heritage Places. The Heritage Unit would also maintain the *Heritage Record*, which would include details of all designated *Heritage Places*.

As the main government tool to protect the heritage and cityscape, *Intervention Control Sheets* would be approved by the relevant city authority, but could be prepared by qualified experts/professionals such as YHT.

All of the above actions would require additional resources and capacity for YCDC and YHT, as is laid out in chapter 5.4.

5.3. HOUSING MICRO FINANCE FUND FOR UPGRADING

Rationale

- 1. 60% of downtown Yangon is typical tenement buildings ('shop houses' with commercial function on G/F and residential on the upper floors, with a significant heritage value but generally poor living conditions**

The majority of Yangon's historic core is mixed residential, dominated by Chinese, Indian ethnicities. Many of the typical tenement buildings - in particular the ones predating 1990 - have a contributing value to the historic streetscape and some even individual heritage significance. Years of underinvestment have left most of these buildings in dilapidated condition and, hence, these buildings are in serious need of repairs. The PFS survey indicates that roof leakage, plumbing/drains and back alley rubbish are the resident's main concerns.

Apart from a decline in aesthetic value, the deferred maintenance of these buildings could pose a serious safety hazard. This risk was evident in the recent series of devastating natural disasters to hit Myanmar, Cyclone Nagris of 2008 being the most catastrophic, when many buildings were seriously damaged.
- 2. Important to maintain livelihood, residential function and small businesses in the downtown area**

In line with the objective of YCDC and YHT to improve living conditions while retaining the original residential/commercial function, it was one of the key objectives of this PFS to provide solutions for current residents to enable them to upgrade their own properties. The objective is rather to maintain livelihoods and community in the downtown area, by offering an alternative that is more respectful to the historic streetscape compared to the current practice of demolition and new build. This to avoid as much as possible gentrification or 'Disney-fication' that have plagued so many upgraded historic city centres around Asia, the towns of Lijiang and Yangshou in China and the World Heritage listed sites of Macau and Melaka being prime examples.
- 3. Majority (67%) of local residents and businesses indicate a preference for renovation of existing premises rather than demolition/new construction, mainly for economic reasons**

The PFS survey shows the competitiveness of existing stock versus newly built and the preference of most residents to remain in their present unit. Among the surveyed residents, the approaches by developers to residents were largely unsuccessful. The reasons appear to relate to costs, efforts and insecurity related to the temporary relocation during construction (average 1-3 years), especially for businesses who fear losing their customer base and the risk of higher rents when returning.

The majority would prefer to renovate existing premises because:

 - The old buildings are well built.
 - Preference for high ceilings with ample light and ventilation and potential to subdivide
 - Expectations to be able to generate increase in value
- 4. For owners of buildings there is little incentive to invest in upgrading as existing rent control is limiting the upside**

Land owners have had little or no incentive to make improvements as the ground rent they receive from residents is too low to justify spending money on repairs. Hence they typically undertake no maintenance, thereby neglecting their properties. In fact, interviews suggest that owners might also be more keen on letting the building fall apart, after which they can negotiate with builders to demolish and redevelop which is currently the only way to unlock the value of their property.

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|---|--|
| <p>5. Long term residents want to improve living conditions and are willing to pay for it, but absence of financial infrastructure is a limiting factor</p> | <p>While a large majority of the residents in these buildings, almost 82%, have lived in the same property for over 10 years, and regard themselves as owners; most do not have an officially registered title to their premises, yet they do pay yearly ground rent to the land owner. These residents acknowledge that repairs are required and express willingness (71%) to make financial contributions towards the building upkeep, but a rather rudimentary financial infrastructure limits their access to funding. More than 90% of residents do not have bank accounts and rely on the informal sector when in need of funds.</p> |
| <p>6. Because of title insecurity, limited access to formal financial services and infancy of mortgage market, collateral based lending is not an option</p> | <p>Until recently no mortgage financing was available in Myanmar. Capacity of residents to economically carry the required capacity for investment in renovating their properties appears limited; although on paper they may own valuable land or property, still no mechanisms existed to unlock positive equity and they typically do not have access to formal financial services</p> |
| <p>7. Downtown has visible evidence of upgrading of apartments, but rarely beyond individual unit</p> | <p>The PFS case studies show impressive examples of upgrading by local residents as well as micro developers. These examples are encouraging both from a social and financial perspective and there is visible evidence of replication. Yet it is mainly on a unit by unit level, rarely includes collective spaces (roofs, staircases, facades, alleys) and in the current context potential for up scaling is constrained.</p> |
| <p>8. Few successful examples exist where residents collectively commissioned a contractor to fix problems, but collective upgrading initiatives are limited by lack of collective responsibility, conflict of interest between landlords/tenants, lack of initiative/leadership and limited availability of funds</p> | <p>Although the CDIA survey suggests considerable harmony among the community, getting residents to organise themselves in a group for the purpose of home improvements is difficult. Interviews revealed that decades of underinvestment in public and common spaces have left residents largely indifferent to anything beyond their individual unit.</p> <p>Yet, the CDIA team managed to locate two properties in the pilot areas with a resident’s collective initiated renovation, triggered when leakage problems started to affect more than one household. Bottlenecks in the process were:</p> <ul style="list-style-type: none"> - No leadership – who is taking the initiative? - Formation of cooperative – getting residents to agree - Payment capacity of selected residents - Contract negotiations – focus on cost, not quality - Monitoring - technical capacity/permits |
| <p>9. Collective Micro Housing Finance Loans for housing upgrading could be a solution</p> | <p>Setting up a housing microfinance operation focused on the historic core of Yangon could be a potential solution to conserve and maintain in up-keeping the residential buildings. Such a product will leverage the strong social bonds in the ethnic communities and interest of Micro Finance Institutions (MFI’s) s looking to grow their expertise/ portfolio.</p> |
| <p>10. MFI’s are interested to offer this product to expand expertise and/or portfolio</p> | <p>There are several MFI’s operating in Myanmar, serving an estimated 2.8 million clients, with a total loan portfolio of 236 billion kyats (US\$283 million). Currently none of these organisations provide housing microfinance (HMF).</p> |

Housing Micro Finance

Housing Micro Finance (HMF) is the provision of unsecured microcredit to meet the demand of low-income households to repair or improve their existing homes or build their own homes incrementally one loan at a time. Loan tenure is generally between two months to two years for home improvements. Loans are unsecured but security is increased by lending to a group, where the group is made collectively responsible for repayment, or by using co-signatories²³ or a combination of both.

Interest of MFI's providers to serve this market has been gauged through a series of interviews with MFI's, social urban poverty experts and regulators. While there are more than 200 MFI's²⁴ across the country, the urban market is dominated by two main players²⁵ who are active in Myanmar's urban areas: Cambodian originated Acleda (which transformed from an NGO to becoming Cambodia's largest microfinance institution) and Singapore originated Fullerton Finance, both operating since 2013. Interviews with representatives of these leading MFI's suggest that although their main business focus is on individual consumer and business loans, they would possibly be interested in introducing the product. The potential upside for these providers is market expansion in relatively higher income areas and the expected above average loan size. Yet, they feel the current regulatory and market conditions do not create a conducive environment to justify bringing this product to the market. Primary reasons for this include (i) high due-diligence/operating expenses compared to other products²⁶, (ii) non-revenue generating character and higher price elasticity; (iii) longer loan periods.

Regulatory limitations for HMF in Yangon

Limits on Interest rate and loan size - As per the rules set by the government, loan size of MFI is restricted to US\$5,000 per loan and maximum interest chargeable is set to 30% PA.

Cap on Gearing Ratio - MFI's in Myanmar are restricted to a capital gearing ratio of 1 portion debt to 5 portion equity (1:5), ie 16.67% debt. This is a severely limiting factor, considering most South Asian countries allow much higher debt-equity ratios.^{27 28}

Limits on Borrowing - MFI's typically rely on a mix of debt, equity, deposits and grants to finance their loans. The mix will depend on cost of capital as well as the stage of development of the market. Equity financing is expensive and limited. Deposit financing is difficult in Myanmar because minimal interest rate payments do not yield a sufficient spread between deposits and loans to make the loans economically viable (15pc annual interest in the country – compared with 8pc at commercial banks – while MFI's are capped at 30pc a year for loans). So, at the current stage of development of the Myanmar financial market, debt is the preferred method of financing.

New rules stipulate that the local MFI's cannot borrow internationally or from private banks, and can only borrow from state-owned Myanmar Economic Bank inside the country. The rules also say that foreign MFI's cannot borrow locally, but can turn to foreign banks or institutions for funding – if the funds can be brought into the country. Interest rates cannot be above **8 percent for USD loans, 10 percent for MMK loans**, but it is hard to borrow at these rates from international creditors.²⁹

²³ <http://www.cgap.org/sites/default/files/CGAP-Donor-Brief-Housing-Microfinance-Aug-2004.pdf>

²⁴ Myanmar Insider, Vol. 1 Issue 8, July 2014.

²⁵ Interview with PACT microfinance specialist

²⁶ This is especially true in rural areas where the average loan size is US \$300.

²⁷ Almost 45%-55% of the funding for MFI's in South Asia is through a combination of debt and deposits, compared to a maximum of ~22% in Myanmar. http://www.cid.harvard.edu/neudc07/docs/neudc07_poster_bogan.pdf

²⁸ Impact of relaxing this limit is discussed in more detail in Section 2.5.

²⁹ <http://www.mmtimes.com/index.php/business/13784-microfinance-stagnates-due-to-tough-rules.html>

So far MFI's have been limited in borrowing from international creditors to fund substantial expansion of services. The problem is not on the business end – foreign debt providers have indicated interest – but rather that the loans are not being approved by the Central Bank of Myanmar.

Currency of loans also matters. Myanmar MFI's cannot lend to their customers in US dollars, as then the customers are on the hook for currency risk if the exchange rate moves against them. As a result, MFI's are reluctant to take US\$ funding, particularly as apart from currency exchange risk there are likely no institutions willing to provide the hedging that mitigates the MFI's against possible currency losses.

Limits on Deposit Taking - MFI's can take deposits only from existing loan customers and these deposits are capped at a maximum of 5 percent of total loan value. This limits the least costly funding source for MFI's.³⁰

Limits on Sources of Capital -New rules stipulate that the local MFI's cannot borrow internationally or from private banks, and can only borrow from state-owned Myanmar Economic Bank inside the country. The rules also say that foreign MFI's cannot borrow locally, but can turn to foreign banks or institutions for funding – if the funds can be brought into the country. Interest rates cannot be above **8 percent for USD loans, 10 percent for MMK loans**.³¹ Furthermore, in recent months, foreign MFI's have been exposed to significant foreign exchange risk.

Challenge for housing micro finance in Yangon

Land Owners Not Interested in Repairs - Land owners have little or no interest in building repairs as the rent they receive is too low to justify spending the money. Owners might also be more keen on letting the building fall apart, after which they can negotiate with contractors/developers to unlock the value of their property. If the owner resides in the same property that they own, he/she might not join the tenant group looking to take a loan.

High Cost of Equity - In interviews, MFI's have stated that in Myanmar they look to earn 22-25% return on equity, irrespective of the level of debt to equity level. This high cost of equity increases pressure and reduces the ability of MFI's to reduce interest costs for the product.

High Due Diligence Costs - For MFI's HMF is a relatively complex product compared to individual business and consumer loans. Because it is a collective loan it would require a lengthier due diligence process to assess the liability and default risk. In addition a procedure would need to be established to assist the collectives with cost estimates of the renovation, reputable contractor selection, compliance with regulations and finally to assure the funds are spent in accordance with the agreement. A dedicated unit would need to be established to take on this responsibility.

High Price Elasticity – Loans to residents for home improvements are not revenue generating and hence are a priority for people with lower incomes. The situation though changes in the case of a disaster, Nargis for example, or if the deferred maintenance works add up and the building becomes unliveable.

Longer Lead time - The time required from the moment when the tenants form a group, apply for a construction cost estimate, get the necessary permits and approach the MFI for a loan and to the MFI completing their due diligence and finally disbursing the loan, could be anywhere between 4 to 6 months. This is a much longer wait time in comparison to the lending MFI's make for business purposes.

³⁰ Interviews with MFI's

³¹ <http://www.mmtimes.com/index.php/business/13784-microfinance-stagnates-due-to-tough-rules.html>

Challenge of Residents Organising into Groups - Although the CDIA pre survey suggests considerable harmony among the community, persuading residents to organize themselves into a group for the purpose of home improvements might be difficult. The case studies suggest that leadership is a key success factor and it could be a considerable challenge to identify individuals willing to take a leadership role.

Religious Barriers - Muslim communities are generally against borrowing money with interest, as it is against Sharia Law. This would potentially hold true for the Muslim community based in Yangon.

Slower Uptick - The demand for housing improvement loans will increase gradually, as individuals will only become interested in the product once they see the results of their neighbour's homes.

Government's Focus on Rural Communities - In interviews, MFI's stressed that the Union of Myanmar prioritises microfinance operations in rural areas, leaving very few MFI's with the ability or the license to operate in Yangon's urban area. Further, given the slower demand for HMF and the high demand for other micro finance products, such as SME lending, MFI's operating in Yangon have pushed the faster moving option.

Opportunity for HMF in Yangon

The following observations are based on discussions with MFI's including ACLEDA, Fullerton, World Vision and PACT.

More Bang for the Buck - While the average microfinance loan size is between US\$200 to US\$300, HMF loans can potentially range between US\$1,000 to US\$5,000. These loans would be more than 10 times the size compared to current consumer and business loans which are typically very small-scale in nature. Acleda's average loan size in Myanmar is US\$230 (an industry low, compared to its average Cambodian microfinance loan size of about US\$2,500). However, as all tenants of a single residential complex, will come together as a group and take a combined loan, the MFI can lend between US\$10,000 to US\$25,000 per residential complex. The larger loan size would mean that loan officers will be much more effective and be able to manage a much larger portfolio. The higher due diligence required will be offset by the larger size of loans.

Easier Credit Underwriting Due Diligence - In comparison to rural areas, a larger majority of Yangon's residents have regular salaried jobs and formal employers, which will make credit due diligence easier for MFI's.

Regulatory Process - Among the more capable city government organizations, the Yangon City Development Committee (YCDC) has clear and established construction engineering and permitting processes, which are consistently monitored and improved. This capability would simplify the due diligence and approval process for housing renovations.

Operating Costs - Based on interviews, average operational and administrative costs for microfinance in Myanmar tends to be between 8% and 10% of the loan value. Conservatively and to respond to the higher due diligence cost³², this analysis estimates that HMF operational cost would be around 10.5% (including 1.5% to 2% fee for the intermediary). MFI's operating in the proposed Downtown Conservation Area would be able to leverage the intermediary's support and not have to hire and train additional technical staff.

³² A substantial portion of this higher due diligence cost is offset by the lower number of loans that need to be made to reach the same portfolio value.

Loan Losses - From interviews with MFI's, loan losses on microfinance in Myanmar are significantly lower than seen in other markets. Most MFI's state that losses equal only 0.01% to 0.05% of portfolio value.

Residents' Willingness for Improvements - 67% of all residents surveyed by CDIA prefer to improve their current building over moving to a new one. 71% of respondents also stated that they would be willing to make financial contributions towards repairs. A small sample of follow-up interviews also suggest that willingness to improve the façade is not substantial and is seen as more aesthetic than life-safety.

No Access to Formal Markets - While a challenge from the borrower's perspective, the lack of clear title reduces the potential for formal mortgage loans from the formal sector, and presents a clear opportunity for MFI's to expand their market into housing microfinance in serving these non-collateralized borrowers. Without property title as collateral, residents will be unable to secure loans from the formal banking sector. Hence HMF will be the only product available to them for this purpose.

Ability to Crossmarket SME and HMF Loans - Combining several products, including SME lending, can meet the challenges concerning slow uptick of HMF loans. This is attractive for MFI's and helps defray operating expenses. Further, business loans are revenue generating and as many shop owners generally live in the same building, credit due diligence for SME loans helps cross-market HMF loans and, in the long run, reduces the level of credit due diligence required for HMF loan, as MFI's would be lending to the same person.

Proposed HMF model for Yangon

Original residential buildings in downtown Yangon are typically 4 to 6 storey properties, with a minimum of two families occupying each floor (often more because of mezzanine floors and subdivided units). Households occupy units (commonly referred to as rooms), which they access via the common staircase. Stairs, roof, outside wall, plumbing and electric wiring and back alley access are common for all residents.³³

Cost estimates prepared as a part of this study using a sample of buildings downtown, show that the cost of most common space improvements (excluding rewiring and other electrical improvements) is in the range of US\$10,000 – US\$20,000 per building. The PFS estimates that two-thirds of the 26,000 units in the Downtown Conservation Area have a contributing value to the historic streetscape and can be considered for upgrading, placing a conservative estimate of the HMF loan portfolio at US\$10 Million to US\$15 Million. It is estimated that immediate potential interest in this product would be from households with serious seasonal leakage which is estimated to be about 10-20% of this group.

Group Lending = Group Responsibility: As the HMF loan will involve no collateral, group lending will be the method used to increase the security of the loan. Households residing in the same building will have to organise themselves into a residents collective and sign up to a common loan that would cover the cost of repairs in each of their individual units, as well as the spaces and facilities common for all residents (plumbing, electric work, back alley access, etc).

If any one member defaults on payments, the entire group will have to pitch in to cover the defaulting member's share. The group collectively takes responsibility of efficient use of funds and societal pressure reduces chances of default among members.

³³ Heritage Works CDIA Prefeasibility Study Yangon

Pre-approved contractors – The 12 documented PFS upgrading case studies in downtown Yangon suggest that there is variety in skill and quality of work among local contractors. Recent technical training initiatives (lime plaster, wood and metal work) for local contractors, craftsman and builders by the Turquoise Mountain Foundation (see *chapter 6.6*) in partnership with Yangon Heritage Trust have made a start on strengthening local capacity in this field. Contractors and builders who participated in these training courses could form the basis of a list of pre-approved contractors who would continue to receive on-the-job training that would qualify them to work on buildings of individual or contributory heritage significance.

HMF intermediary – The due diligence on the HMF product includes a major component that is beyond the scope of the standard due diligence process of an MFI: the technical aspect. Expertise is required to put together Bill of Quantities (BOQ) for renovation works, liaising with the (pre-approved) contractors, overseeing the quality of work and assisting the resident’s collective in applying for the necessary permits. It is envisaged that a designated HMF intermediary would take care of these due diligence aspects to reduce the MFI’s time and cost commitment. Such an intermediary would need experience and knowhow on building and restoration assessment, planning and monitoring of renovation works to historic buildings.

YHT - as the leading agency in Yangon committed to upholding the heritage value of downtown Yangon and effectively a one-stop-shop for information related to heritage issues - is a likely candidate to provide this technical due diligence support. YHT does have the technical expertise and would be keen to add this scope to the existing range of activities, but is presently under resourced to take on this additional role and also does not yet have the necessary registration as a NGO. Additional capacity building would be required, particularly in financial and project management skills. Furthermore, there could be a potential conflict of interest with the heritage advocacy role and other activities of the YHT. Another option would be to add it to the responsibilities of the strengthened Heritage Unit in YCDC’s Planning Unit (see 5.4), also this would also require additional resources and capacity in the same fields as indicated above and would need to be further researched.

HMF Model for Yangon

The model will be operated in to two stages. YCDC and a HMF intermediary agency (tbc) will be the key partners for the customers and will handhold the customers through the whole process.

STEP 1 . Technical Stage:

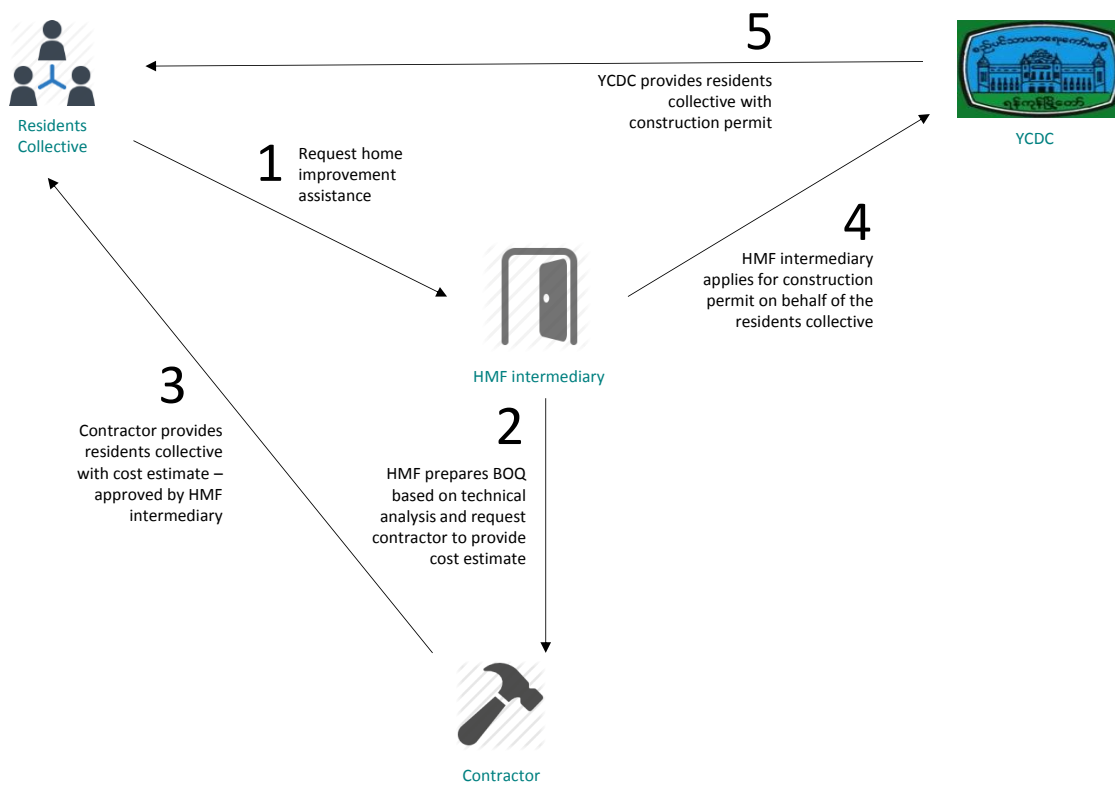


Figure 43 - Technical stage of HMF application

1. Residents of a tenement building organise themselves into a Residents Collective and request the HMF intermediary for assistance in building improvements
2. HMF Intermediary analyses the property, prepares a Bill of Quantities (BOQ) for the repairs needed (based on a standard format) and forwards this on behalf of the Residents Collective to a pre-approved contractor
3. Contractor provides a cost estimate for the BOQ suggested by HMF intermediary
4. HMF intermediary approves the cost estimate and helps Residents Collective apply for the necessary permit from the YCDC's Building Department
5. YCDC Building Department reviews the plans provided by HMF intermediary and provides 'Residents Collective' with permit.

STEP 2 . Financing Stage:

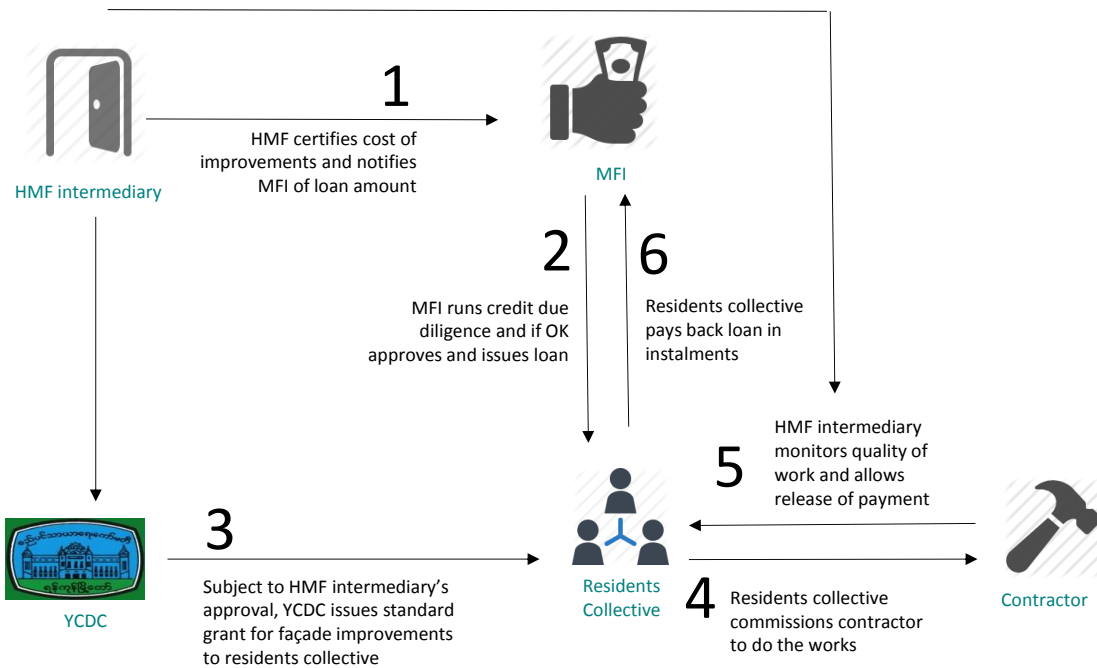


Figure 44 - Process flow of financing stage

1. HMF Intermediary certifies cost of improvements³⁴ and notifies MFI of loan amount required for Residents Collective.
2. MFI conducts due diligence investigation. If Residents Collective is eligible, loan will be approved and issues
3. Subject to the HMF intermediary approval, YCDC can release grant³⁵ required to cover a portion of the common area and façade improvements.
4. Resident's Collective commissions the contractor to begin the works according to pre-agreed stages
5. HMF oversees quality of works and allows for release of payments to contractor
6. Residents Collective starts to pay back the loan to the MFI in instalments

Additional Operating Cost and Compensation for Intermediary's Services:

The City's interest in ensuring that the YCDC grant³⁶ is used only for housing improvements, plus the heritage aspects of the building and the need for construction monitoring, creates additional operational costs by necessitating an intermediate agency to provide for-fee technical, monitoring and facilitation assistance to the MFI's.³⁷ It is expected that almost all of these additional operational costs are mitigated by favourable factors applicable to the proposed conservation Area such as the high average loan size and the easier credit due diligence. For the technical assistance provided by the HMF intermediary in both due diligence and monitoring of the construction process, MFI's can consider 1.5% to 2% of the loan value going towards compensation for that service.

³⁴ Such certification would be particularly necessary especially if subsidized financing is made available (Financing Options 1 or 2).

³⁵ 'Façade Improvement Grant' as discussed under recommendations

³⁶ *ibid*

³⁷ This fee is estimated to be 1-1.5% of the loan cost.

Financing a HMF operation

There are three options available to finance a HMF operation in Yangon:

<p><u>Option 1</u> <u>Development Partner</u></p> <p>An International Development Partner will provide subsidised credit to the Government, which then provides credit to MFI's at 4% interest.</p> <p>Advantage: Cheaper credit can reduce the interest charged, hence making the product more attractive to customers.</p> <p>Disadvantage: Not Sustainable</p>	<p><u>Option 2:</u> <u>Government</u></p> <p>The Union Government provides credit to MFI's at a low interest rate of 8%.</p> <p>Advantage: Not as cheap as option 1 but could keep the interest charged to customers at an attractive rate to help establish market.</p> <p>Disadvantage: The scale of operation would be limited to the amount of credit the government can provide.</p>	<p><u>Option 3:</u> <u>Private Sector</u></p> <p>Commercial Funding to service and underwrite loans by MFI. Interest rate of 14%.</p> <p>Advantage: This option would be more commercially sustainable and because of this, it could later be scaled up and extended to outside Yangon city.</p> <p>Disadvantage: Cost to customer would be higher on account of higher cost of debt.</p>
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- **Option 1 - The Development Partner (IDFIs)** option offers the cheapest cost of borrowing for the MFI, which can reduce interest rates charged to customers. But this option is not commercially sustainable and is dependent on IDFIs for market growth and scaling.
- **Option 2 - Government option:** Under this, the Union provides the MFI's with cheap credit. This requires the government's involvement, which would slow down the access to funds, as well as the scale of funding.
- **Option 3 – Private Sector Option** - whereby a loan is provided to the MFI at a commercial interest rate by a private lender, might allow for sufficient scale of operations and might also fund expansion to other cities beyond Yangon. Interest charged by the private lender will be higher, but funds will be available at competitive interest rates.

Currently, interest rate for borrowing funds is capped by the Myanmar government and hence a 14% interest rate would require change to regulations. A possible solution is for the private investor to acquire redeemable preferred stock in the MFI with a fixed rate of return. The legal aspect of this option needs to be studied further.

Understanding Implications on Financing Operations

Based on interviews and an understanding of regulations, the estimated cost structure of MFI's in Myanmar is shown below. MFI's are capped at lending at 2.5% per month on declining balance (approximately 30% pa). While, the low debt ratio (16.67%) of MFI's has reduced systemic risk to the system, it has substantially increased the capital cost for MFI's. Debt capped at 8% and equity demanding 20%-25% raises the cost of capital for MFI's to 18%. Interviews suggest that MFI's in Myanmar have been quite efficient, with operating expenses in the 8-11% range. Loan losses, based on interviews, have been minimal and are estimated to be 0.5% of the portfolio.

MFI's are capped at lending at ~2.5% per month on declining balance (approximately 30% pa). While, the low debt equity (1:5) ratio of MFI's has reduced systemic risk to the system, it has substantially increased the capital cost for MFI's. Debt capped at 8% and equity demanding ~20% raises the cost of capital for MFI's to 18%. MFI's in Myanmar have been quite efficient; interviews suggest that the operating expenses still range in the 8-11% range. Loan losses have been minimal and are estimated to be 0.5% of the portfolio.

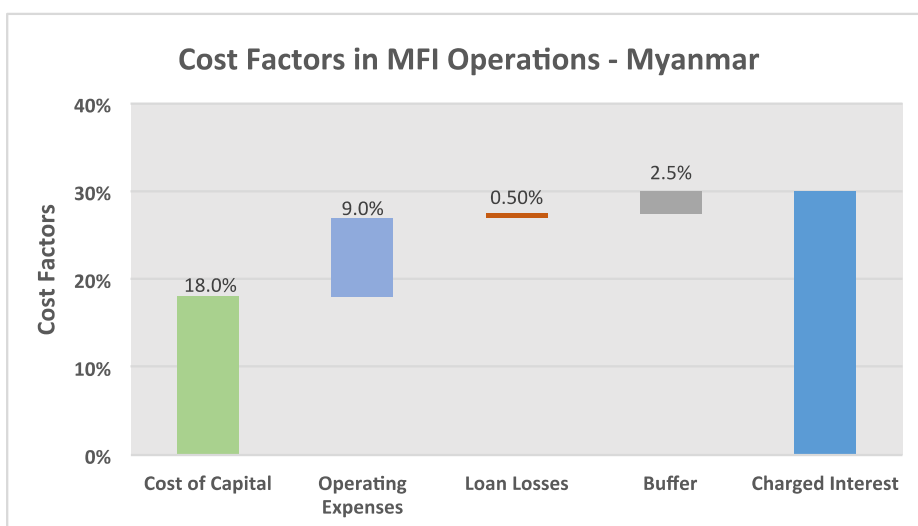


Figure 45 - Cost factors in MFI operations in Myanmar

For housing microfinance, MFI's expect the higher due diligence cost to be at the higher end, approximately 10.5% of the loan portfolio. Given the newness of the market, MFI's expect a higher loan loss and will want additional buffer. All these factors suggest that to maintain a 30% pa cap, the overall cost of capital, the most significant cost factor, needs to reduce, implying the need for change in regulations.

Sensitivity Analysis:

What needs to change for MFI's to stay within the 30% cap on lending rate?

Capital Structure: Increasing Debt Ratio: The sensitivity analysis in table 7 shows how increasing the debt ratio from the current 16.7% level, will reduce the overall cost of capital, thus allowing MFI's to generate 20% to 22.5% return on equity, while charging customers close to 30% interest pa.

Table 7 - Reducing cost of capital by increasing debt ratio

Table showing loan interest chargeable by MFI at varying rates of debt ratio and expected return on equity		Expected Return on Equity		
		20.00%	22.50%	25.00%
Debt ratio	16.7%	30.00%	32.08%	34.17%
	28.6%	29.29%	31.07%	32.86%
	37.5%	28.75%	30.31%	31.88%
	44.4%	28.33%	29.72%	31.11%
	50.0%	28.00%	29.25%	30.50%

Note: Minimum interest rate chargeable when operating cost is 10.5%, loan loss is 0.5%, cost of debt is 14%. Expected return on equity varies from 20 to 25% and debt to equity ratio varies from 16.7% to 50%; Green color indicates minimum interest rate that MFI's need to charge to be sustainable. 30% or less interest rate; Yellow color indicates over 30% interest rate.

Cost of Capital: Debt Capital: To make housing microfinance an attractive product, table 8 compares the impact of alternate financing options and operational efficiencies for MFI's. This shows that it is very difficult for housing microfinance to be an attractive option for customers if the debt ratio and operating costs stay at the current level and MFI's continue to expect a 25% return for their shareholders.

Table 8 – Chargeable interest rates with current debt ratio and operating cost

Table showing loan interest chargeable by MFI at varying rates of operating cost and cost of debt rates to generate 25% ROE		Cost of Debt		
		4.00%	8.00%	14.00%
Operating Cost	7.50%	29.50%	30.17%	31.17%
	9.00%	31.00%	31.67%	32.67%
	10.50%	32.50%	33.17%	34.17%
	12.00%	34.00%	34.67%	35.67%

Note: Minimum interest rate chargeable when loan loss is 0.5%, expected return on equity is at 25%, debt ratio is 16.7%, operating cost varies from 7.50% to 12% and cost of debt varies from 4% to 14%; Green colour indicates 30% or less interest rate; Yellow colour indicates over 30% interest rate.

Cost of Capital: Equity: In the same scenario as table 8, table 9 shows the impact of lowering the expected rate of return on equity for MFI’s from 25% to 20%³⁸, which would bring interest rates down to more acceptable levels.

Table 9 – Chargeable interest rates when lowering rate of return for MFI’s

Table showing loan interest chargeable by MFI at varying rates of operating cost and cost of debt rates to generate 20% ROE		Cost of Debt		
		4.00%	8.00%	14.00%
Operating Cost	7.50%	25.33%	26.00%	27.00%
	9.00%	26.83%	27.50%	28.50%
	10.50%	28.33%	29.00%	30.00%
	12.00%	29.83%	30.50%	31.50%

Note: Minimum interest rate chargeable when loan loss is 0.5%, expected return on equity is at 25%, debt ratio is 16.7%, operating cost varies from 7.50% to 12% and cost of debt varies from 4% to 14%; Green colour indicates 30% or less interest rate; Yellow colour indicates over 30% interest rate.

³⁸ This would be possible only by removing barriers to entry and increasing competition in urban markets.

Summary and recommendations

The market conditions for HMF in Yangon, both from a demand and a supply perspective, seem to be cautiously promising, and could deliver significant social and economic benefits. There seems to be a high level of willingness among residents in downtown Yangon to improve their housing condition. There also seems to be willingness from MFI's to provide an HMF product, provided they can make returns that are commensurate with the risks involved. YCDC's support and cooperation from an intermediary agency would ease the introduction and delivery of the product. But regulatory limitations, especially on financing and capital limits, can be quite detrimental to its successful implementation.

Recommendations are as follows:

1. Regulatory

It is strongly suggested that the government revisit and reconsider many of the regulations related to MFI's to enable the market to respond to a changing environment.

- a. **Relax Capital Gearing Limit:** The debt ratio at 16.7% is one of the most limiting factor on financing a housing microfinance operation in Yangon. On average MFI's in other Southeast Asian countries finance themselves at debt ratio upwards of 50%³⁹. The government should seriously consider relaxing this limit if they would like to boost MFI operations in Myanmar.
- b. **Relax Borrowing Interest Rate Cap:** MFI's should be allowed to access debt at the best rate that they can find. Due to the current restrictions, a lot of MFI are unable to access foreign funding. Relaxing this interest rate cap will allow MFI's to increase scale and, coupled with a relaxed capital gearing ratio, would enable them to provide a cheaper loans to clients.
- c. **Increase limit on Deposit Taking:** The current deposit-taking limit of 5% of loan value is highly restrictive and needs to be increased.
- d. **Increase permits for microfinance institutions in urban markets:** The Union should allow more permits for microfinance institutions to operate in urban markets. This can result in increased competition and potentially reduce the demanded equity returns that investors expect.
- e. **Best Practices from Developed MFI Markets:** The government of Myanmar should study the regulations that have worked in more developed MFI markets within Southeast Asia, such as Thailand, Philippines and Malaysia and look at implementing rules that will support the development of the MFI market in Myanmar. Development partners active in these markets, such as the ADB or the IFC, could take the lead in such studies.

2. Demand

More study is needed on the demand side to better understand the following issues:

- a. **Average Market and Loan Size:** While this prefeasibility study has performed a preliminary analysis and suggested an average market size of \$150 million, further research is necessary on the topic to firm up the average cost of repairs per building and the size of the market.
- b. **Willingness to Borrow:** Although the survey conducted as part of the feasibility found that close to 70% of surveyed residents were willing to contribute financially to building improvements, a deeper dive needs to be done to ascertain if they would be willing to borrow at an interest rate of 30% pa (and if not what level of interest is attractive for them). Further, more research (including interviews) is needed to ascertain why, despite the high number of residents stating a willingness to undertake and contribute to repairs, not many repairs have been done till date.
- c. **Ability to Repay:** Further research needs to be done on the percentage of income saved by households to better understand the term and capacity of the residents to repay the loans.

³⁹ <http://reports.mixmarket.org/crossmarket/VedJirX6>

- d. **“Free Façade Improvement” Grant Proposal:** Improving the aesthetic value of the city’s buildings and streets is a priority for YCDC. At the same time, improving the façade of a building is low priority for the residents who face more immediate life-safety challenges. To incentivize residents, a potential option floated with YCDC is for the Union to provide an incentive grant of US\$500 to US\$1,000 to cover the cost of façade improvements. This grant would cover the costs of façade improvement and provide an incentive for building residents to mobilise, thus greatly revitalising streetscapes in the downtown area.

3. Supply

- a. **Allow HMF Operator to Provide SME Loans:** Borrowers should allow MFI’s to use a portion of their portfolio to pursue SME business loans in Yangon, which have faster processing time and a higher profitability rate.
- b. **Investigate MFI’s Interest at 20% ROE:** With the current regulatory restrictions, a HMF operation earning 25% ROE is not viable. Further interviews should be done with MFI’s to gauge their interest at offering HMF product at 20% ROE, which is a viable rate of return.

4. Other:

- a. **Resolve Land Ownership/ Title Issues:** Land ownership is a challenging issue that needs to be resolved by Government in order to unlock resident equity.
- b. **Government to Reconsider MFI Focus on Rural Areas:** The government should be aware of the important funding needs in urban areas to allow support for MFI’s looking to operate in these areas.
- c. **Apartment Law:** Discussions have suggested the need for an apartment law that requires each residential building to convene a residents committee with an appointed leader thus smoothing the process of lending to a collective group.
- d. **YCDC: Provide Completion Certificate:** YCDC should consider conducting an audit and providing a completion certificate to certify that all improvements declared in the permit application stage have been done and to the right quality. From a HMF perspective, this will ensure that the money is spent on home improvements.
- e. **Clear Action on Stopping Demolition:** Like the other proposed interventions, the HMF product relies on YCDC to put in height controls in the historic core and put an immediate stop to demolition activities, and especially ones where no demolition permit has been secured. They could also consider levying a fine on owners who let their properties degrade.

5.4. STRENGTHENING YCDC HERITAGE UNIT AND YHT

Rationale

- 1. About 5-10% of properties in the historic core (estimated 3 million square feet) are privately owned (former) commercial/industrial properties that are currently underutilised/vacant of which owners cannot unlock the value**

Once these were prestigious offices, spacious warehouses, grand hotels and retail premises in Yangon's old commercial centre, now they have been left **dilapidated**. Some of these properties are partly occupied, some vacant, some used for temporary facilities or storage. Owners (landowners) of these properties typically receive little income from their property (little ground rent revenue/no mortgage financing) and are looking for ways to **unlock value of their 'dead equity'**. For them, in the current context, demolition and redevelopment (12+ storey new build) is the only alternative. Many are actively seeking demolition permits. Yet the PFS study shows that in the changing Yangon development context it is increasingly difficult to get all residents to agree and hence demolition permits are becoming more difficult to obtain. If demolition is no longer an option, they might be more **susceptible to an alternative development proposition**
- 2. Typically built as offices or warehouses, they are very suitable for adaptive re-use: change of use into commercial / residential / cultural facilities**

These properties are typically located at the corners of the narrow vertical streets with the wider and busier horizontal roads (Strand, Merchant, Maha Bandoola and Anawratha Road) as well as along the wider vertical roads such as Latha, Shwe Dagon Pagoda, Shwe Bontha, Sule Pagoda, Pansodan Bo Aung Kyaw and Thein Pyu Road. Typically purpose built as offices or warehouses, these buildings have unique qualities and **demand a change of use** that is a more accurate reflection of the properties location, volume, floor plates and architectural style.
- 3. Much interest is expressed from domestic private sector investors (local family offices, 'club' private equity, social impact investors and/or charitable foundations) who are not constrained by insecurity of title/regulatory framework or debt financing**

These small mid/sized properties presently do **not offer attractive value propositions** for foreign investors, given the uncertainty of title, unknown regulatory situation and state of public realm. Yet **local private developers**, "club" private equity investors, family offices with a responsible/social investment policy, charitable institutions who are less reliant on foreign and/or debt financing (not looking for 20% - 25% returns) are showing a keen interest in refurbishing these historic properties. They recognise **market potential for upgrading** because of the prime locations, good visibility, high traffic and pedestrian flow and potential to leverage the character and unique identity of historic Yangon.

Interviews with micro developers, family offices and impact investors suggest there are quite a few players who understand that undertaking a couple of such revitalisation projects and making them attractive will lead to increased rents and gradual improvement of the surrounding neighbourhood which could then lead to **greater "value" over time** as title and other regulatory challenges are being resolved.

4. **The PFS shows, if repurposed for high yield uses, renovation can be a financially viable proposition for owners (they keep ownership) and these types of investors**

The PFS has articulated an **alternative value proposition** for these owners that is perhaps financially not as attractive in the short term but could increase value in the long term for land owners. The CDIA team has done technical and legal analysis, design and costing feasibility for the adaptive and improved re-use of three of such properties in the pilot areas (see box 2-3 for examples of Willow Inn Building and 39th Street East Warehouses). These show that well located mid-sized properties - possibly packaged with adjacent vacant sites - offer **viable investment returns** based on a contractual division of upside, with the owner contributing the site/building and the investor contributing required funds.

Over time, if and when title and regulatory challenges are resolved and investment takes place in the urban realm, this market could also open up to **other/foreign investors** looking for higher returns and security of title

5. **A more enabling approach is required, including**
a. **firm height/zoning legislation**
b. **establishment of a Heritage Unit at municipal level**

The proposed configuration is based on **acceptance of up to date statutory conservation zoning regulations** and development controls that limit demolition and redevelopment options in the proposed Downtown Conservation Area similar to those set out chapter 5.2 - i.e. demolition and redevelopment are not possible options except for buildings with structures that are so dangerous they present risk to the community.

The existing Heritage Unit in YCDC's Planning Unit only exists on paper so in the municipal administration there is no point for information on development parameters and guidelines in downtown Yangon. In absence of a municipal facility, YHT is the de-facto **go-to destination** for investors, developers and owners looking for information on how best to re-purpose historic buildings. Yet also YHT in its current configuration has only limited resources, access to information and capacity to assist these parties and as a result many of these parties with good intentions and readily available investment capital get frustrated and end up deploying their capital elsewhere, a missed opportunity for revitalisation.

Yet the PFS has convincingly demonstrated that this is exactly what is so much needed in the market. **Collecting and cross-checking information** that is available in the public domain (such as land records, plot boundaries, historical and technical information on buildings) packaging it and **making it accessible to the public** proved to be a catalyst in creating attractive investment packages for refurbishment of privately owned historic properties.

The CDIA team recommends for the existing **Heritage Unit in YCDC** to be strengthened to become a one-stop-shop for baseline information of properties in the proposed heritage conservation Area and **strengthening of YHT** enabling them to provide better advice and guidance on the preparation and execution of heritage conservation and revitalisation projects according to internationally accepted standards.

Box 2 – Willow Inn Building: Example of revitalisation of privately owned historic building

Willow Inn Building

Address: Merchant Road 650/638 (corner of Shwe Bontha X Merchant Road)

Block no: 15 C 1 ; Lot no. I-6 Free-hold land, private ownership

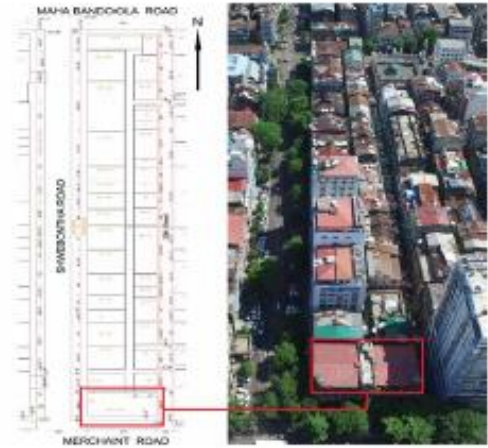
Feasibility

Estimated renovation cost: US\$1.5 million

Estimated monthly rental income reconfigured lay-out: US\$135,000

Estimated pay-back period: 1.1 year

Original GFA: 28,520 sqft



Revitalisation Concept



G/F - Improve living and working conditions
for the mixed use spaces on the G/F, enhancing livelihood and maintaining affordability

1/F-2/F - Expansion of hotel
The succesful 'Willow Inn' backpackers accomodation on the 1/F can expand operations into the currently unused spaces on the 1/F and 2/F to become a full fledged budget boutique hostel

3/F - Reinvent the church
The popular Full Gospel Church on the top floor gives the building religious and social locational significance and contributes to the local economy through its in-house training centre. The proposed design creates more open space to allow more natural light and better configuration for the various activities.

Top floor - Create rooftop garden
Make the rooftop accessible for the public and enhance its use by turning it into a garden/recreation area

Box 3 – 39th street east five gables: example of revitalisation of privately owned historic building

39th Street East Warehouses

Address: 39th East Warehouses (5 Gables)

Block no:

- 1) 2 gable buildings – No. 51/53, 39th Street East
Block no. 14 F 1; Lot no. Middle 1/3 of I-8 Northern
1/3 of I-38 - Freehold land, private ownership
- 2) 2 gable buildings- No. 55/57, 40th Street West
Block no. 14 F 1; Lot no. I-39 - Freehold land, private
ownership
- 3) 1 gable building- No. 59, 40st Street West

Feasibility

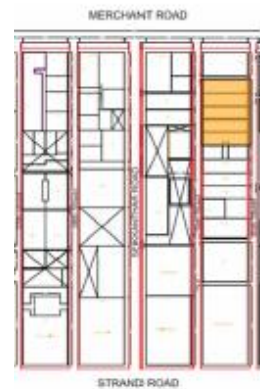
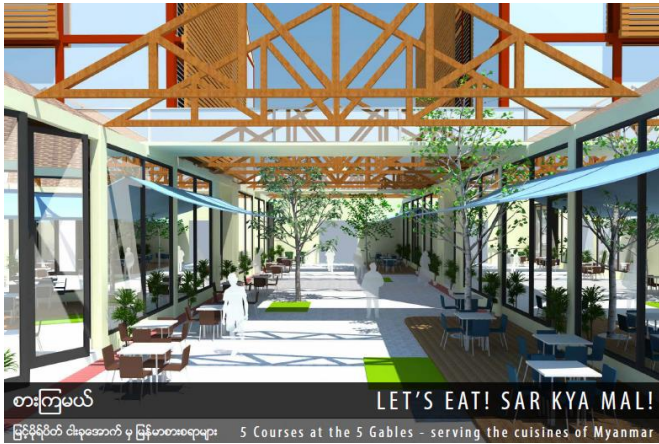
Estimated renovation cost: US\$2.7 million

Original GFA: 22,502 sqft

Estimated GFA in new configured lay-out: 47,875 sqft

Estimated monthly rental income reconfigured lay-out:
US\$49,000

Estimated pay-back period: 5.7 years



Revitalisation Concept



Keep gable facades intact

The five facades of the warehouses have unique qualities contributing to the historic streetscape and together have a strong collective visual identity

Connect 39th and 40th street

Open up the centre gable to create an open courtyard that is accessible from both streets and creates lighting, ventilation and open space for people to use

Create a 'foodstreet'

Repurpose the now vacant centre warehouse as a 'food street' by providing basic sanitation for existing street food vendors to maintain their livelihood, enhance neighbourhood vibrancy and preserve local culture. To promote viability add different food related functions that encapsulate the different aspects of Burmese food culture: Post office café, foodcourt, cooking school and pop-up restaurant.



Activities of Heritage Unit

YCDC's Heritage Unit - YCDC Planning Department has a Heritage Unit. Although on paper it has the commitment of three full-time resource persons in reality these resources are not available because the Planning Department is overburdened and under resourced. In addition the unit does not have a responsibility that matches the demand of the market.

The PFS demonstrated that the type of baseline information that potential developers and investors are looking for is:

For Downtown Conservation Area:

- Maps indicating correct plot boundaries and providing baseline information on technical status, use, height and heritage value of properties (example in Annex 4-6)

For individual buildings/sites:

- Exact plot boundaries with ownership and title (example in Annex 7)
- Specifics of heritage value and significance (example in Annex 4-6)
- Historical information/records and photographs of buildings
- Measured drawings of buildings (example in Annex 12)
- Packaging/grouping of sites to make them attractively sized development packages (example in Annex 10)
- Volumetric sketches indicating potential development volume of buildings and sites

The CDIA team has trained the YCDC Planning Unit staff in delivering these outputs (see Annex 4-9 and 12) for each of the pilot areas. They have the technical capacity to produce these deliverables, but capacity needs to be further strengthened to proactively undertake this work for the whole of the proposed Downtown Conservation Area.

Yangon Heritage Trust – to become a constructive development partner and go-to destination for public and private investors, developers, and owners to be educated and informed on how best to re-purpose historic buildings. This would ideally result in the formation of a special division in YHT that could provide the following free services to interested parties:

- Historical records, photographs and other information of heritage buildings
- Background analysis of the building or site in urban context
- Best-practice case studies of local revitalisation projects including suggestions on preferred contractors and materials

As well as a number of fee-based services:

- Conservation Management Plans for listed buildings
- Preliminary design concepts for building/sites according to internationally recognised standards for historic preservation

To further strengthen the good working relationship between YHT and YCDC's planning unit, YHT could also play a role in capacity building of YCDC's Planning Unit and share experiences and knowledge from the many projects they're involved in (see 2.2.) most notably the Special Development Plan.

5.5. HERITAGE FUND FOR INSTITUTIONAL BUILDINGS

Rationale

The proposed Heritage Fund targets Yangon's publicly owned properties with a heritage value. These include institutional buildings, religious buildings like pagodas and temples, grand mansions and administrative buildings, important and highly visible traces representing different periods in the city's rich and diverse cultural history, from the Mon and the Pyu in the first half of the first millennium, the British until the first half of the last century and more modern 20th century architecture since independence.

Yangon, has the highest concentration of intact 19th and 20th century buildings in Asia with immense heritage value and economic potential with the public sector (city, regional and line ministries) being the owners and occupiers of many of these buildings.

Due to increasing land values, pressures of development, lack of means and mechanisms for preservation, many of these buildings are being lost to modern development. Where conserved due to regulations, years of underinvestment and underutilisation have left these buildings in dilapidated condition.

a) Low contribution of heritage assets to local socio-economic development

Despite having a significant concentration in its urban core, publicly owned heritage assets in Yangon have provided very little economic benefit to the local residents. Local commercial, social or recreational opportunities are not linked to the heritage value of the built environment, resulting in a sense of opposition between local socio-economic development needs and the heritage preservation and tourism industry.

b) Physical degradation of government-owned heritage assets

Most heritage assets of prominence are owned by the government or religious trusts and used for institutional or religious purposes. There is virtually no cultural provision – museums, concert halls and cultural spaces - in the downtown area. Those religious structures owned by religious trusts have remained well maintained, as they have continuously been used for their intended purposes.

In contrast, institutional structures, owned mainly by the line ministries, have been poorly maintained. Low-levels of funding and limited ability to control their budgets has severely hampered the abilities of many of these line ministries to maintain their assets, resulting in significant deferred maintenance. Adding to the challenge, a lack of continuous use has also resulted in low incentives for the line ministries to maintain these buildings. In Yangon, for example, the situation has been exacerbated by the move of the Union administration to Nay Pyi Taw in 2006, leaving many of the institutional buildings in the historic core vacant or underutilised.

Sector opportunities

a) Low efficiency and under-utilisation of institutional assets

Many of the public heritage buildings are significantly underutilized or vacant. Examples of this underutilisation abound in Yangon. As shown in Annex 14, almost 50% of the large institutional heritage buildings in Yangon, nearly 25 buildings, are considered underutilised. A significant opportunity exists to increase efficiency to bring the buildings into reuse, either for the public or the private sector, making them active contributors to the economy and ensuring their conservation. Further, these buildings can then be significant contributors to municipal revenues in these financially strapped municipalities.

b) High developer interest in reuse of heritage buildings

Most of these buildings are located in prime locations, with high levels of visibility. With significant development pressures, high costs of prime land, and increasing construction costs, there is significant developer interest and tremendous opportunities for bringing these buildings into reuse at marginal costs compared to new construction (box 4 and 5 show two examples).

Some of the line ministries have actually begun to take an active interest in redeveloping or rehabilitating their buildings. To overcome limitations posed by limited budgets, they are entering into partnerships with the private sector. Ministry of Information is one example. In partnership with Yangon Heritage Trust they are currently exploring possibilities to revitalise the Government Press Building opposite the Secretariat into a multi-functional museum / bookshop/ café restaurant / creative space and have also indicated interest in the PFS proposed plans for the Paradise of Literature (see box 4). There is also articulated developer interest in the PFS proposed Chindwin Chamber development package (see box 5).

c) Union Policy on consolidating functions

A recent local governance mapping exercise conducted by the United Nations Development Programme (UNDP) and the General Administration Department in 2013-2014 showed that local government services were seriously lacking efficiency nationwide. In response, and taking the learnings from Vietnam and Mongolia, the Government of Myanmar has announced a significant policy to set up one-stop shops (OSS) across 72 townships in Myanmar to bring transparent and efficient government services closer to the people and improve service delivery and democratic governance at the local level. One stop shops have been started in many townships of Myanmar and according to some reports are expected to yield up to 30% improvement in productivity.

Since most township administrations are located in heritage buildings across these townships, the OSS policy presents a strong incentive, and potentially a new source of capital, to consolidate functions, increase efficiency and conserve these buildings. In Mawlamyine, for example, in response to the policy, the District is rehabilitating the General Administration Building at a cost of US\$ 200,000 (MMK 142 million) to improve the existing building and to consolidate nine District-level administrative functions within it.

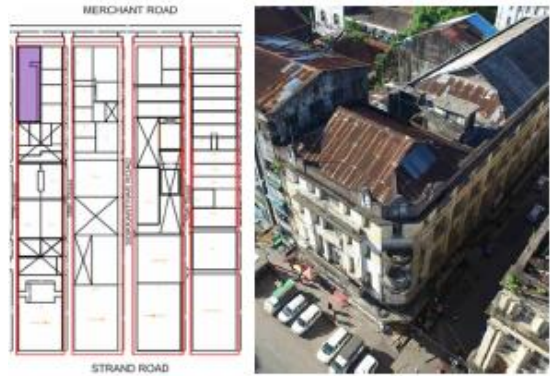
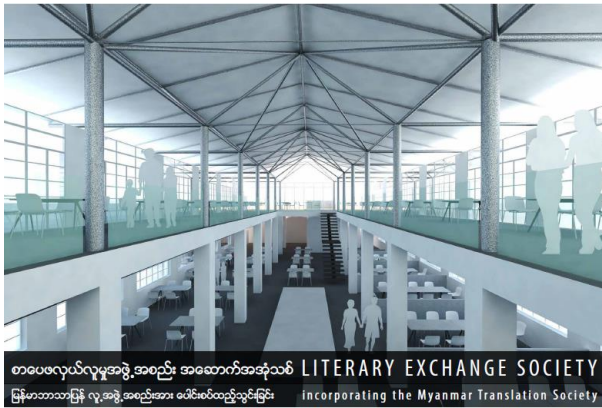
Box 4 – Paradise of Literature: example of revitalisation of publicly owned historic building

Paradise of Literature

Address: 525/527/531, Merchant Road (37th Street X Merchant Road)
Block no. 14 F 1; Lot no. W 1/2 of I-15W 1/2 of I-16
 Government land, public unit ownership (Burma Translation Society (Rangoon), public building ownership (Ministry of information)

Feasibility

Estimated renovation cost: US\$1.6 million
Estimated rentable floor space in new configured lay-out: 25,282 sqft
Estimated additional annual rental income reconfigured lay-out: US\$150,000
Estimated pay-back period: 6.7 years



Revitalisation Concept



Enhance original use

Enhancing use of library and exploring the capacity to embrace new use as a forum for the exchange of ideas and knowledge.

G/F -1/F Café-Book Shop

book shop –“ Book in bar “– café -lounge to entice people in from Merchant Road and 37 St. corner.

G/F-1/F New Modern Public Library

The current public reference library is improved and adapted for all age groups. The repositioning on the ground floor makes it more visible. The library will include an E library, book store, internet computer access, childrens library , rare book and reference sections for research.

3/F Multimedia Space

The creation of clear open areas for multi-functional and multi media flexible spaces which can be commercially let to private and public organisations. (cinema - video , exhibitions , conference – meeting rooms).

Rooftop restaurant & bar

As a destination and final point of rendezvous in the building - to meet and exchange ideas a new roof top restaurant and bar. Ideal for the Irrawaddy Literary festival evenings.

Box 5 – Chindwin Chamber: example of revitalisation of publicly owned historic building

Chindwin Chamber & Garage Site

Address:

1) Chindwin Chambers- No. 33/35, 37th Street (access from 37th and 38th street)

Block no. 14 F 1; Lot no N 1/2 of I-13S 1/2 of I-13

Government land, public ownership (Inland Water Transport Board)

2) Garage Site- No. 37, 37th Street

Block no. 14 F 1; Lot no. I-14 Government land, public ownership (Inland Water Transport Board)

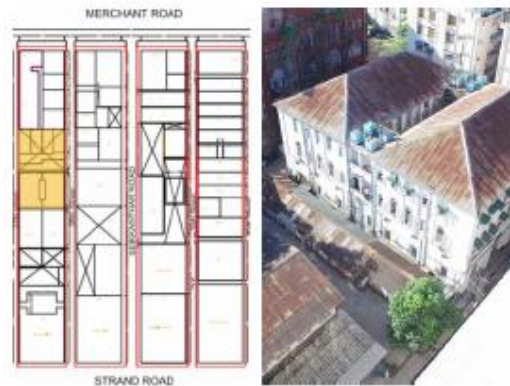
Feasibility

Estimated renovation cost: US\$1.5 million

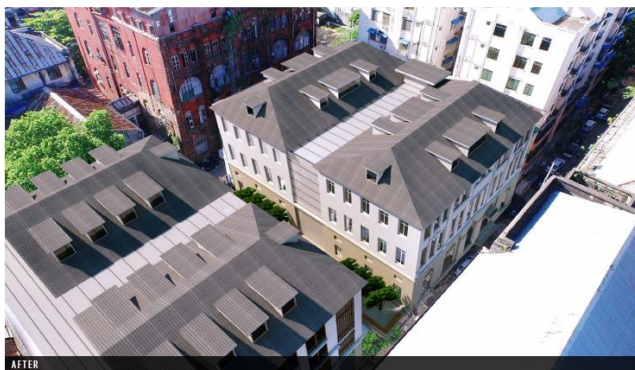
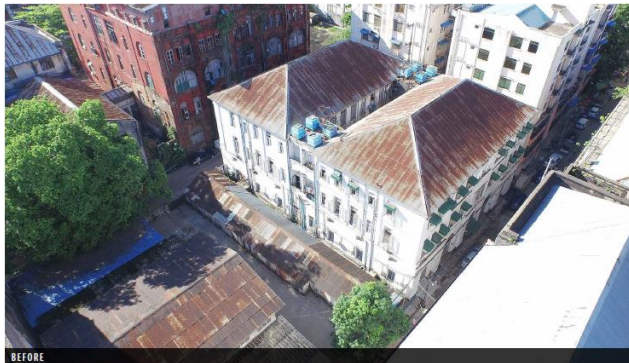
Estimated GFA in new configured lay-out: 19,300 sqft

Estimated monthly rental income reconfigured lay-out: US\$134,500

Estimated pay-back period: 1.1 years



Revitalisation Concept



Adaptive re-use

Existing building layouts can be easily transformed into hotel rooms. It saves money and conserves architectural significance of the building. 43 hotel rooms will be planned, together with staff rooms, in the revitalised chambers.

Community connections

A new laneway network creating a vibrant and connected community between 37th street, 38th street and Paradise of Literature will create a new social space to enhance community bonding and make the area more lively and vibrant

Food & living

The new laneways will become a food precinct to enhance existing street culture: 12 restaurants with various sizes and, 16 studio type apartments, four double-bed room apartments and four 3-bedroom apartments (24 apartments in total) in the new apartment building,

Sector Challenges

a) Limited capacity, budget and coordination in public sector

Most of the line ministries and regional governments have very little budget or capacity for conservation of buildings. With a mandate to balance budgets, many line ministries on their own volition, are resorting to long-term land and asset leases to the private sector. While this can bring these buildings into re-use, given the lack of relevant regulatory framework there is a concern that the private sector shows little interest in the conservation aspects of the buildings or the neighbourhoods, and considering costs, fails to conserve these buildings to international standards.

Most of these partnerships are initiated through unsolicited proposals and the line ministries lack the capacity to ascertain both value for money and the quality of conservation promised by the developers.

Further, interviews in Yangon suggest that in many instances, the line ministries do not include or even apprise the municipal/regional governments of their plans.

b) Increasing awareness but lack of budget at all levels to fund conservation

Interviews with the City of Yangon, the Union Ministry of Information, the Yangon Heritage Trust, suggest that there is very little funding available for financing conservation of heritage buildings in government budgets at all levels – national, regional or local. According to interviews with YHT, while there is increasing awareness of conservation, and six different line and local ministries have approached YHT about strategies for conserving their assets, most of these governments do not have the budget or the capacity to undertake built heritage conservation, at least not to international levels.

c) Currently private sector has limited financial interest in conservation of buildings

There is increasing interest from domestic developers and investors in refurbishment of small/medium sized well located properties if they can be repurposed for high yield uses. Many of them understand that undertaking a couple of such projects and making them attractive⁴⁰ will lead to increased rents and gradual improvement of the surrounding neighbourhood which will lead to greater value over time. Yet, in the present context with a lack of clarity on regulations and title of heritage properties, difficult access to historic and legal information and “no premium value” attached to the occupation of heritage buildings in the market, this means that more often than not these opportunities do not materialise.

Sourcing private sector funding for upgrading/adaptive re-use of the iconic, larger and more complex properties is even more challenging, especially if their historic and cultural significance justifies lower yield uses. In the current context the private sector usually ignores regeneration as an option and finds little incentive to spend expensive equity on financing of renovation of these heritage buildings, unless made a part of the initial divestment agreement.

d) Large levels of deferred maintenance

Lack of focus and funding for the preservation of historic buildings over a long period of time has left many of these buildings in dire need of repair. In Yangon, alone, YHT estimates the funding needs for rehabilitation of public owned heritage assets to exceed US\$100 million.

⁴⁰ Examples are AYA Bank, Peninsula and Kempinsky Hotel,

Need for a Heritage Fund

The strategic rationale for the Heritage Fund is its focus on the nexus between four major essential stakeholder interests - tourism, key heritage buildings, associated municipalities, and local communities – to enhance local competitiveness through heritage-led development. The project would aim to harvest the economic value of heritage buildings, capture the synergy between these heritage buildings and ongoing urban infrastructure investments, and integrate heritage building preservation and local economic development.

Effective management of built heritage assets, urban regeneration, and enhanced heritage tourism are at the core of this project, with the goal being to have well-functioning cities with an enabling environment for private sector investment, enhanced heritage buildings, and increased tourism. The proposed Heritage Fund will have two key development objectives, one focused on the institutional capacity building for heritage conservation and the other on the practical aspects of conservation of heritage assets. To meet the needs and to make an impact, it is initially proposed that the Heritage Fund be sized at US\$25 million.⁴¹

Objective 1. To create the conditions for increased local economic development and enhanced quality of life in Yangon and other urban historic centres in Myanmar. This aspect of the project would support urban regeneration by:

- a. Financing technical assistance services to
 - i. **HERITAGE UNIT** - strengthen existing Heritage Units at municipal level to pro-actively provide information to potential developers/investors on ownership/plot boundaries, history and heritage value and planning regulations in the areas. Also strengthen capacity of YHT in the area of knowledge and management and/or support other capacity building programs YHT is conducting in the area of skill training for artisan and contractors.
 - ii. **PROJECT PREPARATION FACILITY** – at municipal (city/regional) level to provide owners of heritage properties (e.g. line ministries) with ideas about new uses for their vacant buildings and provide the necessary technical, legal, design and feasibility studies to make them ‘investment ready’.
- b. Financing of area-wide urban infrastructure improvements in urban historic cores of select municipalities.

Objective 2. To improve the conservation and management of Myanmar’s built cultural heritage. The project would directly finance the conservation of important heritage buildings and address the most pressing needs in terms of built heritage preservation and associated urban infrastructure improvements.

Sector Issues and proposed strategic choices

Given the vast treasure of historical buildings in Myanmar, the Fund resources are far from sufficient to comprehensively address all the problems of physical and environmental degradation of Myanmar’s heritage assets and the associated deep institutional weaknesses. The Heritage Fund, therefore, makes some strategic choices in defining its scope to maximise impact of its limited resources. Through these choices, the Fund aims at tackling the main bottleneck in the performance of the sector -- low contribution of heritage assets to local and national development, especially in the urban areas.

The first set of strategic choices relate more specifically to Objective 1 and are aimed at improving the capacities of local municipalities and regional governments in developing strategies for increasing heritage-based

⁴¹ The distribution of the Fund between the two objectives is preliminary envisaged to be 20%, or \$5 million for Objective 1 and 80%, or \$20 million for Objective 2.

economic development, and identifying potential assets and the mechanisms for conservation and rehabilitation.

Strategic Choice 1.

Build and leverage capacity of city/regional governments

This strategic choice is made to respond to the varied ownership of heritage assets and the existing institutional structures and development regulations in Myanmar. Government or religious institutions own most of the major heritage assets. These institutions, currently, are solely responsible for the development of their assets. At the same time, economic development in Myanmar falls under the purview of the regional governments.

The Heritage Fund proposes reinforcing the capacity of the city/regional governments to include heritage-related functions and capacity of technical units. This will contribute to introducing concepts regarding participatory planning of heritage conservation of these heritage assets, public-private partnerships in heritage conservation, promoting heritage-related economic development, and building awareness in the local communities for the shared responsibility of using heritage assets to promote local economic growth.

Output:

- Stakeholder analysis to identify key national and sub-national stakeholders, including role of regional and local institutions.
- Assessment of capacity of regional/local government to implement program.
- Design of the institutional arrangements and training needs to ensure high impact and sustainability of the initiative and effective implementation.
- Training for program implementation including application development, preliminary due diligence, application analysis and coordination with heritage-building owners and the designated executive agency.

Strategic Choice 2.

Initiate long-term rehabilitation programs for historic urban cores

This strategic choice is made to widen the approach beyond individual buildings and to launch long-term programs for historic city-centre rehabilitation and conservation including:

- Providing Yangon city/regional government with urban planning tools and resources to start implementing their vision for area based urban regeneration
- Providing the city/regional governments with financial resources and technical assistance to address the preservation and presentation of heritage buildings as part of the vision of the municipalities and urban development.
- Targeting investments and leading discussions to achieve a higher quality of public spaces and services to benefit local residents and visitors.
- Piloting the mechanisms for rehabilitation of vacant or underutilised historic buildings as productive assets.

Output:

- Directory and classification of heritage assets in select cities.
- An initial assessment of the viability of prominent heritage assets for redevelopment, and identification of buildings with the most potential.
- Comprehensive area or precinct based planning guidelines for historic city-centre rehabilitation and conservation.

Strategic Choice 3.

Leverage other infrastructure investments to improve the quality of local life and economic opportunity

The Heritage Fund will give priority to investments that would directly contribute to improving the quality of life of local communities, while at the same time making historic centres attractive to tourists. Such investments could include:

- Decongesting public transport and improving access to central areas
- Redesigning the interface between public realm and heritage buildings and improving circulation in the immediate urban areas
- Bringing conservation and presentation of select historic cores to international standards expected by visitors

Output:

- Identification of ongoing and approved infrastructure projects for development.
- Strategic plan for development of heritage areas and tourism improvement

The next set of strategic choices relate more specifically to Objective 2 and are aimed at improving the conservation and management of heritage buildings through direct financing of heritage conservation components of such restoration and rehabilitation projects. It is envisaged that the Heritage Fund will be implemented through an application process⁴², and the below choices help define the ownership, level of funding and scope of projects that would be eligible for funding under the Heritage Fund.

Strategic Choice 4.

Financing limited by project and type to ensure equitable distribution across assets and geographies

The Heritage Fund will provide a maximum financial contribution of US\$2 million for projects involving the preservation, restoration and rehabilitation of built heritage buildings or to implement life-safety improvements.⁴³ The work must directly relate to the conservation of the physical fabric of the heritage building and must show wide community benefit of the proposed intervention.

Strategic Choice 5.

Direct assistance should be limited to government-owned buildings

In general, religious buildings have been maintained much better than institutional properties. To maximise the impact of the Heritage Fund, it is proposed that direct assistance provided under Objective 2 to the conservation of heritage buildings be limited only to government applicants ("Sponsor") for institutional buildings.

Strategic Choice 6.

Financing to be provided on a loan basis and to require contributions from property owners

To lever Heritage Fund monies, direct financial contributions of at least 20% of the cost of the heritage conservation component of the project will be required from the property or lease owner. These contributions will be used before monies from the Heritage Fund can be used for the project. In no case will a project receive more than 80% of the total cost for the heritage conservation component.

⁴² This application and selection process is described in more detail in the Project Administration section below.

⁴³ Life-safety improvements could include building code upgrading or fire safety improvements that would make the heritage structure more usable or increase its lifespan.

Furthermore, it is envisaged that the monies provided through the Heritage Fund would be on a subsidised loan basis, payable in equal monthly instalments over a seven-year period, after a 3-year grace period. This will ensure that the Heritage Fund is self-replenishing and the monies are used as a gap financing measure in combination with other sources of capital.

Indicative institutional and implementation arrangements

The below is a suggestion of the possible institutional setting of the Heritage Fund structure. Due to the current uncertain political landscape with a new government being formed and the multi-sectoral and multi-agency nature of the proposed Fund, the final implementation arrangements of the Heritage Fund will require extensive consultation with line ministries, local and regional governments and other stakeholders.

It is envisaged that the Heritage Fund would be implemented through the Ministry of Finance (MOF) and governed by a Heritage Project Steering Committee (PSC). The PSC will be an inter-disciplinary committee comprising of, for example, the National Planning and Economic Development, Ministry of Culture, Ministry of Hotels and Tourism the Chief Ministers of the Regional Governments of the selected municipalities and civil society (YHT) and independent (academic) experts (YTU, AMA and other industry associations). The PSC would be responsible for project selection and loan approval.

Given the limited size of the proposed fund, project selection will be key, and will comprise a strict application process based on relevant criteria including cultural value, re-use potential, sponsor contribution and funding, community impact, and private sector participation. It is envisaged that the implementation of the fund will be through the State/Regional Minister of Planning and Economics of the selected municipalities. This agency will be responsible for project identification, project application, preliminary due-diligence, and post-approval as well as monitoring the implementation of the loan and supporting the Executing Agency's interaction with the PSC.

Preliminary research suggests the Construction and Housing Development Bank (CHDB) as a potential candidate as the designated Executing Agency (EA) with adequate institutional capacity to lead the implementation of the project. The EA will be responsible for: i) providing assistance to the Project Steering Committee; ii) performance monitoring and progress reporting for funding agency iii) overall budgeting and ensuring compliance with the loan covenants; iv) managing necessary approvals from the PSC;v) money management; vi) quality assurance and submission of the periodic financing requests to MoF; and vii) supervising project consultants and Project Implementation Unit (PIUs).

Expected benefits

The benefits from the Heritage Fund can be broadly classified as:

Economic - Improved infrastructure and the urban regeneration of historic cores of the select municipalities have tremendous potential to increase the quality of life and the experience of residents and tourists alike. Riding the wave of international interest, these municipalities, in particular, and the Myanmar economy, in general, would greatly benefit from the increased value-added in the tourism and cultural sectors. Increasing the efficiency of the underutilized or vacant heritage assets in historic cores can also spur the illiquid or dormant real estate markets in many of these cities. Further, significant direct and indirect benefits can be expected for the labour markets in these municipalities. New employment segments, related to private sector jobs or self-employment in activities directly and indirectly related to rehabilitation and restoration work, will be stimulated. Indirect benefits would result from the new goods and services demanded by the tourism and cultural industries. The Fund would also create new local employment opportunities, encourage new SMEs in the building and service industries, and stimulate local economic initiatives.

Social - The Heritage Fund would have both tangible and intangible social benefits. Besides the improved quality of life through urban environmental upgrading, the tangible social benefits expected from the Heritage Fund would be the creation or enhancement of public spaces; improved community service facilities; and improved conditions for commerce. Intangible social benefits would centre around the reintegration of these heritage sites, presently zones of neglect or marginalisation, into the larger economic and social life of the city, particularly the urban core, and an enhanced sense of identity of residents. Further, it can be expected that the safeguarding of the richness of these heritage assets, improving their accessibility and presentation, and through their contribution to local economic development, appreciation of the multiple values of these heritage assets will increase.

Institutional - Despite their (currently) limited resources, state and local municipalities and the NGO sector (notably YHT) have an important role to play in heritage conservation, and it is essential for them to be involved in guiding investments in heritage assets within their area of purview, and in turn to involve and motivate the owners of these assets to return them to efficient use.

To make the most efficient use of the knowledge and expertise accumulated in YHT, the organisation should have a continuing and important role as an advisory and capacity building body in the planning for greater Yangon, specifically the city's historic core.

Under their proposed role as PIUs State and local municipalities, in particular, benefit from having an enhanced and recognised role and capacity to participate in heritage asset development, a role that is currently limited to the owners of these assets. Improved planning and management of built heritage assets will have a long-term impact on how local municipalities can plan for scarce public resources and safeguard the irreplaceable historic assets, and to derive economic benefits from the cultural sector as a whole, by creating an improved framework for stakeholder interaction. The program will also increase capacity and understanding of mechanisms like participatory planning and PPPs in historic building upgrading.

5.6. PPP UNIT

Rationale

1. Since becoming a representative democracy in late 2010, the Government of Myanmar has begun various forms of PPPs in multiple sectors – telecommunications, electricity, natural resources, housing, roads and air transport
2. This despite the absence of sectoral or national policy framework or processes for PPP.
3. While there is significant need for infrastructure in Myanmar (estimated to be US\$320 billion between 2015-2030) the national government has played a reactive role and most of the PPPs have been initiated through private sector led unsolicited proposals.
4. In Yangon, most PPPs at the regional level are focused on housing and land development. In 2012, the regional government led an initiative to tender out larger city-owned sites with mixed results.
5. Following this, and with a mandate to balance budgets, many line ministries of their own volition, are resorting to long-term land and asset leases to the private sector. Most of these ventures are initiated through unsolicited proposals.
6. Recent efforts to tender out land/redevelopment projects have been quite unsuccessful⁴⁴ with the proposals varying significantly from the city's allowable development envelopes and the line ministries lacking the capacity or advice needed to secure value for money. The reasons for this include: i) lack of sufficient pre-development/pre-feasibility analysis and coordination on the part of tenderers/stakeholders⁴⁵ ii) highly fluctuating land costs, and iii) lack of project financing.
7. Together, these result in developers significantly exceeding the allowable development envelope to maximize return on invested capital, which is not in line with YCDC's planning vision for Downtown Yangon
8. With significant amounts of land, upwards of 500 acres, in central Yangon under line ministry ownership, the regional government urgently needs to assert control over the development process and become more proactive in directing investment outcomes, while capitalizing on the high investor interest in real estate development in the region.
9. The CDIA Team recommends the need and support for a regional PPP Unit to provide capacity to the line ministries and lead the prioritization of regional development projects, manage the pre-feasibility and coordination with stakeholders, evaluate and increase bankability, and lead the tendering, documentation, and bidder selection processes.
10. Such a PPP Unit would require reforms, and initial discussions on the need and structuring of such a unit have been held with YCDC, the Mayor's office and the Myanmar Investment Commission.

44 Mahabandula/Thien Phyu Road (led by Yangon Regional Government) and Yangon Central Railways Station Complex (www.yangonrailwaystation.com.mm - led by Myanmar Railways), for example. The Yangon Central Railway project was unsuccessfully tendered in 2014 and is being re-tendered in 2015.

45 Weak planning and permitting regulations are a major source of delay here.

PPP's for heritage conservation

In addition to the Heritage Fund, the CDIA Team is proposing two other initiatives - the establishment of a local PPP Unit, and a project-financing fund - to support the financing of the redevelopment of institutional buildings in Central Yangon. While shown together, it should be noted that each of these initiatives could stand-alone. The graphic also lists the potential partners being considered for market sounding.

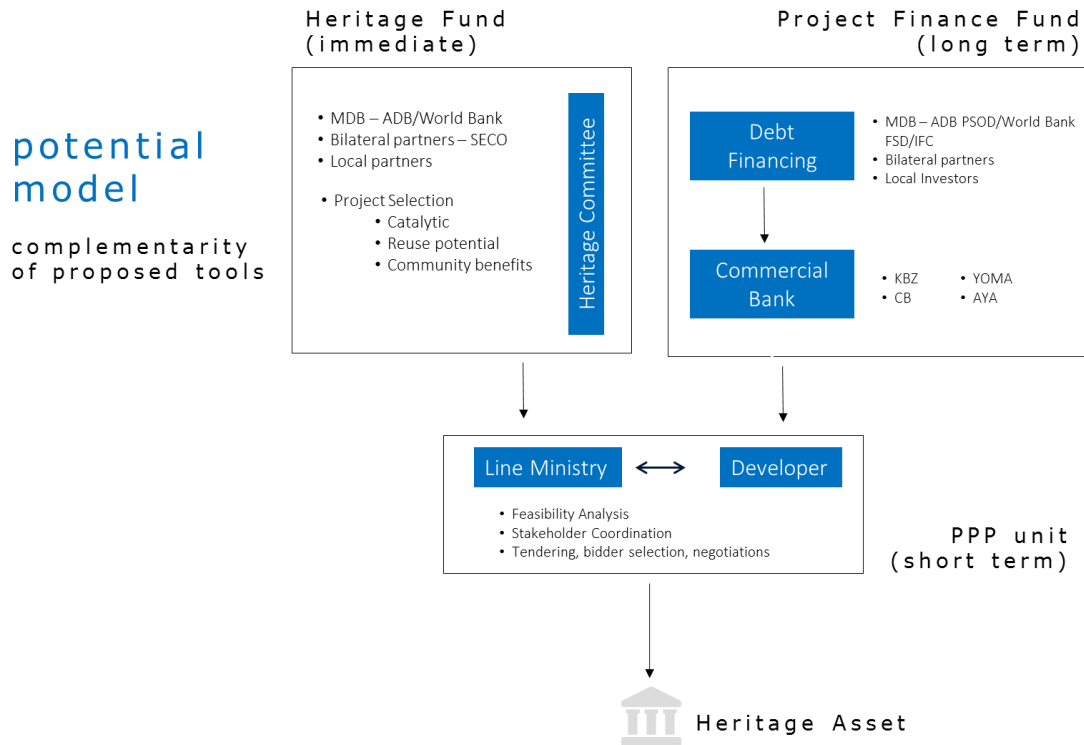


Figure 46 - Potential tools for revitalisation of institutional heritage assets in Yangon

Project Finance Fund

Lack of project financing for commercial real estate development is another issue which has a severe impact on the amount and character of development in central Yangon. Banks in Myanmar have been quick to embrace consumer and SME lending but project finance lending is less of a priority. As a result many projects are currently being financed through balance sheet funding which limits the type of investors/developers willing to take on these type of projects. While some bigger projects like the Landmark have been able to secure international debt and equity financing⁴⁶, for smaller projects it has been more difficult to access project finance loans.

The CDIA Team is proposing the establishment of a Project Finance fund to finance the pool of smaller projects that are being tendered. Project selection for such a process is key, as project funding decisions are always vulnerable to political pressures. To counter this pressure, the project selection criteria and leverage will have to be clearly defined. Proposed more for the short-term, the CDIA Team suggests that the fund, initially, be limited to projects that are tendered through the proposed PPP unit. Such a facility would also increase investor interest in the tendering process. These loans could be underwritten⁴⁷ and serviced through a local commercial bank. While still in early stages of evaluation, the concept has been well received by ADB (Myanmar office) and IFC and in discussions with local commercial banks including YOMA, CB, and KBZ.

⁴⁶ ADB (PSOD) and the IFC have taken both debt and equity positions in the Landmark project.

⁴⁷ The facility could potentially be discretionary, but subject to strict underwriting guidelines (underwriting in a box).

6. COMMUNICATION, OUTREACH & CAPACITY BUILDING

6.1. RATIONALE

The project team was acutely aware of the fact that in order to create change in the challenging development context of Yangon, it was essential to deliver and communicate the outcomes of this study to the different target groups that hold a stake in the future of the downtown area. Underpinning the project activities is an awareness campaign that targets local residents, but also a professional audience:

- 1) Political decision makers
- 2) Owners of potentially bankable properties
- 3) Local residents and businesses
- 4) Local architects and construction companies
- 5) Developers and potential investors

As an integral part of the project, the project team has designed an internal and external communications strategy and designed a number of activities reaching out to different stakeholders in the form of an exhibition, roundtable and other activities in collaboration with NGO's, community organisations and private business - together providing a platform communicating the three main messages of the PFS:

- Demonstrate the value of heritage as a driver of economic growth
- Showcase how heritage conservation and development can work hand in hand
- Promote conservation/upgrading as a feasible development to demolition/new construction

6.2. HERITAGE WORKS DESIGN WORKSHOP - 16-18 Oct City Hall

One weekend in October brought together over 100 young Burmese architects mentored by experienced coaches from over 20 reputable Burmese and International architecture firms for a three day workshop in Yangon City Hall. Working in 16 teams to design idea for one buildings/site/group of buildings/street in selected Downtown pilot area (see Annex 17 for an overview).

The CDIA team and local counterparts provided local and international experts, who rotated among all teams during the design sessions to answer questions, help with clarifications and in general assist with providing an understanding of the local context.

At the end of the workshop the 16 teams presented their ideas for a jury of key stakeholders to test feasibility, replicability as well as social, economic, cultural and environmental impact:

After the workshop the teams continued to receive guidance and support from the CDIA team to finalise their design ideas and turn them into a presentable format which formed the basis for the investment packages presented in this report as well as the exhibition: NEW ideas for OLD buildings



Figure 47 - Heritage Works Design Workshop in October 2015 to generate NEW ideas for OLD buildings

6.3. HERITAGE WORKS EXHIBITIONS - 5-6 Dec City Hall

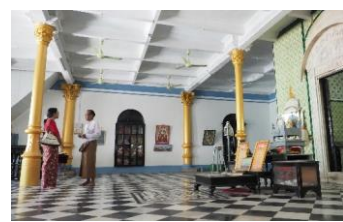
In the weekend of December 5-6, three heritage buildings in the pilot areas hosted a series of exhibitions and activities to engage different stakeholders as well as the public into discussions on how to make investment in heritage-led urban regeneration happen in the context of Yangon. The variety of activities and exhibitions attracted a big and diverse crowd and resulted in valuable insights and inputs for the professional roundtable discussions.



Yangon City Hall



YWCA . Bogalayzay Street



Jain Temple . 29th Street

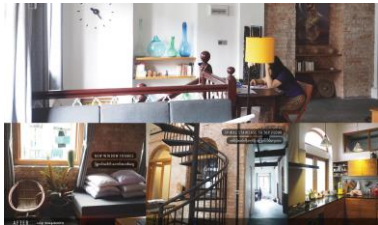
Figure 48 - Three locations of Heritage Works Exhibitions

Table 10 - Heritage Works activities & events



NEW IDEAS FOR OLD BUILDINGS

More than 100 young architects showcasing NEW ideas for 15 OLD properties under the guidance of world class architects. Because of the overwhelming interest the Association of Myanmar Architects will continue the exhibition in the coming months



NEW LOOK FOR OLD BUILDINGS

12 ‘renovators’ and ‘micro developers’ shared their insights in failure and success factors of renovating historic buildings. Their insights fuelled debate among professionals and residents alike on what it takes and why it makes sense to invest in old buildings rather than demolish them



HISTORIC CAFÉ OPEN DAY

10 cafés, restaurants and galleries in renovated historic properties opening their doors, hosted special exhibitions and provided free drinks and snacks providing local residents with an opportunity to see ‘what an old building can look like’



AN AFTERNOON WITH THE ELDERS

In ‘an afternoon with’ well respected elderly members of the community to shared their memories related to buildings or events downtown and ideas for the future, articulating the need to step up efforts to conserve the identity of the past before it’s too late



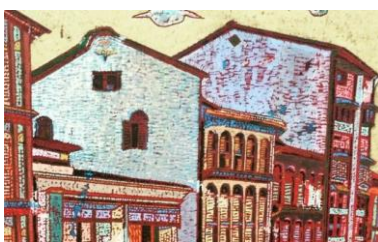
COLOUR & ART COMPETITION

over 1,500 children from schools in the downtown districts participated in colouring competition highlighting their favourite parts of the downtown area: pagoda’s, churches, old buildings



BUILDING THE FUTURE

Nearly 100 schoolchildren took part in a model making workshop creating their vision of the downtown area, stimulating a discussion on which buildings they like and find important, which included predominately iconic places (Sule Pagoda, City Hall, churches, temples) and typically older buildings



STREETSCAPE INSPIRED ART

over 1,000 visitors came to see to a series of exhibitions that demonstrated the inspirational value of the downtown historic and multicultural streetscape in different dimensions: film, photography, paintings, poems, embroidery and street-art

6.4. HERITAGE WORKS ROUNDTABLE - 5-6 Dec City Hall

The PFS research study results, investment packages as well as provided ample underlying evidence to demonstrate that heritage can drive economic growth. As mentioned in chapter 2.7 and shown in Annex 17, the roundtable provided three tracks to discuss the different aspects of how to make urban regeneration work in the Yangon context:

1. Art, Architecture & Heritage to Regenerate Old Neighbourhoods; Creating Liveable and Lovable Cities
2. Tools & Instruments to Revitalise Old Yangon; Unlocking Investment Potential
3. Tools & Instruments to Revitalise Old Yangon; Partnerships in Heritage

PFS Steering Committee members, leading administrators (from both local and union level), developers, industry (tourism, culture, construction, real estate) representatives and NGO delegates attended to discuss the challenges and opportunities for urban regeneration in Yangon and the applicability of the tools and instruments proposed in the PFS. Chapter 2.7 provides a summary of the main conclusions and Annex 17 provides a visual summary of the various activities.

6.5. OTHER COMMUNICATION ACTIVITIES

World Monuments Conference – January 15-17 2015

On behalf of the CDIA team, Ester van Steekelenburg was one of the speakers at the WMF conference in January 2015: Building the Future: The Role of Heritage in the Sustainable Development of Yangon. The CDIA team used this opportunity to present the PFS objectives to wide range of stakeholders in heritage conservation, tourism and development. The key take aways from this conference included: *'creation of financial incentives for investment in heritage conservation'* and *'change of incentivise and disincentive dynamics of the current development context'*. A summary of the conclusions:

PRIORITIES

- Formal recognition of Yangon Downtown Conservation Area and city zoning plan
- Creation of a government focal point to facilitate conservation and heritage investment
- Development of downtown infrastructure to improve quality of life, especially walkability and open space
- Fast track government approval of YHT identified pilot projects
- Waterfront plan for public access and balanced development

ACTION POINTS

Defining Heritage and Conservation

- Define heritage in Yangon to include not only colonial buildings, but entire streetscapes and neighborhoods, as well as social interactions and uses
- Identify and map heritage through iterative processes that fully engage communities and create shared conservation values
- Communicate a collective vision and shared principles for heritage conservation

Protecting Heritage Communities

- Develop and implement heritage-oriented zoning, regulatory measures, and building codes
- Develop and implement government policies for the protection of vulnerable communities in heritage processes
- Clarify ownership, rights, and responsibilities regarding heritage properties

Facilitating and Managing Heritage Processes

- Establish a government focal point for the reuse of state-owned buildings in Yangon
- Institute and authorise a government focal point to facilitate conservation and heritage investment
- Develop a committee for Yangon tourism to coordinate research and product development

Promoting Heritage Investment

- Undertake pilot heritage projects that integrate social, economic, and environmental concerns
- Integrate heritage protection in infrastructure and service improvements
- Develop a waterfront plan that ensures connectivity, public access, and balanced development.

Supporting Heritage Conservation

- Revise taxation policies to support urban conservation and change incentive-disincentive dynamics
- Create new financial incentives for investment in heritage conservation
- Undertake training and public education to improve technical and professional skills and raise awareness about heritage

International Real Estate Conference 3-5 Aug 2015

The CDIA team has participated in the International Myanmar Real Estate & Urban Development Conference organised by Sphere conferences and the Myanmar Chamber of Commerce 3-5 August. Maggie Brooke was chair of Day 1 and Ester van Steekelenburg presented the CDIA project. This provided an excellent forum to market sounding opportunity for the PFS products and gauge support for our initiatives.

Key take-away's:

- The real estate market is cooling off, projects on hold and a lot less interest (exhibitors, attendees, questions etc.) at conference compared to last year
- Title to property remains clearly the key concern however the situation is interpreted differently by different 'experts'
- Local and national officials becoming more confident in presenting their ideas and policies, big change with last year in quality of the Burmese presentations.
- No updates though on infrastructure plans for Yangon (no JICA, no regional government present)
- They're speeding up new legislation across all sectors. We got updates on Condominium Law (appears not relevant really for us) a new apartment law that is being drafted (could be relevant for us!) and government ideas on mortgage lending (in its infancy)
- The PFS is clearly filling in a niche, concept was very well received by both national level policy makers and real estate community

Post conference a number of meetings took place with interested developers/investors who all shared similar concerns:

- Ambiguity of planning regulations
- Difficulties in getting feed-back from relevant departments in YCDC and YHT about request of information about building ownership and redevelopment potential
- Frustration with tendering process of government owned heritage buildings and sites in conservation area

Urban Working Group

At the recommendation of ADB MYRM, the TL of the CDIA team Ester van Steekelenburg joined the Myanmar Urban Working Group in August 2015. The group is an initiative from UN Habitat to provide an informal coordinating mechanism to the different actors who are working in the field of urban development and management in Myanmar. Following organisations are represented: UNFPA, Green Lotus, 3MDG, JICA, EU, UN Habitat, YHT, Cesvi, ILO, LIFT and ADB.

The objectives of the informal working group are threefold:

1. To provide a regular opportunity for open dialogue between key urban stakeholders in support of development of the urban sector in Myanmar, and other stakeholders active in urban areas;
2. To provide a mechanism which facilitates the coordination of urban sectoral activities;
3. To investigate opportunities for formalisation of the working group and development of a cohesive sectoral strategy

UNESCO WITHTRAP publication

The team (SuSu (local heritage architect) and Ester van Steekelenburg (TL/Heritage Economist)) and local counterpart YCDC (Dr. Toe Aung (Director, Urban Planning Unit, Yangon City Development Committee) have jointly responded to a request from the World Heritage Institute of Training and Research for the Asia and the Pacific Region under the auspices of UNESCO (WHITRAP) to provide a case study on Yangon for their publication about urban regeneration in Asia.

Publication: forthcoming

6.6. COMPLEMENTARITY WITH OTHER STUDIES/PROJECTS

A number of public and private initiatives are ongoing in Yangon's city centre to contribute to conservation in the downtown area, all of which are linked to the outputs of the PFS, The most significant projects are mentioned below:

EU Studies

In 2014 the EU committed EUR 900,000 to assist YCDC/YHT to strengthen institutional and operational capacities of the YCDC Urban Planning and YHT in three key areas:

1. Enhance quality of urban planning and practice, in particular heritage planning framework
2. Make planning processes more inclusive and accessible to citizens, including awareness raising for heritage conservation
3. Provide capacity building, surveying and mapping equipment, data and software to embark on inventory of heritage buildings

This project has produced three base lines studies in 2014/15, each with a duration of one man-month, focussed on the same three Streets downtown: Bogalayzay, 26th Street and Latha Street:

1. *Yangon Built Form Study*: analyses the history, the styles, heights and land use of selected areas.
2. *Livelihoods Study* (author: Dr Jayde Lin Roberts): comments on the social fabric and commercial activity in the three Streets.
3. *Yangon Myanmar Heritage Legislation Framework* (author: Liz Vines): makes useful suggestions for improving the management , the conservation, and the regulations for the historic environment

A fourth study into the '*Downtown Real Estate Market*' was completed in June 2015 comprising three elements:

1. At the **macro level**: study trends in the greater Yangon economy (GDP, economic growth, population, jobs, companies setting up) over the last five years as well as projections for the coming five years and analyse how they affect and would be likely to affect the real estate market in Yangon in general and the conservation Area in particular.
2. At the **micro level**, survey the real estate market in the conservation area, including both old buildings and newly built projects across different sectors: retail, residential, commercial, hotel and serviced

apartments/offices:

3. Collect **anecdotal evidence** to help answer the question: *'Are occupiers willing to pay a premium for heritage buildings and if yes under which conditions?'*

This study was especially relevant for the PFS the CDIA project team was given the opportunity to provide feedback on the TOR of this study as well as selection of the consultant.

Relevance for PFS: The EU studies provided useful baseline information and important reference material. The project team built on the knowledge provided in design of surveys and proposed interventions for urban upgrading.

Special Development Plan

In May 2015 the Yangon Heritage Trust (YHT) in partnership with the Prince's Foundation (PF) and selected national and international organisations, and in consultation with both government and non-government institutions, started a collaboration on a "Special Development Plan" for the Downtown Conservation Area. The Plan, aimed to be completed by April 2016, is called a "Special Development Plan" to highlight the fact that its conservation elements will be placed within a broader development vision for the Conservation Area. Its principal focus will be on the Downtown Conservation Area and adjacent areas, and it will be based on consultations with a wide-range of stakeholders including local residents and the local business community. It will consist of three parts:

1. Vision Paper
2. Framework
3. Action Plans

YHT is supported in their efforts to produce this plan by a team from the Prince's Foundation (PF), in house project coordinator Hugo Chan and London based planning expert Jeremy Caulton.

The SDP was especially important for the PFS as it was envisaged to lay out the planning framework for the Downtown Conservation Area, a strategic approach for its development and will determine what can and cannot be done in terms of height, mass and use. It was this planning framework that should have formed the basis of the PFS proposed interventions in the pilot areas. Yet due to the PFS finishing before completion of the SDP, the planning framework was not developed to the stage where it could be used by the CDIA team. As a result the CDIA team articulated a provisional set of 'Guiding Principles for Heritage Conservation and Management' comprising of a Context Brief and Intervention Control Sheets that were used as a basis for the proposed design and feasibility studies.

To ensure complementarity between the two studies the following a working configuration was agreed whereby the SDP team concentrated on vision, planning framework and area based action plans, whereas the CDIA team worked on:

1. *development vision and scenarios for the three pilot areas (based on SPD vision and planning framework and findings of PFS architectural and socio economic assessment);*
2. *ideas and financial models for area based urban upgrading in the pilot areas;*
3. *Design ideas, costing and financing models for adaptive re-use for about a dozen selected properties in the pilot areas. These packages can be used as costed case studies to show how to create value (financial, economic, social or cultural) within the rules of the game (the framework)*

The PFS recommended design ideas and financial models would be included in the SDP, allowing the SDP team to continue with the 'marketing' of those buildings/design ideas that look promising to get sufficient buy-in from developers/international financing agencies.

To avoid duplication of efforts and creating stakeholder fatigue a working configuration whereby the local SDP coordinator joined the PFS stakeholder and steering committee meetings, workshops and roundtable.

YHT/Turquoise Mountain Foundation - Merchant Street Project

The Turquoise Mountain Foundation, set up at the request of the Prince of Wales has a successful track record of revitalisation of heritage in the old city of Kabul in Afghanistan with the objective to revive rich artistic and architectural traditions. They came to Yangon started in mid-2014 support the Yangon Heritage Trust in their aims to promote and protect Yangon's built heritage as part of a comprehensive urban planning process.

YHT and Turquoise Mountain selected one mixed use building on Merchant Road (residential/commercial) with the objective to show quality renovation work, revive old skills help revitalise the area. It took them several months to get the residents (tenants) together, locate the landowner and come to an agreement. It is a philanthropic project in the sense that all works will be paid for, on the condition that residents do have to form an association and commit to future maintenance cost. In June 2015 they received the go-ahead to commence the works (minimal interventions - exterior only):

- Fix the roof
- Clean up façade and stairwells
- Improve plumbing and water pipes

Relevance for PFS: The joint YHT/Turquoise Mountain Project is very relevant for the CDIA project team as it is the first large scale renovation project where the current residents stay in the building. In addition, the Merchant building is located in one of our pilot areas. The attitude of the residents before, during and after the renovation works will provide important information for the social dimension in the PFS study, whereas the renovation work can give the CDIA team good indication of complexity and costing. The project team has been in close contact with Harry Wardill, the on-site project manager who also presented the Merchant Street renovation project as a case study at the Design Workshop in October 2015.

YHT/Pyoe Pin Legal Study

The Pyoe Pin Programme which is co-funded by DFID/Danida/Sweden committed to assist YHT with a study into the legal and titling issues of historic residential properties downtown to feed into the Special Development Plan. They have recruited a team of 1 international and 1 local experts to undertake this work. They have commenced in October 2015.

Relevance for PFS: This study essentially has the same components as the legal/ownership survey part of the PFS. Because the PFS will probably precede the YHT/Pyoe Pin study, outcomes of the FS will be essential to form the methodological structure and research approach of their legal study. The CDIA team has provided feedback on the proposed TOR project team and is in close contact with Pyoe Pin's project leader Ms. Sue Mak and the consultant Peter Waldie.

6.7. ADB THIRD GMS CORRIDOR TOWNS DEVELOPMENT PROJECT

Background

An ADB sponsored PPTA⁴⁸ is currently being undertaken in three corridor towns in Mon and Kayin States. The objective of this project is to strengthen competitiveness of the Greater Mekong Sub-Region (GMS) economic corridors through investing in urban infrastructure. The rationale is that local economic development in such towns will contribute to broader regional economy through increased traffic and trade along the GMS economic corridors, in this case particularly the East – West Economic Corridor or EWEC.

One of these corridor towns is Mawlamyine, which has a lengthy and varied history dating back over one thousand years. Mawlamyine currently has a rich built history which many other urban centres in the region have lost in their rapid desire to move to a “modern” city. There is a short window of opportunity (perhaps 5 years) during which there is time to conserve much of this heritage and then use or convert this resource to attract tourists and create related sustainable employment directly as guides/historians and indirectly through extra generated income in hotels, restaurants and travel related businesses.

The CDIA team was approached by the PPTA team in Mawlamyine to provide its services to assist them with the specific heritage component in the PPTA.

Objective and purpose of the CDIA involvement

The project recognises that it is necessary to demonstrate that heritage buildings can be used (in their current form or as a conversion) to generate/raise economic activity by using them in a more efficient and more financially viable manner. It is not enough to appeal to an owner’s good will. Owners must be convinced that an existing heritage building can be made more valuable/useful as opposed to demolition and replacement with any other alternative potential permitted use. This argument will require the aid of both inducements and controls. Inducements may well be financial, in terms of assistance (and professional advice) to repair and/or convert the building to a more beneficial use. Controls might take the form of land use controls and prohibition of demolition of selected heritage buildings.

For Mawlamyine as a whole the purpose of any assistance includes supporting the government’s serious intention to raise the quality and future longevity of its built heritage which would then attract more visitors and investors to acquire and convert selected buildings to more economic uses (e.g. boutique hotels, restaurants and professional offices). When successful, and at some point down the line it might be appropriate for the Mon State Government (MSG) to propose the inclusion of the town as a World Heritage Site. That would lead to additional worldwide interest and increase the numbers of visitors to the area.

The PPTA is therefore proposing the **establishment of a Heritage Fund for owners of heritage buildings** to access for financial assistance and for specialist technical advice in order to renovate and/or convert the building for more efficient and economic use. It is intended that **the Heritage Fund could also be used for space around and connected to the building** which is used for public and/or related purposes. This could take the form of landscaping, paving, drainage, parking and other improvements which raised the overall profile and attraction of the building and its physical setting. This was the approach utilized by the Second GMS Corridor Towns Development Project (TA-8425 REG) in its proposals for one specific part of Kampot in Cambodia. However, the

⁴⁸ TA-8758 MYA: Preparing Third GMS Corridor Towns Development Project

proposed Conservation Area in Kampot was extremely small (17 acres or less than 7 hectares) and contained the bulk of all the town's historic buildings. It was thus relatively easy to focus on improvements to the majority of its roads and pavements within its \$6.3 million proposal. That project is justified on the basis that the *“full economic and social value of the Conservation Area for local residents, property owners and tourists is not realized”*.

In Mawlamyine heritage buildings are spread throughout the whole town and consist of a wide range of uses and historical periods. This PPTA has already identified a potential location which could be a pilot study in the application of such a Restoration Fund and also in generating and discussing ideas as to how heritage buildings throughout Mawlamyine can be conserved but still be made appropriate for modern day demands and uses.

Scope of work and timing

The CDIA team provided four experts to undertake the assignment:

Susu (Local Heritage Architect)

U Saw Thwe Saw (local infrastructure engineer)

Sanjay Grover (Intl financial specialist)

Ester van Steekelenburg (TL/Intl Heritage Economics Specialist)

The assistance to the PPTA in Mawlamyine involved two components: (i) pilot restoration of a government building, and (ii) proposal to establish a Heritage Fund.

- For subcomponent 1, the PPTA team had already identified the General Administration Department (GAD) building and collected related information. CDIA inputs finalised the basic architectural design for the GAD building restoration. *Implementation of subcomponent 1 will be financed by the ensuing ADB loan.*
- For subcomponent 2, the CDIA team developed an initial concept of the proposed Heritage Fund (focus and size of the fund, governance, potential market, eligibility criteria, application process etc)

This assistance took place from September to November 2015 and was submitted to the PPTA team for inclusion in PPTA's Draft Final Report (DFR) presented at the end of November. Additional assistance may be required during 2016 for further detailing or clarifications relating to the proposal.

6.8. CAPACITY BUILDING

The PFS identified a number of gaps in capacity within the counterpart organisations, partly due to limitations in manpower, partly because of the lack of technical and financial capacity. While working on the PFS deliverables, the CDIA team went out of its way to use these as much as possible as opportunities to build capacity locally. In terms of capacity building the PFS trajectory yielded the following results:

- **Architectural Survey** . 10 staff of YCDC trained in technical survey methodology (*guidance: CDIA team international and national architect*)
 - property survey mapping methodology, including tracking of ownership/legal details
 - production of functional maps (building height, land use, technical condition, heritage value)
 - production of measured drawings of historic properties,
 - drone image analysis,

- **Socio-Economic Survey** . 4 staff of YCDC trained in survey techniques (*guidance: CDIA team international and national community and social safeguard specialist*)
 - construction research questions
 - quantitative and qualitative survey methodology
 - recording and analysis of survey results
 - production of info-graphics

- **Design Workshop** . 80 local young architects (selected out of over 150 applicants by Association of Myanmar Architects), 16 YCDC staff, 15 YHT staff trained in design studies for adaptive re-use of historic buildings (*guidance: CDIA team national architect, YHT heritage architect and 26 well respected local and international architects from Myanmar, Hong Kong, Singapore, Australia and the UK who all participated in this capacity building effort on a pro-bono basis*)
 - Articulating design philosophy / approach
 - Background analysis of the site and context
 - Outline of the opportunities and constraints for the site
 - Preliminary Design concept for the building/site
 - Explanation of design intent and how it responds to revitalisation challenges in pilot area and downtown Yangon
 - Analysis of benefits to both the local community and wider city
 - Production of international quality renderings to visualise design ideas

Table 11 - Participating Architects in Heritage Works Design Workshop

Firm Name	Participating Architects	Location
Amenity Design	U Tun Kyaw Thu / Daw Moe Thae Phyu	Yangon
Benoy	Terence Seah / Luther Seet	Singapore
Citizens ID	Olivier Danan / Pierre Mounier	Yangon
Conrad Garget	Luke Pendergast	Brisbane
David Clovers	Clover Lee / David Erdman	Hong Kong
Edgewise Architects	U Htin Kyaw Myint	Yangon
HKU Landscape Architecture	Ivan Valin	Hong Kong
Leigh & Orange	Lucy L.Y. Tsui	Hong Kong
Lovell Chen	Adam Mornement	Melbourne
OMA	Inge Goudsmit / Roberto Requejo	Hong Kong
Oval Partnership	James Pierce / Taryn-Lee Swales	Hong Kong
Purcell	Brian Anderson	Hong Kong
Scenic	Chris Foot	Hong Kong
Simpson & Brown	Stuart Allen	Edinburgh
Spine Architects	Amelie Chai	Yangon
ST&T Architects	U Sithu Myint Swe	Yangon
Statement Architects	Claire Chaw Kalyar	Yangon
Tangram	Christopher Green	Yangon
Utopia Architects	U Win Myint	Yangon

Key focus areas for capacity building going forward

The PFS exposed the need for additional capacity, manpower and resources for both YCDC's planning unit and YHT. As articulated in chapter 5.4 it is in fact unimaginable that the responsibilities for managing the urban development of a fast growing city of over seven million inhabitants is managed by a team of 40 staff whose executive power is limited by union and regional government initiated development projects in the city. There is a strong need to reinforce functions and capacity at local level. To catalyse urban regeneration in downtown Yangon the PFS suggests there is a need for additional capacity at both of the counterparts:

- **Strengthening Heritage Unit in YCDC** - to become a one-stop shop that can provide base line information in the proposed Heritage Conservation Area on a permanent basis. This is including (but not limited to) mainstreaming and upscaling the skills acquired during the PFS in preparation of the info-packs for the Design Workshop:
 - property survey mapping methodology, including tracking of ownership/legal details
 - production of functional maps (building height, land use, technical condition, heritage value)
 - production of measured drawings of historic properties,
 - drone image analysis; and
 - providing mutually agreed planning guidelines and context framework for Downtown Conservation Area

- **Strengthening YHT** – to become a constructive development partner and go-to destination for public and private investors, developers, and owners to be educated and informed on how best to re-purpose historic buildings. This would ideally result in the formation of a special division in YHT that could provide the following free services to interested parties:
 - Historical records, photographs and other information of heritage buildings
 - Background analysis of the building or site in urban context
 - Best-practice case studies of local revitalisation projects including suggestions on preferred contractors and materials

As well as a number of fee-based services:

- Conservation Management Plans for listed buildings
- Preliminary design concepts for building/sites according to internationally recognised standards for historic preservation

In addition, the proposed Housing Micro Finance Scheme (5.3) and Heritage Fund (5.5) will also include components of capacity building, yet this is more difficult to define the specifics as it much demands on the institutional configuration of the proposed products and selected intermediaries, which given the political and regulatory context is too early to be determined. At this point in time the PFS can articulate that additional capacity is needed in the field of:

Housing Micro Finance Intermediary - financial and project management skills to undertake the additional due diligence required for the HMF product

Heritage Fund Project Preparation Facility - technical, legal, design and financial feasibility studies to make publicly owned buildings investment ready

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