

CITY DEVELOPMENT

EXPERIENCES IN THE PRESERVATION
OF TEN WORLD HERITAGE SITES



Eduardo Rojas
Francesco Lanzafame
Editors



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Inter-American Development Bank

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Preface

The Inter-American Development Bank (IDB) actively supports Latin American and Caribbean (LAC) governments in their efforts to preserve and develop urban heritage areas. To ensure the success of these efforts, the Bank encourages public leadership for the preservation process with the involvement of all social actors to ensure support and bring in more resources. The promotion of private investment in urban heritage areas is considered essential to enhance the long-term sustainability of the preservation process.

The Bank undertakes multiple activities in support of urban heritage preservation, including the provision of investment loans and reimbursable and nonreimbursable technical cooperation. The IDB also organizes policy debates, seminars, and technical exchanges among cities, and produces technical publications. The present study is intended to increase available knowledge on factors contributing to the long-term sustainability of urban heritage preservation efforts. In particular, the IDB seeks to expand the understanding of the economic aspects of sustainable preservation that are complementary to the social, environmental, and institutional aspects of heritage preservation that are better understood. It is expected that the results of the studies presented in this publication will fill a knowledge gap and improve the overall effectiveness of urban heritage preservation and development efforts in the LAC region, as well as in other regions around the world.

Vicente Fretes

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Introduction

Tracking Preservation Work in Ten Historic Centers

Eduardo Rojas
Francesco Lanzafame



The Chilean Navy building dominates the Plaza Sotomayor in the historic port area of Valparaiso.

THE DETERIORATION OF VALUABLE URBAN HERITAGE SITES

The Latin American and Caribbean (LAC) region has a rich and varied urban heritage that includes fine examples of the architecture and urbanism that dates back to the pre-Columbian times and was greatly enriched in the 16th century by the city-founding activities of the European conquistadores. A significant number of historic centers and historic cities of the region are included in UNESCO's World Heritage List (WHL) (<http://whc.unesco.org/en/list>), and many others are protected by national and local legislation.

Throughout the 20th century, much of the heritage in the region suffered because of abandonment and misuse of many monuments, including convents and churches, schools and universities, and theaters and meeting halls, among other buildings. These processes were the result of the profound changes experienced by society. The upper- and middle-income households vacated the traditional houses in historic centers to enjoy the modern amenities of the suburbs. Also, commercial, office, and manufacturing buildings were left vacant by enterprises that moved to the periphery, following their customers and searching for modern building facilities. These buildings were taken over by low-income households and informal businesses that benefited from their central location and low rents. Others buildings, mostly for industrial and manufacturing uses, were left vacant. The new users informally subdivided residential buildings to provide affordable housing or workspace, and occupied public spaces to sell products and services. Because of abandonment, as well as stress from overuse, the structures decayed, fueling further deterioration of the urban heritage areas in the region. Buildings in the historic centers suffered a dual and mutually reinforcing process of obsolescence: functional obsolescence, as buildings no longer served modern uses, and physical obsolescence, as the structure and installations of the buildings deteriorated due to abandonment or overuse. The third process negatively impacting the preservation of urban heritage areas is economic obsolescence, which occurs when the centrally located historic buildings are worth less than the land that they occupy. This process has led to the demolition of heritage buildings, particularly in fast growing cities.

There are also cultural issues involved in the loss of urban heritage. The rapid expansion of more modern cities in the 20th century led to a devaluation

of the historic cities in more than the physical dimension. Often historic cities were considered synonymous with backwardness and colonial exploitation. The modernity-oriented cultural elite and educational systems did not place value on the heritage and often created the physiological conditions that led the communities to accept the destruction of most of the urban heritage in rapidly growing metropolitan areas during the second half of the 20th century. With the exceptions of Brazil and Mexico, which pioneered preservation efforts during that time, most countries and local communities began active urban heritage preservation programs much later in the century.

Today there is a growing interest in the rehabilitation of urban heritage areas in the LAC region to preserve their social and cultural values and put them into productive uses. However, progress is hampered by lack of interest on the part of the private sector to invest in urban heritage areas, the absence of effective policies and programs to promote the process, and a scarcity of effective institutional arrangements to design and execute heritage preservation and development programs. Most countries in the region are still in what can be considered an early phase in the institutional and policy development process toward sustainable preservation and development of urban heritage sites. Typical interventions in this phase include the sporadic rehabilitation of emblematic buildings. Confronted with the imminent loss of their heritage assets, the cultured elite pressures their governments to intervene and gather resources from public sources and private philanthropy to rescue deteriorating buildings. To generate a more sustainable urban heritage preservation process, comprehensive policies and more effective programs are needed. Such programs should increase awareness of the value of heritage, mobilize the community and private philanthropy, and, above all, attract private investors and consumers to do business in heritage areas.

SELF-SUSTAINED REHABILITATION AND PRESERVATION OF URBAN HERITAGE AREAS

Notwithstanding the slow progress in institution building and program implementation, there are numerous cases of urban heritage areas in the LAC region that are benefiting from very active government-sponsored rehabilitation

and conservation programs. With widely different focuses and financing strategies, different cities assign public resources to improve the infrastructure and rehabilitate public spaces and emblematic buildings to stop the deterioration process. In addition, some local governments are attempting to attract private investors to set up businesses and purchase houses in the historic centers. Due to limited financial and institutional resources, governments cannot maintain the heritage areas alone. Thus, the long-term sustainability of rehabilitation and conservation efforts will ultimately rest on the capacity of these programs to retain existing activities and attract a diversified set of new economic activities, residents, and users to the historic centers. The partial success attained by some LAC cities (Quito, Cartagena, Antigua)—and the much wider success of cities in other continents—provides hope that a self-sustained heritage rehabilitation and development process can be achieved.

Self-sustained preservation is attained when the urban heritage area is attractive for a variety of users, such as residents of different income levels, local shoppers, tourists, business owners, and people involved in community service, and cultural and government activities. This attractiveness leads to increased demand for space in the heritage area, which encourages private investment and drives real estate returns to levels that are comparable to other active areas of the city. In a self-sustained stage of preservation, the driver for the development of the historic center is the private sector, and government funds should be used mostly to operate and maintain urban infrastructures and services to compensate the negative social impacts of the development process, and support private initiatives that fulfill clear public purposes. Government intervention is also needed to provide socially acceptable solutions to the problems faced by poor households living and working in urban heritage areas.

Most heritage areas are centrally located so, provided that they are easily accessible from all areas of the city, they enjoy a location advantage over other areas. However, to turn this advantage into a real factor in the preservation and development of its heritage assets, they need to become recognized hubs for business, commerce, services, tourism, and living. However, little is known—in a systematic fashion—about the factors that attract new residents and business to these areas. There is anecdotal evidence on the impact

of “fads” in attracting specific consumers to live and trade in historic centers, yet there is insufficient knowledge about the factors that will attract the wide variety of customers and businesses that are needed for an urban area to prosper and receive—on a sustained basis—the investments needed to preserve the heritage buildings.

Moreover, it is important to identify policies, strategies, and programs that will help governments move from the initial phases of urban heritage rehabilitation—based on investing public funds on selected heritage buildings and public spaces—to more advanced phases using public funds to generate favorable conditions for private investors (either commercial or philanthropic). Private sector investment in the preservation and development of residential, commercial, and office space in urban heritage areas is a good gauge to measure the interest of households, service providers, and businesses to stay in or relocate to the area. Another indicator of the strength of the economy of an urban heritage area is the use of public funds. In dynamic urban areas, the government does not need to invest in promoting urban development and focuses mostly on the operation and maintenance of infrastructure and public spaces, the provision of urban services, and offering support to vulnerable residents and users.

Members of communities that value their heritage are willing to commit the necessary funding to its preservation and to make concessions to ensure the long-term sustainability of preservation efforts. Residents and businesspersons aware of the cultural and historic value of the historic centers are willing to pay for the extra cost of rehabilitating and using heritage buildings for their activities. Expanding community awareness on the value of heritage is then a critical component of the rehabilitation effort and requires long-term investments to improve research on these values and incorporate the findings into educational programs, community forums, and the mass media.

Widespread incidence of social ills in the heritage areas drives away potential users and residents. Their mitigation or elimination removes this major risk for investors. This is a task that only governments can tackle in association with philanthropic institutions and nongovernmental organizations. Gentrification can be considered a sign of success in turning heritage areas into attractive locations in any city; however, this trend drives up real estate

prices, benefiting low-income owners but creating financial burdens for renters. Mitigation measures are needed to ensure a minimum supply of low-cost rental housing and accessible production space for low-income workers, such as craft persons and service providers (repair and maintenance) in the heritage areas.

Public policy and investments can influence some of these factors; the condition of others can be changed by concerted public-private interventions. The identification of these factors and of effective interventions to promote their presence in a heritage area can make a significant contribution to more efficient urban heritage rehabilitation and development processes.

ANALYZING THE SUSTAINABILITY OF URBAN HERITAGE PRESERVATION: A CASE STUDY APPROACH

A better understanding of factors that lead to the sustainable preservation and development of urban heritage areas can have a significant and positive impact on the design and implementation of urban heritage preservation efforts by national, state, and local governments. To this end, the experiences of 10 urban heritage areas are reviewed in this publication.

The case studies have the following main objectives:

- Identify and analyze social and economic factors that contribute to self-sustained development and preservation processes in urban heritage areas.
- Identify commonalities among the cases and draw principles and recommendations that can be used in different contexts.
- Identify government interventions that can promote and sustain the materialization of self-sustained preservation and development processes.

The cities selected for this study are actively working toward the preservation and development of their urban heritage areas. The particular case

studies focus on urban heritage areas located in midsize cities that are included in the World Heritage List (WHL). The rationale for this choice is as follows:

- Midsize cities (200,000–3,000,000 inhabitants) are the most dynamic components of the urban settlement structure of the LAC cities and are expected to undergo the most significant changes in the coming decades. The preservation and development of their heritage areas will be a challenge, as the history of large metropolitan areas in the region shows that historic centers suffer grave loss of heritage assets under the pressure of fast urban development.
- Although some urban heritage areas are not in the city center, most of them are, which makes them a more homogenous set for discussing the working hypothesis.
- The fact that the cities examined are included on the WHL provides external verification of their heritage values under comparable criteria and standards.

To provide a counterpoint to the findings of the four LAC cities selected—Oaxaca, Mexico; Quito, Ecuador; Salvador de Bahia, Brazil; and Valparaiso, Chile—four cities in Europe were analyzed: Edinburgh, United Kingdom; Oporto, Portugal; and Siracusa and Verona, Italy. The study benefited from a study on the Medina of Marrakesh in Morocco completed by the World Bank and another on the Medina of Aleppo in Syria by the Gesellschaft für Internationale Zusammenarbeit (GIZ), also midsize cities with historic centers included on the WHL.

The case studies herein are presented alphabetically by geographical area. Although they were developed with the same purposes and hypothesis in mind, lack of information led to different depths of analysis preventing full comparability. However, the presentation of the Latin American cases together with the European, Asian, and African cases in this monograph allow for conclusions that are useful for the design and implementation of urban heritage preservation policies and programs. The most salient are presented in the following section.

HERITAGE VALUES, GOVERNMENT INTERVENTIONS, AND PRESERVATION: LESSONS FROM THE CASE STUDY

The heritage value of the historic centers discussed in this publication is attested by their inclusion in the World Heritage List. The reasons for inclusion are many and fit within the criteria set by UNESCO to guide the decisions of the governing body of the international convention that established the List. The four Latin American cases—Oaxaca, Quito, Salvador de Bahia and Valparaiso—have historic centers that contain many sociocultural values and have the potential to generate benefits from their economic values. The historic center of Quito was the first urban heritage area listed on the WHL in 1978. Oaxaca and Salvador de Bahia followed in 1987, and Valparaiso in 2003. The inclusion of the historic center of Quito was justified due to its outstanding array of public spaces and buildings of artistic and historic value. The listed area of Oaxaca included the historic center and the archaeological site of Monte Alban; they are magnificent examples of the evolution of human settlements in Mesoamerica in the last two millennia. The Pelourinho, the historic center of Salvador de Bahia, stands out because of the blend of European, African, and Amerindian cultures and its outstanding Renaissance buildings surrounded by brightly colored houses often decorated with fine stuccowork. The inclusion of the historic center of Valparaiso in the WHL rests on the fact that the city's structure and buildings bear witness to the early phase of globalization in the late 19th century, when it became the leading mercantile port for the shipping routes on the Pacific coast of South America.

The cases studied show that the initial concern for the deterioration of the historic centers emerged in members of the cultured elite that mobilized governments to list and protect the urban heritage areas but otherwise acted only sporadically to preserve outstanding buildings (mostly with funds from philanthropic institutions). This level of activity could not launch a sustainable preservation and development process. Central government commitment with the WHL sites often translated into funding for the planning and implementation of preservation programs. This is the case of Valparaiso, where all the financing is provided by the central government. Also in Salvador, all the funding is provided by the upper tier institution, the Government of the State of Bahia, the second tier institution in the federal structure of Brazil. In both

cases the local government is not contributing to the effort. Oaxaca had support from both the federal and the state governments but the local government has invested greatly. Also, while Quito had some funding from resources collected by the provincial level (the resources from the rescue fund for monuments, FONSA), the municipality provided the majority of the funding.

The large scale of the problem and the many private benefits make full public funding impractical, inefficient, and unequal. It is impractical because even the combined resources of all levels of governments cannot bear all the costs of the preservation effort. It is inefficient as public investment may crowd out private investments when applied to assets that have use value with demand in the real estate market. It is unequal when funds benefiting private sector owners and users are not returned to the public treasury. Responding to this challenge, Quito tried from the beginning of the preservation process to attract other sources of funding and set up the CCHQ as a mixed-capital corporation capable of undertaking all the functions of a real estate developer besides executing public works under contract from the municipality.

Although it is not possible to establish direct causality between the results of the preservation efforts and the governance and financing issues discussed on the cases studied, certain points are worth mentioning. In Oaxaca and Quito, it is found that the preservation process managed to engage the interest of a wide group of actors and is putting into use urban heritage assets that on top of having historic, aesthetic, spiritual, and social value, also have economic use and nonuse values. These assets are used and maintained by a variety of enterprises, households, consumers, and public and private institutions contributing to the sustainability of the preservation. The greater variety of activities using the historic center is expressed in the presence of residential, commercial, and institutional land uses. Salvador de Bahia and Valparaiso have proven less successful in this respect, and the sustainability of their preservation efforts still face complex challenges.

Contrasting the outcomes of the four Latin American cases with the European cases reinforces the conclusion that the sustainability of the preservation process is enhanced when the urban heritage areas are attractive for a variety of users interested in a variety of values of the heritage. The historic centers of Edinburgh and Verona are outstanding examples of this outcome, as is the Medina of Marrakesh. Preservation efforts must promote the

economic values of the heritage as a complement and support for the preservation of the socioeconomic values that have motivated actions in the past. This requires a flexible approach to preservation to allow the adaptive rehabilitation of heritage assets, public and private, to new uses with social or market demand.

The case studies presented herein highlight many lessons that are useful for the design and implementation of preservation programs for urban heritage areas. It is hoped that the publication of the results of these studies can assist decision makers, program designers, and implementing agencies to improve their practices and bring better results with the resources devoted to the task.

Part One

Latin American Experiences

Oaxaca de Juárez, Mexico

Alessandra Quartesan
Monica Romis



The cathedral church of Oaxaca is a magnificent example of the architecture of the colonial period in Latin America that benefited from the work of Spanish architects and local master masons.

*Photo by
Alessandra
Quartesan*

A large number of historic centers in the Latin American and Caribbean (LAC) region are rich with architecture and public spaces, often dating back to the 15th and 16th centuries. Many of these historic centers have maintained their original street layouts, which, in cities founded by Spaniards, is usually a strict gridiron pattern of streets. As cities modernize, this inherited urban structure has begun to show signs of stress. Narrow streets have become congested by car traffic; informal street vendors have begun to invade public spaces; and traditional land use patterns have failed to meet the needs of the rapid development in the cities.¹ As a result, many downtown areas in the region have lost importance and presence in city life. In contrast to the perception of modernity reflected by high-rise buildings and highways, historic centers have come to be seen as traditional and backward (Rojas, 1999). Consequently, the most dynamic urban economic activities and high-income households have abandoned many historic centers, which has led to further deterioration and obsolescence of buildings and public spaces.

Today there is a growing interest in the rehabilitation of urban heritage areas throughout the LAC region. However, there are several factors that hamper this process. First, the historic centers are not widely valued and consequently there is a lack of interest on the part of the private sector to invest in urban heritage areas. Second, there is an absence of effective policies and programs to promote rehabilitation. Third, there is a lack of institutional arrangements and coordination in designing and executing heritage preservation and development programs. As a result, rehabilitation programs often involve limited, sporadic, and overlapping projects that focus only on emblematic buildings. These issues must be addressed to develop programs for the preservation of historic centers that can be sustained by the communities themselves.

This chapter presents the main findings of a case study of the preservation of the historic center of Oaxaca de Juárez, Mexico (hereafter Oaxaca). The historic center of Oaxaca can be considered a well-preserved area with

¹The region is characterized by a rapid and relevant urban development, as result of immigration flows and natural population growth. In 2007, LAC urban population reached about 80 percent of the total population, while worldwide the average was about 50 percent (Lanzafame and Quartesan, 2009).

expanding social, cultural, and economic urban activities. It is a vibrant city center where local residents and tourists congregate, and it houses many government functions, important markets, and religious centers. This case study analyzes the key factors that have led to Oaxaca's success in the preservation of its historic center, which include i) retaining key functions of the city (such as government, education, religion, commerce, and health care); ii) having (and keeping) a mix of low-, middle-, and upper-class residents; iii) promoting cultural tourism around the heritage sites; iv) attracting private investors and consumers; and finally v) benefiting from the early involvement of both public and private (including civil society) actors in preservation efforts. The fact that Oaxaca's historic center was never abandoned and maintained the function of an important regional hub contributes to its preservation. This historic trajectory differentiates the case of Oaxaca from the broad pattern of historic center abandonment seen throughout the LAC region.

However, the historic center of Oaxaca has not escaped the challenges of rapid urbanization, which in many ways are more vexing because the center has never been abandoned. Problems related to transit and access—such as traffic, lack of parking, and informal street vendors clogging roads—could reduce the attractiveness of the historic center if they are not tackled. In addition, the recent displacement of some government offices from the center and the development of new commercial centers in other areas of the city may drain some of its economic vitality. Together, if no new initiatives are put into place, these two trends could negatively impact the historic center's long-term sustainability.

METHODOLOGICAL NOTE

The main goal of the study is to expand the understanding of the economics of self-sustainable preservation that are complementary to the social, environmental, and institutional dimensions of heritage preservation. To this end the case study reviews whether the historic center of Oaxaca is a well-preserved and actively developing urban heritage area with a mix of residential, commercial, recreational, and government activities that are comparable to those of other dynamic central areas of the city. Is the center attracting

private and public investment in similar volumes? Are private investments showing competitive returns? Are these characteristics the consequence of identifiable factors that can systematically be attributed to the attainment of these outcomes?

In the city of Oaxaca there are two sites of great significance for the heritage of Mexico, the Historic Center of Oaxaca and the Archaeological Site of Monte Albán. Even though the two sites have different geographical, social, and economic conditions, they were included together in UNESCO's World Heritage List (WHL) in 1987. As the focus of this study is on urban heritage, Monte Albán is included in this analysis only to the extent that it affects the economy and society of the historic center of Oaxaca.

The research was conducted in two phases. First, various documentary materials were collected and analyzed, including books, journal articles, newspaper articles, government reports, Web sites of interest, and databases. Second, field investigation was conducted in Oaxaca, including interviews and focus groups with over 25 principal stakeholders.² Four additional interviews were conducted in Mexico City.

The methodology compares the situation of the historic center today with its situation before its inclusion in the WHL to understand the impact of this decision by UNESCO. It is important to highlight that Mexico was a pioneer in efforts to preserve cultural heritage sites and undertook various urban heritage programs in the second quarter of 20th century.³ As a result, the first sites in Mexico were inscribed on the WHL as early as 1987 (including the sites discussed herein). Notwithstanding this early urban heritage preservation activity, little data is available for the period before the historic center was included on the WHL.⁴ However, where data allow, the case study adopts a comparative framework examining changes over time and trends that have affected the center's preservation. In addition to making comparisons of the site itself over time, the case study contrasts it with other parts of the city and

² The fieldwork was conducted in Oaxaca from November 16 to November 21, 2009.

³ Most countries in the LAC region, with the exception of Brazil, started programs late in the 20th century.

⁴ Data became scarcer when the archives of the State Secretariat of Tourism were destroyed in a fire during the unrest in 2006.

FIGURE 1 | The Geographic Location of Oaxaca

Source: Authors' elaboration.

country to help identify the factors that contributed to economic and social changes in the historic center.

HISTORY AND SOCIODEMOGRAPHICS OF OAXACA

Archaeological finds indicate that Oaxaca is the most ancient inhabited area of Mexico. For thousands of years, Zapotec and Mixtec communities lived in the area close to the present-day city. In the mid-14th century, the Aztecs named the strategic military fortress built in that area Oaxaca, a name that comes from the Aztec word *Huaxyacac* (meaning “on the peak of the *guaje* tree”).⁵ The rich history of the region is reflected in the high levels of cultural diversity of the state, which today has 16 formally registered ethnolinguistic groups.⁶ However, in Oaxaca’s historic center, only 4 percent of the resident population age five and older speak an indigenous language (Casa de la Ciudad, 1998).

When the Spanish first arrived in the area of present-day Oaxaca, they founded a new city next to the old fortress. Bordered on the east and the northeast by the San Felipe River, on the southwest by the Atoyac River, and

⁵ The word *Huaxyacac* has its roots in Nahuatl (the Aztec language): *Huaxin* means guaje and *Yacalt* means peak-top. The guaje tree is a kind of acacia that grows throughout the state.

⁶ The Zapotec, with 347,000 people, and the Mixtec, with 241,000 people, are the largest groups. According to Schmal (2003), 37.11 percent of the state population still speaks indigenous languages, while the average for Mexico as a whole is 15 percent. (Schmal, 2003)

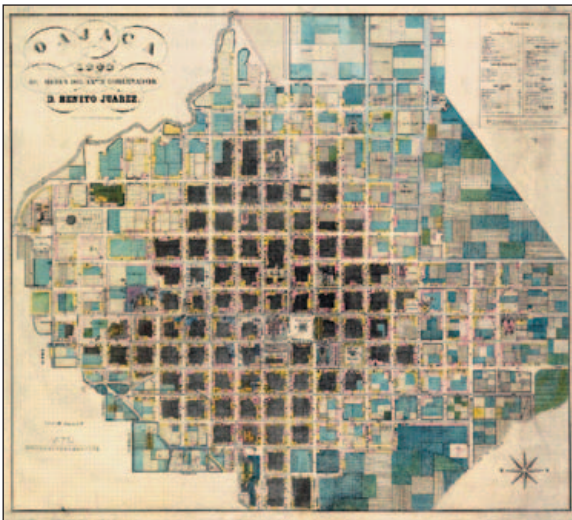
to the north by the Cerro del Fortin, the area was an ideal place to settle. By 1529, the city rose to the status of *villa* and was formally named Nueva Antequera.

Nueva Antequera prospered during the 16th and 17th centuries and was mainly spared the effects of military actions that took place in the period. Later the city played an important role in Mexican history because it was the home of Benito Juárez and Porfirio Díaz, significant figures of the process of consolidation of the republican system in Mexico after its independence from Spain in 1810.⁷ In 1821, the name of the city became Oaxaca. In 1872, “de Juárez” was added to honor the former president Benito Juárez. Figure 2, a map of Oaxaca in 1848, shows block division and main buildings, and includes a list

of convents, monasteries, churches, public buildings, plazas, and parks.

Today, the city of Oaxaca is part of the larger metropolitan area, which includes 18 additional municipalities. Over the past six decades, growth in the metropolitan area has been dramatic, increasing from about 50,000 inhabitants in 1940 to an estimated 504,000 inhabitants in 2005 (Table 1). This growth was first concentrated in the city of Oaxaca and, starting from 1990, became more intense in the 18 surrounding municipalities. As a result, the city went from representing 77.3 percent of the total population of the Oaxaca Metropolitan Area (OMA) in 1970, to 52.6 percent in 2005.

FIGURE 2 | Oaxaca City, 1848



Source: <http://cronicascartograficas.wordpress.com/2008/10/08/exposicion-virtual-mapas-tempranos-de-la-coleccion-latinoamericana-benson/>

⁷ Benito Pablo Juárez García (1806–1872) was one of the most beloved leaders of Mexico and the first indigenous (Zapotec) to serve as president (five times). He is remembered for resisting the French occupation and restoring the Republic. José de la Cruz Porfirio Díaz Mori (1830–1915) was an expert general and served as the president of Mexico several times. During his leadership, the country experienced a period of stability and economic growth. However, he is commonly considered a dictator. His conservative regime became gradually unpopular and fell during the Mexican revolution.

TABLE 1 | Population Growth at City Level, 1940–2005

Geographic area	1940	1950	1960	1970	1980	1990	1995	2000	2005
OMA	52,989	72,970	105,750	150,508	209,245	331,247	404,371	460,350	504,159
Oaxaca City	31,389	49,953	78,639	116,388	157,284	213,985	244,827	256,130	265,033
Oaxaca (%)	59.2	68.5	74.4	77.3	75.2	64.6	60.5	55.6	52.6

Source: Authors' elaboration based on Urban Development Municipal Plan of Oaxaca de Juárez, 2005–2007 and Zoning Plan for the OMA (1993).

Figure 3 illustrates that between 1990 and 2005 the historic center suffered a decrease in population volume, losing nearly 50 percent of total population, mostly concentrated in the core of the historic center.

The Political and Social Events of 2006

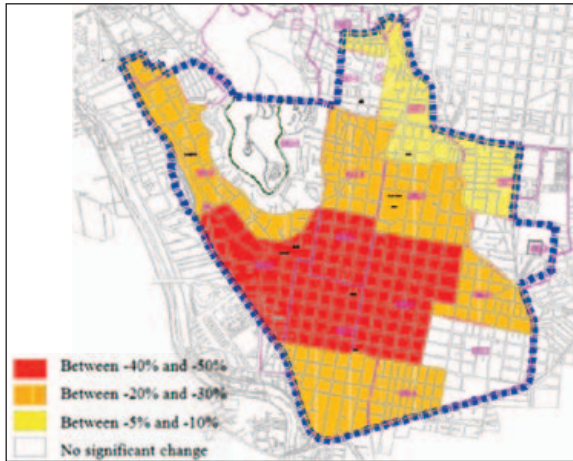
In 2006, the city of Oaxaca was the scene of a sociopolitical conflict that paralyzed economic activity and tourism in the whole region (Rivera Rosas, 2008). The immediate cause of the strife was a strike organized by the local teachers' union, the National Union of Education Workers (SNTE, or *Sindicato Nacional de Trabajadores de la Educación*), over wage increases. The dispute escalated with street protests, and the governor of the state sent 1,700 police to control the unrest and restore order. The situation further escalated when the Popular Assembly of the Peoples of Oaxaca (APPO, or *Asamblea Popular de los Pueblos de Oaxaca*) joined the protest against the governor and the political leadership in the state.⁸ The governor was accused of corruption and was asked to resign. The conflict, which lasted approximately seven months, descended into violent clashes between police and protestors and resulted in many arrests and even some deaths.

The events drew significant coverage from the media, which continued to feature stories on the conflict even after the city began to recover.⁹ Because the historic center is the location of the state government and it is also the

⁸ The APPO was assembled in June of 2006 as a response to the political events. It mobilized more than 300 workers associations in support of the SNTE.

⁹ Surprisingly, the events of 2006 have not hindered recent growth in property values and local infrastructure.

FIGURE 3 | Change in Population in the Historic Center, 1990–2005



Source: City Government of Oaxaca on INEGI data.

heart of city activity, much of the conflict was concentrated within its limits. The walls and buildings covered with graffiti in the historic center are but one of the damages caused by the protest. The city government, the National Institute of Anthropology and History (INAH, or Instituto Nacional de Antropología e Historia), and civil society organizations implemented annual cleaning programs to remove graffiti from religious and historical monuments. By 2009, the city had recovered from these traumatic events and citizens and tourists were back in the historic center.

THE HISTORIC CENTER

The historic center of Oaxaca has an area of 544 hectares, which is 23 percent of the city area and 7 percent of the OMA's total area. In 2000, there were 39,000 residents in the historic center, accounting for 15.3 percent of the total population of the city and 8.5 percent of the OMA's total population (Table 2).¹⁰

Much of the city economy (61 percent) is concentrated in the historic center. Many economic activities—including manufacturing, commerce, and nearly all nonfinancial services—are located in this area of the city (see Table 3). Consequently, there is a floating population of 20,000 people who gravitate to the historic center on a daily basis. In addition, the concentration of schools, religious centers, hotels, and restaurants creates congestion and saturation of parking on public streets.

¹⁰The city government has included the areas of Jalatlaco, Marquesado, Trinidad de las Huertas, and Xochimilco in the area considered the historic center.

TABLE 2 | Historic Center Share of Population and Area, 2000

OMA	
Population	460,350
Area (hectares)	7,517
Oaxaca City	
Population	256,130
Area (hectares)	2,362
Historic Center	
Population	39,173
Area (hectares)	544
Percent of total city population	15.3
Percent of total city area	23
Percent of total OMA population	8.5
Percent of total OMA area	7.2

Source: Authors' elaboration based on Urban Development Municipal Plan of Oaxaca de Juárez, 2005–2007 and Zoning Plan for the OMA (1993).

The Economically Active Population (EAP) in the city of Oaxaca amounted to 68,000 people in 1993, 24 percent of which (16,500) lived in the city center. The unemployment level was 2 percent in the center and 3 percent for the whole city. Overall, the income level of the population was quite low, with 61 percent of the EAP earning between one and two minimum salaries, and only 30 percent earning between two and five minimum salaries (INEGI Economic Census, 1993).

Urban Structure

The city of Oaxaca is characterized by a mixed urban structure, where architectural styles, urban layout, geographical obstacles (such as the presence of

TABLE 3 | Percent of Total Economic Activities in Historic Center

	Manufacturing	%	Commerce	%	Nonfinancial services	%	Total	%
Oaxaca City	600	100	6,601	100	3,266	100	10,467	100
Historic Center	346	57	3,144	47	2,932	90	6,422	61

Source: INEGI Economic Census (1993), in City Council of Oaxaca (1998).

FIGURE 4 | Aerial Photo of Historic Center of Oaxaca



Source: Casa de la Ciudad (1996).

waterways and hills), public spaces, and different urban functions (such as government, commerce, education, and culture) combine in one place. The polygon of the historic center is the only area that has an orthogonal grid, with well-defined public open spaces (see Figure 4).

The rest of the city is characterized by an irregular urban layout adapted to the topography and historic agricultural land uses and ownership patterns. The area of the historic center is clearly delineated by boundaries, some natural (the Cerro del Fortín and the Jalatlaco River) and others manmade (railway and the ring road [Periferico]). Although this configuration complicates connections with the rest of the region, and increases traffic congestion in the city, it has enabled

the historic center to retain a distinct physical identity.

The historic center of Oaxaca is the second largest in the country (after Mexico City). Its structure still retains the original grid dating back to the colonial era. The downtown area forms a polygon composed of 482 blocks, of which 240 are in the core of the historic center and 242 are in the buffer zone.¹¹ The urban structure of the historic center still clearly shows its colonial roots. The symmetric grid extends from the Zócalo, the main square, where government and administrative offices, commercial activities, social spaces, and employment opportunities are concentrated.¹² On a smaller scale, the city core mirrors the urban structure of large LAC cities, in which the modern downtown encompasses the old market district, the historic central district, and the central business district (Lanzafame and Quartesan, 2009). The

¹¹ Interview with the Direction for the Historic Center of the city government of Oaxaca.

¹² In 2005, the majority of state offices moved out of the historic center, however it still hosts many public offices.



The historic center retains a variety of economic activities serving the local population and tourists.

Photo by Alessandra Quartesan

most competitive and specialized uses of the land are located in the core of Oaxaca's historic center. This area also has the highest real estate prices. The historic center of Oaxaca has predominantly low buildings and its skyline is punctuated by domes and church towers. On average, the buildings have one to two floors. The average height of the single-floor buildings is 5 meters, and of two-floor buildings, 9.5 meters.¹³

The historic center of Oaxaca stands out because of its many heritage sites, which include colonial and religious buildings and public spaces. Taking into account the cultural heritage value of the city, in March 1976 the federal government designated Oaxaca as a Historic Patrimonial Area. After gaining this status, based on the hard work of the local government and civil society groups, in 1987 the historic center of Oaxaca and the archaeological site Monte Albán were included in the WHL, upon meeting the requirements provided in the Operational Guidelines for the Implementation of the World Heritage Convention. According to the text of the convention,

¹³ There are also three-floor buildings located in the streets of I. Zaragoza-La Noria and Av. Morelos, and the majority of buildings with three floors or more is concentrated along the Corredor Francisco I. Madero, Periférico, Lic. E. Vasconcelos, and Calzada Héroe de Chapultepec.

the Monte Albán site and the city of Oaxaca meet the multiple selection criteria.¹⁴

In 2007, the city government, in collaboration with the INAH, developed a catalogue of heritage buildings. The catalogue includes colonial buildings as well as those built at the beginning of the 20th century and classifies buildings into four categories based on their architectural style:

- *Monumental architecture*: structures with unique architectural characteristics and historic background; they stand out in the urban landscape as important landmarks because of their architectural and monumental quality.
- *Relevant architecture*: smaller structures with architectural quality and/or historic background and valuable artistic features.
- *Traditional architecture*: these structures retain some of the decorative and artistic elements of “relevant architecture,” but with more modest features. They complement the built environment by providing a transition between “relevant architecture” and “popular or vernacular architecture.”
- *Vernacular architecture*: buildings with modest characteristics; these are examples of the popular architecture in Oaxaca.

Those who own a property included in the catalogue must respect specific rules for renovation, as well as gain access to fiscal incentives. Long-term owners especially appreciate the opportunity to include their properties in the catalogue.

Official data provided by the municipality of Oaxaca in 2010 indicates that the general level of preservation of the buildings in the historic center is quite good. These data refer to a 544-hectare area, with a total of 8,676

¹⁴ Specifically, these criteria are i) to represent a masterpiece of human creative genius; ii) to exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning, or landscape design; iii) to bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared; and iv) to be an outstanding example of a type of building, architectural, or technological ensemble or landscape which illustrates (a) significant stage(s) in human history.

TABLE 4 | Level of Preservation of Buildings in the Historic Center (2010)

Preservation Level	Number	%
Well preserved	8,466	97.6
With minor problems	83	1
With major problems	82	0.9
Ruins	42	0.5
Total	8,676	100

Source: Oaxaca City Government (2010).

buildings that include both properties with and without patrimonial value. As shown in the Table 4, more than 97 percent of the buildings in the historic center are in good condition, 1 percent have minor problems (low-monitor risk level), nearly 1 percent have major problems (high-medium risk level), and 0.5 percent are considered ruins.

Earlier data provide evidence that in 1994 the conditions of buildings in the historic center were very poor. At the time, only 30 percent were well preserved, 51 percent of buildings presented major or minor problems, and nearly 19 percent were considered ruins. These estimates only include the 1,597 buildings in the historic center as defined at the time (before boundaries were expanded to include a larger area).¹⁵ Notwithstanding the expansion in the numbers of buildings included in the data, there were still fewer buildings in poor condition (major/minor problems or ruins) in 2010 compared with 1994. The difference between 1994 and 2010 can be attributed to an increase in public and private investment that produced positive effects on the state of preservation of the properties.

Oaxaca, like other urban areas in the LAC region, has not escaped the problems associated with rapid population growth, such as deficits in infrastructure and services, and the low-income levels of most of its inhabitants. Notwithstanding these problems, the historic center stands out for having

¹⁵In 1998, with the approval of the Special Plan for the Historic Center, the boundaries of the historic center so defined were expanded and the area encompassed 544 hectares, with a total of 8,676 buildings, with and without patrimonial value.

TABLE 5 | Level of Preservation of Buildings in the Historic Center, 1994

Preservation level	Monumental architecture		Relevant architecture		Traditional architecture		Popular architecture		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Well preserved	6	33.3	69	39	322	32.7	82	19.6	479	30
With major/minor problems	10	55.6	96	54.2	507	51.5	204	48.8	817	51.2
Ruins	2	11.1	12	6.8	155	15.8	132	31.6	301	18.8
Total	18	100	177	100	984	100	418	100	1597	100

Source: Oaxaca City Government (1994).

better infrastructure and services than the rest of the city, and for having attracted significant public and private investment in the preservation of historic buildings. The presence of government offices, businesses, schools, universities, commercial sites, and tourist services demonstrates that the historic center has retained its role as the city's hub. Moreover, there are also many religious buildings and open public spaces, including the Cerro del Fortín, la Alameda del León, Paseo Juárez, El Llano, and a high concentration of tourist attractions.

Land Use

The land in the historic center is used for a variety of different residential, commercial, religious, and government activities. There are a series of plans that regulate land use in the historic center, which are discussed later herein. The two main plans—the Special Plan for the Preservation of the Historic Center (Plan Parcial de Conservación del Centro Histórico de la Ciudad de Oaxaca) and the Management Plan for the Preservation of the Historic Center (Plan de Manejo para el Centro Histórico de la Ciudad de Oaxaca)—not only regulate use, but also provide data on the distribution of activities. Figure 5 shows the boundaries of the historic center in blue, indicating the area where the special plan and the management plan apply, while the Historic Patrimonial Area boundaries are shown in red.

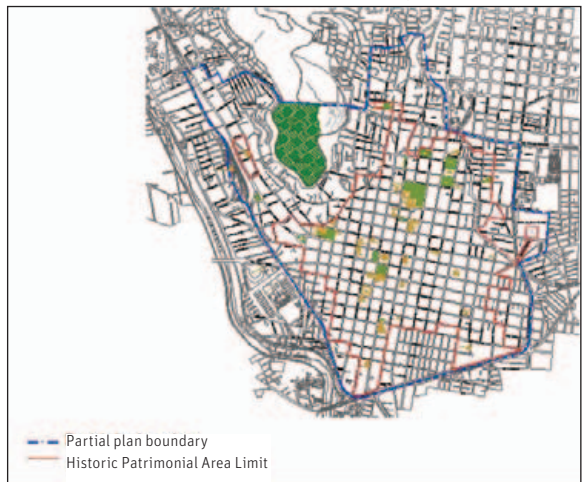
The special plan classifies land use as residential, commercial, offices and banks, public services, other use, and transit (see Table 6). The most

prevalent uses in the historic center are residential (44 percent) and commercial (22 percent). Most of the residential use spreads out from the Periferico to the center, comprising 229 hectares. The 30-block area around the Zócalo concentrates commerce, banks, offices, and hotels. The total area for commercial use is 113.2 hectares, which includes 69.45 hectares of mixed-use areas. In these mixed-use areas, buildings with traditional architectural forms have a store in the front part of the building and housing on the back. The majority of the hotels are located in the core of the city center (in 1998 there were 49 hotels in the area, occupying 6.85 hectares).

In the southern part of the historic center, stores, workshops, and some industry occupy an area of 8.35 hectares. Local government offices (the majority of which are owned by the state government) occupy approximately 20 buildings in the historic center, and there is also a concentration of regional and municipal infrastructure, schools of all different levels, churches (25), and monasteries (covering 6.3 percent of the total area of the historic center). Squares and parks (with the exclusion of the Cerro del Fortín, a hill on the west side of the historic center that offers great views of the surrounding area) occupy a total of 14 hectares; that is, 2.7 percent of the area (there are 17 public parks). Vacant lots (about 80 empty land plots) account for 10.9 percent of the area of the historic center. These lots are concentrated in the peripheral areas and provide opportunities for development.

Types of land use in the historic center vary significantly according to the neighborhood (Table 7). In Jalatlaco and Xochimilco, housing accounts for 80 percent of total land use, while in the core center and the Zócalo, housing and hotels represent only 10 percent. The high rate of mixed-use lots is a positive characteristic of the historic center, where the combination of residential and commercial use guarantees a vibrant dynamic in the area.

FIGURE 5 | Oaxaca Historic Center Polygon



Source: Oaxaca City Government (1994).

TABLE 6 | Distribution of Land Use in the Historic Center

Land use	Area (hectares)	Percent
Residential	229	44
Commercial		
Commerce	28.55	
Mixed: housing-commerce/offices	69.45	
Hotels	6.85	
Shops, workshops, industry	8.35	
Subtotal commerce	113.20	22
Offices and banks	11.45	2
Infrastructure		
Educational, cultural, recreational	16.85	
Health	4.7	
Market	2.75	
Religious	5.6	
Bus terminal	1.95	
Squares and parks	14	
Other Infrastructure	0.9	
Subtotal infrastructure	46.75	9
Other uses		
Parking	4.7	
Vacant lots	10.9	
Subtotal other uses	15.6	3
Transit	104	20
Total urban area	520	100
Cerro del Fortín	24	
Total hectares in the historic center	544	

Source: Oaxaca City Government (1998).

Finally, the historic center concentrates more than 100 privately owned parking lots, which can hold approximately 2,000 cars. There are also over 17,000 parking spaces along city streets. However, parking is still an obstacle for tourists and residents in the area.

TABLE 7 | Land Use by Areas of Historic Center

Geographic area	Residential (%)	Mixed (%)	Commerce (%)	Other (including banks and offices) (%)
Residential Xochimilco, Jalatlaco	80	20		
Mixed residential El Carmen Alto, La Trinidad, Los 7 Príncipes	60	40		
Mixed commercial El Pueblito, La Consolación	32	42	26	
Center-Zócalo	10	20	50	20

Source: Oaxaca City Government (1998).

INDICATORS OF SUCCESSFUL URBAN HERITAGE PRESERVATION

The previous section has described the urban structure and the distribution of land use in the historic center indicating that it has residential, commercial, governmental, cultural, and religious functions, and also hosts a number of services. The following section provides a detailed account of these functions, using each to indicate levels of success of urban heritage preservation.

A Multitude of Institutions and Infrastructure

Government offices: The majority of the public administration buildings are located in the historic center. These include all of the municipal offices, several INAH offices, and some federal and state secretariats. Until 2005, all state government offices were located in the historic center. Their presence created traffic congestion and limited parking, which led to a decrease in visits to the area by city residents. To change this trend, in 2005 a new government center was built in the nearby town of Tlalixtac (approximately 7.5 km from the Oaxaca historic center), which led to the transfer of an estimated 6,000 public workers out of the city center. Similarly, the government is currently building a judiciary center outside the city center that will concentrate all buildings related to the judiciary power. Despite the stated intentions of the policy, moving the

government offices outside the historic center did not improve the traffic situation. Also, despite this move, many protests still take place in and around the Zócalo—the place that offers the protestors the most visibility—which affects the accessibility to the historic center. It is still early to assess the long-term results of this move, but according to some more pessimistic estimates it will have a tremendous impact on Oaxaca because the departure of the administrative offices will mean job losses in the city. The loss of workers will negatively impact trade and services that depend on government workers as clients.

Educational and Health centers: The education and health services provided in the historic center seem to be adequate based on the amount of residents and commuters who come to the city core every day. There are 30 schools, ranging from the kindergarten to university level, which serve the children of residents and people working in the area. There are also many hospitals and clinics that respond to existing demand. According to the interviewees, overall schools and health services in the historic center are of good quality.

Monuments and arts: There are many monuments and patrimonial buildings in the city center, as well as many cultural services—such as museums, theaters, and art galleries—that are publicly and privately owned.¹⁶ Many of the private commercial art galleries exhibit and sell young local artists' work. Oaxacan cultural industries are nationally and internationally valued. Recently the State Secretariat for Culture has included this sector in its strategic objectives to boost local economic growth recognizing the contribution of this sector in building self-esteem, confidence, and identity, “which is important not

¹⁶ The principal sights in the historic center are the cathedral, the state government palace, the Santo Domingo church complex, the Soledad temple, the Merced temple, the Xochimilco temple, the temple and ex-convent of Guadalupe, the Santa María del Marquesado temple, the San Matías Jalatlaco temple, the Nuestra Señora del Patrocinio temple, the Temple and ex-convent of Carmen Alto, the Temple and ex-convent of Siete Príncipes, the Defensa temple, the Temple and ex-convent of San Francisco, the Santísima Trinidad temple, and the Nuestra Señora de la Consolación Temple. Among the cultural services, there is the Guelaguetza Auditorium, the Macedonio Alcalá theatre, the Juárez Theatre, the Nundehui planetarium, the museum and cultural center Casa de la Cultura de la Ciudad de Oaxaca, the museum Rufino Tamayo, the museum of Oaxacan painters, the contemporary art museum, the graphic art institute of Oaxaca, and the photographic center Álvarez Bravo.

only for individual growth, but also for the ability to engage productively in the society” (Quartesan, Romis, Lanzafame, 2007: 25).

Public spaces: There are many public parks in the historic center where local people and tourists gather and enjoy the warm climate. These include the Llano Park, the Zócalo, the Alameda, the etnobotanic garden, and the Cerro del Fortín. The most important public space is the Zócalo, which is very similar to other main squares in cities established by the Spanish conquistadores. Usually, Spanish power was shown in the main square through buildings representing the two main colonizing institutions, the church and the crown. The Zócalo in Oaxaca follows this pattern, with the main cathedral and the government palace bordering it on two sides. Recently, the government palace was converted into a museum, but the square still serves as a space for social and religious gatherings and political activities. The other sides of the square are lined with numerous open-air restaurants, hotels, and shops. The Zócalo’s historical significance as a social gathering place fortifies its critical role in the fabric of Oaxacan urban life. There are activities for all ages in the square. Vendors circumambulating the Zócalo sell grilled corn, *chapulines* (fried locusts), and fruit. The scene includes people from all walks of life in the city, such as men milling about the shoe shine stands scattered throughout, parents sitting on the benches to watch their children play, and musicians serenading customers eating at the cafés. For all of these reasons, this pedestrian area is the center of civic life and draws both Oaxacan residents and tourists alike.¹⁷

A Housing Mix

A mix of people lives in the historic center, including residents and people who own second homes there. There are about 10,720 dwellings, 45 percent of which are rentals.¹⁸ There is an average of 4.5 residents per dwelling.

¹⁷ The Zócalo was originally delineated by Juan Pelaez de Berrio in 1529. Alonso Garcia Bravo, who also designed Veracruz and Mexico City, used the plaza as a reference point when he planned the rest of the city.

¹⁸ The historic center represents the area of the city with the highest percentage of rented houses (the average for the whole city is 29 percent).

Residents in the buffer zone of the historic center are mostly low- to middle-income families (Figure 6), and the majority are owners through inheritance. These families live in the area that extends from Avenida Independencia to the east side of the center. The majority of low-income households are concentrated in the area near the market (Mercado de Abasto). Outside the center, but still nearby, poor and marginalized people occupy (usually informally) some of the peripheral areas in the hills. Some high-income households live in the core of the historic center and are clustered along the main tourist corridors (around the Zócalo and on the streets of Garcia Vigil and Alcalá). Other high-income people prefer to live in the periphery of the historic center in residential neighborhoods.

In 1998, the NGO Casa de la Ciudad conducted a survey of 42 blocks in the core of the historic center, which included a sample of 718 buildings.¹⁹ According to this survey, 4,300 buildings have a residential use; 58 percent of these buildings are exclusively residential and 42 percent have a mixed use. The mixed-use buildings typically are structured with a store in the front of the building facing the street, and the house on the back. According to the survey, 65 percent of dwellings with exclusive residential use are single-family houses, 19 percent are multifamily houses, and the remaining 16 percent are apartments.

Traditional Oaxacan residential buildings are large with inner patios that housed extended families and their domestic animals. Today, some of these buildings have been converted into hotels, inns, and restaurants for the use of tourists. However, others are still residential, called *vecindades*, and have been divided into several units, each of which hosts different families that share facilities (such as lavatories and/or kitchens). Before preservation efforts began, the *vecindades* in the historic center were concentrated in two north-south axes outside the core. The preservation interventions reduced the number of *vecindades*; in 1997 there were 75 and in 2008 there were only 35 (Calvo Camacho, 1998).

¹⁹ Casa de la Ciudad is an NGO dedicated to the development and rehabilitation of the historic center of Oaxaca. The NGO headquarters also hosts a museum and space for workshops and seminars.

TABLE 8 | Housing Situation in Oaxaca City and the Historic Center

Type of dwelling	Oaxaca City		Historic Center	
	Number of dwellings	Percentage	Number of dwellings	Percentage
Owned	31,269	71%	5,896	55%
Rented	9731	29%	4,824	45%
With one room	5,176	12%	1,367	13%
Without private kitchen	3,946	9%	745	7%
With drainage to the street	28,960	65%	9,830	92%
With drainage to the ground or to a septic tank	4,532	10%	325	3%
With private access to water in the unit	24,252	55%	7,068	66%
With access to water only from a shared building source	12,302	28%	3,147	29%
With access to water only from a shared public source	1,406	3%	133	1%
With access to electricity	42,755	97%	10,511	98%
Total inhabited dwellings	44,134	100	10,720	100%

Source: INEGI Census (1990) in Special Plan for Preservation of the Historic Center.

Some middle- and high-income families have sold their residences in the historic center to profit from high real estate values (many of which have been converted into hotels or used as nonresident second homes) and have moved to residential areas located in the periphery. Although gentrification is a concern in these new residential areas, it is not clear whether a similar phenomenon is happening in the historic center; however, as real estate prices increase, there is a concern that low-income families may be displaced.

In the buffer zone, which consists of the northern and the eastern areas of the historic center, it is common to find buildings that are exclusively residential, while the core and the southern zone of the center have more mixed-use buildings. Traditionally, since the colonial period, bricks and adobe (a mix of mud/clay and straw) have been used in constructing historic center buildings. However, because of frequent earthquakes the original adobe and *cantera verde* (a local green stone) have suffered deterioration and have been gradually replaced with bricks. The roofs, traditionally made of tiles, are now replaced predominantly using corrugated iron and fiber cement. In general, the

people with residences in this area do not understand the historic and cultural value of traditional materials and tend to rebuild their houses with modern materials.

The Economy of the Historic Center

The historic center hosts an important and diversified portion of the entire city of Oaxaca's economic activities, and plays an important role in commerce, manufacturing, and nonfinancial services. Commerce dominates the economy of the historic center, representing nearly half of all economic activity. The Mercado de Abasto is the main engine for much of the economic activity around it, along with three other markets: the Mercado Benito Juárez, a massive indoor market where dozens of vendors sell a variety of products, including fresh produce, groceries, household goods, flowers, ice cream, fruit drinks, handcrafts, leather goods, hats, and knives; the Mercado 20 de Noviembre—commonly known as the Mercado de la Comida (food market)—which has many small restaurants specializing in typical Oaxacan dishes; and the craft market, with over 100 stalls that sell clothing that is typical of the diverse regions of the state.

Another important pillar of the economy of the historic center is tourism. The tourist economy, which will be the subject of the rest of this section, intermingles with the other sectors of the economy. Most of the infrastructure and tourist attractions are located in the historic center. Other prime tourist areas include the Cerro del Fortín, with its surroundings, and Monte Albán. The tourist sector started expanding after Oaxaca was inscribed into the WHL. The initial expansion was followed by a period of decline in coincidence with the Mexican economic crisis of 1994. There was a period of rapid growth between 1999 and 2005, during which the number of visitors per year in the city rose from 671,171 to 1,125,581, an increase of 59 percent. The number of hotels increased from 173 to 240, and by 2005 there were 5,922 quarters/rooms for tourists in the villas, apartments, guesthouses, inns, bungalows, furnished apartments, cabins, suites, and condominiums (INEGI Census, 2005). The social unrest that occurred in 2006 severely affected the tourism sector, as shown in Figure 6. More recently, economic recovery has been slowed by the international economic crisis and the scare of

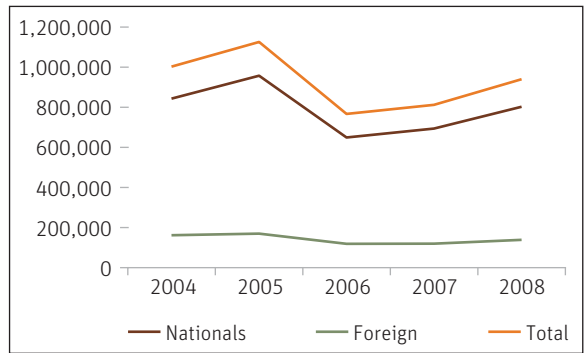
the H1N1 virus (the first person who died from swine flu was an Oaxacan).

Fluctuation in tourism in the city of Oaxaca is characterized by three holidays: Easter, the two weeks of La Guelaguetza (the main local holiday during the summer), and the Christmas period.²⁰ During Holy Week and Christmastime, the tourists mainly consist of Mexicans, and specifically, Oaxacans that live elsewhere who return to visit. International visitors come mainly over the period between December and February, and during the summer. Overall, the majority of the tourists in Oaxaca (85 percent) come from Mexico.

The tourism sector accounts for 12.8 percent of the employed population, 10.3 percent of the total gross domestic product (GDP), and 5.8 percent of fixed assets (mostly concentrated in hotels). Wages in this sector are lower than the rest of the service economy; the average monthly salary in tourism is only 70 percent of the value of the average salary in services generally. The tourism sector employs nearly 10,000 workers. There are 2,121 economic units (enterprises) in the tourism sector grouped into three general categories: temporary accommodation (194 establishments), food and beverage (1,859 establishments), and other tourist services (68 establishments) (Table 9).

Hotels generate 37 percent of the income of the sector and they are capital intensive, making up 72 percent of fixed assets. They account for 48.8 percent of total revenues in the tourism sector and employ 28.8 percent of the total workforce. For each hotel room there is one direct worker and three indirect workers. Hotel employees are the best paid in this sector in the city.

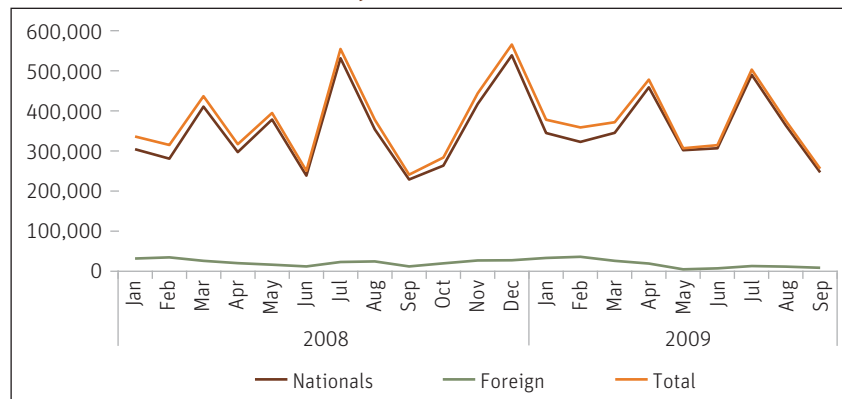
FIGURE 6 | Tourism Trend in Oaxaca City, 2004–2008



Source: State Secretariat of Tourism (2009).

²⁰ *La Guelaguetza* (Zapotec word signifying offering or offertory) is a month-long cultural celebration named also *Los lunes del cerro* (Mondays of the Hill) that features traditional Oaxacan dance, music, crafts, and cuisine from the seven regions of the state. The celebration draws many tourists, and it is an important cultural celebration for indigenous people. The festival, combining pre-Columbian and catholic traditions, involves numerous native communities of the state that gather in the city of Oaxaca and perform offering rituals.

FIGURE 7 | Tourist Flow in the City of Oaxaca 2008–2009



Source: Authors' elaboration based on data from the tourism secretariat.

In 2003, there were 5,111 hotel rooms in Oaxaca, with the majority located in four-star hotels. By 2005, the total reached 5,922 rooms. Over the period 2000–2003, the hotel occupancy rate was on average just over 40 percent, which is relatively low compared with beach sites in Mexico, but it is normal for a colonial city.²¹ In 2003, foreigners occupied about 23 percent of the rooms, which is a very large proportion, especially when compared with other non-beach destinations in Mexico. In the same year, the average stay of visitors in the four-star hotels was 1.8 nights, but in the five-star hotels it reached 2.58 nights. The average stay of foreigners (2.08 nights) is greater than that of domestic tourists (1.72 nights).

Informality in the hotel subsector is a significant problem because it creates unfair competition for the hotels that follow the rules and because it lowers the quality of the hotel supply in the historic center, undermining the tourism sector as a whole. It is estimated that 25 percent of total tourists that get to Oaxaca stay in informal accommodations. To be formal and legal, hotels have to follow the norms imposed by the tourism secretariat and comply with a number of obligations (paying liability insurance of about US\$110 every year, displaying hotel rules in the room, having a contract for the tourists, etc.).²²

²¹ It is worth noting that the occupancy rate exceeds 50 percent only in the five-star hotels.

²² The liability insurance is mandatory by law and covers damages such as personal injury, illness, death, and damage or destruction of property.

TABLE 9 | Main Indicators in the Tourism Sector, 2004

Sector and subsector	Units	Workers	Average monthly salary in US\$*
Tourist services	2,121	9,715	118
Temporary accommodations	194	2,795	198
Hotels	179	2,736	200
Cabins, villas, and similar	5	17	150
Other types	10	42	54
Food and beverage	1,859	6,469	82
Full service restaurants	390	2,599	126
Self-service restaurants and takeaway	1,374	3,473	48
Catering	5	34	10
Nightclubs, bars, and canteens	90	363	101
Other tourist services	68	451	130
Tourist transportation by land	29	189	126
Travel agencies and other reservation services	39	262	133

Source: INEGI (2004).

*Note: At the exchange rate 1US\$ = 13.1618 MX\$ as of February 7, 2010.

Oaxaca is famous for its gastronomy. Local food is an important component of its cultural heritage, and many tourists visit Oaxaca for this reason. During the holidays, usually 70 to 80 percent of the restaurants are full. There are 1,500 restaurants in the city of Oaxaca, nearly all of which are located in the center. In terms of the distribution of the type of restaurants, 20 percent are top end, 30 percent are midrange, and 20 percent are budget. About 150 of the restaurants are associated with the National Chamber of the Industries of Restaurants and Prepared Food (Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados). This chamber has made strong efforts to increase the level of the gastronomy in Oaxaca.²³ These efforts culminated in 2006 with the Carta Oaxaca,

²³ For instance, the chamber started a program in 2002 called Distintivo H (H Certificate), which includes a set of rules regarding health and hygiene during food handling and preparation. The chamber gets funding from federal and state governments, and from the entrepreneurs to bring training to restaurants and to certify them. In 2009, 30 restaurants are awarded the certificate. Every year restaurants must renew their certificate.

a declaration about Oaxacan gastronomy that obtained official recognition in Mexico City. Oaxaca is the first Mexican state that was able to declare local gastronomy as a national heritage.

In Oaxaca, food and beverage establishments employ two-thirds of the workers in the tourism sector. These workers have the lowest average salary in the sector: US\$82 (MX\$1,081) per month versus US\$198 (MX\$2,601) in temporary accommodation establishments and US\$129 (MX\$1,700) in other tourist services.²⁴ The food and beverage establishments generate 57 percent of the wealth of the tourism sector with only 23 percent of capital investment.

Craftwork is also an important subsector of the historic center and is closely associated with tourism.²⁵ There are about 25,000 craft producers in the state of Oaxaca (however, based on the high level of informality in the sector, some estimates are as high as 400,000). Of these producers, about 2,500 are located in the city of Oaxaca. The historic center, with 164 craft stores, offers the biggest market for the craft producers in the state. When the historic center suffers from financial crises, such as the one in 2006, the craftwork sector is also negatively affected throughout the state. This has important social repercussions because these producers are usually people earning low wages and living in poor and marginalized areas.

Real Estate Dynamics

Oaxaca has one of the five strongest real estate markets in the country in terms of sales and investments.²⁶ After the inclusion on the WHL, real estate values began to increase. Today, according to the experts interviewed for this study, residential real estate values for prime land are rising at a rate of approximately 20 percent per year, even after the political unrest of 2006.

²⁴ At an exchange rate of 1 MX\$ = 0.0759772 US\$ and 1 US\$ = 13.1618 MX\$ as of February 7, 2010.

²⁵ Among the typical products manufactured in Oaxaca, there are embroidered tablecloths; goods made of leather, palm, reed, and tinplate; laminates; pottery; ceramics; gold cutlery; and gold jewelry.

²⁶ “Residential Real Estate in Oaxaca,” Mexico Real Estate Investment, accessed on March 19, 2011, <http://www.mexicorealestateinvestment.org/residential-real-estate-in-oaxaca/00246>

Currently, the price of 600 square meters of property in the historic center (needing renovation) is nearly US\$1,200 (MX\$15,000) per square meter.²⁷ In 2000, prices were significantly lower than 2010—about US\$600 (MX\$8,000) per square meter.²⁸ This price inflation is partly because of the presence of outside investors. According to a real estate agent interviewed for this study, half of the owners in the historic center come from outside the city (the majority from Mexico City). Most of the other half have inherited their properties and converted them into businesses, often hotels. It is difficult to compare real estate prices in the historic center with prices in other neighborhoods because the size and type of properties are significantly different. The relatively prosperous areas of Colonia Reforma and San Felipe del Agua are often used as comparisons to the historic center. Real estate prices in the Colonia Reforma neighborhood, just outside the historic center, are much lower than prices in the historic center (on average US\$430 [MX\$5,700] per square meter), while in San Felipe del Agua they are slightly below (on average US\$1,100 [MX\$14,000] per square meter).

With respect to tax regulations for homeowners, owners pay a one-time tax on their property (upon purchase).²⁹ Owners of nonresidential properties are liable for annual payments.³⁰ The city government does not apply a different tax policy for resident or nonresident owners (e.g., owners of vacation houses in Oaxaca).

²⁷ The average size of a building in the historic center is 600 square meters, and the majority of buildings for sale there need rehabilitation.

²⁸ These estimates are unadjusted for inflation.

²⁹ Taxes follow this scheme:

- For homes up to 200m², owners pay 2 times the minimum wage per square meter.
- For homes between 201m² and 250m², owners pay 2.2 times the minimum wage per square meter.
- For homes between 251m² and 500m², owners pay 4.5 times the minimum wage per square meter.
- For homes larger than 501m², owners pay 11 times the minimum wage per square meter.

One minimum salary equals Mexican pesos 57.36, which in turn equals to US\$4.35.

³⁰ Owners of a commercial space pay 7.63 times the minimum wage per square meter; hotel owners pay 6.46 times the minimum wage per square meter.

Demand for space in the historic center for use in a mix of economic and social activities is an important driving force in terms of increasing real estate values. The Mexican government's investment in local infrastructure creates increasingly favorable investing conditions. It is well known that the presence of public investments directed to improve the quality and functionality of public spaces and infrastructure in historic centers is a precondition to attract private investors. In other words, public investment often acts as a catalyst for private investment in the heritage area.³¹ Moreover, in the case of Oaxaca, the existence of a specific management plan for the historic center gives a clear signal of the government's commitment to the long-term rehabilitation of the area, which helps attract more private investors.

When buying real estate in the historic center, buyers may face obstacles in obtaining land security and construction permits. For this reason, investors prefer purchasing privately owned property and avoid communal land holdings that increase problems related to land title.³² In the historic center, the majority of real estate is privately owned; however, there are many communal lands in the areas just outside the historic center, making private property a scarce resource and further increasing the value of the private property in the historic center. In addition, acquiring construction permits in the historic center can be a lengthy process. Other costs include a selling tax of 15 percent of the real estate value, a commission if the sale happens through a real estate agency, and 2 percent tax (paid by the property owner) on the registered value of the real estate.³³

³¹ For example, the opening of the toll road from Mexico City to Oaxaca in 1995 has had a gradual impact on land values, with more visitors and investors coming to the state capital than before. Some believe the trend will not only continue, but that there may be exponential growth, with a new highway currently under construction that will dramatically reduce travel time from resort areas on the Pacific Ocean, such as Huatulco and Puerto Escondido, to Oaxaca.

³² In this part of the city, 10 to 15 percent of buildings are vacant because there are court cases over ownership or the original owners have died and no one is in charge of the property.

³³ The selling tax does not apply for transactions below US\$380,000 (MX\$5 million) and if the previous owner had lived in the property for at least five years. The agency usually charges a 3 to 6 percent fee on the sale price.

URBAN HERITAGE PRESERVATION: INSTITUTIONAL ARRANGEMENT AND PLANNING INSTRUMENTS

The rehabilitation process of the historic center of Oaxaca was contingent on three conditions. First, there was early involvement by both public and private actors (including civil society) in the preservation and restoration of heritage sites. This contrasts with other cases of rehabilitation of urban heritage areas in the LAC region, which tended to rely only on one set of actors. Second, the city government showed a long-term commitment to the rehabilitation of the area by developing several plans for its preservation and management, which set rules and incentives for residents and potential investors.³⁴ Third, the rehabilitation process developed in the context of a city center that was never abandoned by its residents and users. Therefore, while other historic centers in the region still faced challenges in attracting new users and investors, in Oaxaca, public and private actors had different issues to take on; they had to retain the vitality and multifunctionality of the historic center that they inherited, with new challenges of traffic and congestion as development continued.

Local institutions and planning instruments played a major role in the rehabilitation of the historic center. One reason for the positive outcomes of this case is the early involvement of both public and private actors, which included city, state, and federal governments from the public sector and the Foundation Harp Helú, the NGO Casa de la Ciudad, and the painter Francisco Toledo, with his organization the Cultural Heritage Pro Defense Council (PROAX, or Defensa del Patrimonio Cultural y Natural de Oaxaca) from civil society.³⁵ Moreover, the National Association of Mexican World Heritage Cities (ANCMPPM, or Asociación Nacional de Ciudades Mexicanas del Patrimonio Mundial) facilitates the flow of federal funds to the city government to improve

³⁴ For example, those who own a property included in the catalogue of heritage buildings must respect specific rules for renovation and can gain access to fiscal incentives.

³⁵ The Foundation Harp Helú owns museums jointly with the city and state government, and also some museums individually. The painter Toledo is responsible for two museums in the city: the Museo de Arte Contemporanea de Oaxaca (MACO) and the Instituto de Arte Grafica de Oaxaca (IAGO).

the urban image of the city. Because its historic center is listed in the WHL, the city government of Oaxaca is part of the Organization of World Heritage Cities (OWHC) and the ANCMPPM. The OWHC was created in 1993 to assist WHL members to adopt policies and development methods to manage the specific requirements of having a site inscribed in the WHL.

The ANCMPPM is a nonprofit organization that was established in 1996 by the mayors of the 10 cities in Mexico listed on the WHL.³⁶ The association's main objective is to create a network "for resource management, alliance creation, and for guaranteeing continuity in the implementation of public policies concerning the restoration of the historic centers."³⁷ ANCMPPM activities are supported with federal funds, and they expect to receive nearly US\$7.6 million (MX\$100 million) for 2010. The association developed several projects to promote adequate signage in historic centers and to identify and value the cities' monuments with most relevant historical facts. In addition, ANCMPPM is undertaking efforts for national and international promotion.³⁸

The historic center has always been a regional hub for government and commerce, and has never been abandoned nor neglected by its residents. Unlike many historic centers in the LAC region, policies put into place to rehabilitate Oaxaca were able to build upon the legacies of continual habitation. The wave of investments for the rehabilitation started in 1994 with the renovation of the Santo Domingo church. The church, which originally was a monastery, had been the base for the Mexican army for some time. In 1994, when the army was leaving the complex, two options were on the table: to convert

³⁶ One-fourth of the WHL sites located in the Americas are in Mexico. The 10 cities that are members of the association are Campeche, Mexico City, Guanajuato, Morelia, Oaxaca, Puebla, Queretaro, San Miguel Allende, Tlacotalpan, and Zacatecas.

³⁷ See <http://www.ciudadespatrimonio.org.mx/ing/>.

³⁸ In 2010, the ANCMPPM is developing two programs: a tool-kit for the promotion of cultural heritage (Kit de Divulgación del Patrimonio) and a project to prepare and educate young people in valuing their cultural heritage roots (Proyecto Patrimonio). This project began first in Oaxaca when the public sector recognized the importance of increasing public awareness about the great wealth of heritage of the city. Because of its positive impact, the project will be implemented in the other nine WHL cities.

In September 2006 a group of about 20 specialists was created that includes economists, sociologists, architects, restorers, anthropologists, and a UNESCO specialist.

the ex-monastery into a hotel or to create a cultural center. Local painter and civil society leader Francisco Toledo supported the construction of a cultural center. Alfredo Harp, a banker originally from Oaxaca and president of a bank, also backed this idea and offered financial support through his bank. The partnership between Toledo and Harp had a significant influence in the development of the historic center.

After this first initiative of Toledo and Harp, Oaxacan civil society started building a reputation and developing cultural tourism in the city. However, civil society action remained basically limited to the action of a small group of people that clustered around these two characters and was never encompassing to the entire population. At this time, the state and city governments decided to play a more prominent role in the historic center through two types of instruments: i) direct investment to preserve heritage sites and improve infrastructure and public spaces; and ii) regulation to protect heritage sites and manage private investments in rehabilitation (discussed in the following subsection).

The government rehabilitation programs in the historic center include new street paving, underground piping (water, sewage, cable, electric), street lighting, and sidewalks. For the new paving, they use *hydraulic concrete* cobblestones, which appear quite similar to the traditional stone paving. The resources from the state government are usually matched with resources from the federal government.³⁹ In addition, the State Secretariat of Public Works coordinates with the INAH and the city government to carry out rehabilitation programs. Sometimes the INAH also gives assistance in the design and materials. The rehabilitation programs started in 2005 and the repaving has been completed in the core of the historic center, according to the State Secretariat of Public Works. In 2008, the amount of funding for the historic center totaled US\$3.2 million (MX\$42 million) (50 percent from the state and 50 percent

³⁹The State Secretariat of Tourism presents a proposal to the federal government and channels the resources to the State Secretariat of Public Works, which executes the work. The State Secretariat of Public Works then signs an agreement with the city government, which sometimes also contributes resources and executes part of the work.

⁴⁰Interview with State Secretariat of Tourism on November 17, 2009.

TABLE 10 | Habitat Program Investments in the Historic Center by Source (2003–2009) (US\$)

Total	Federal Government	State Government	City Government	Beneficiaries
13,405,385	7,819,858	553,744	5,027,082	4,701

Source: Habitat Program, SEDESOL (2009).

from the federation).⁴⁰ Between 2007 and 2008, 510 public lights were changed, which cost about US\$340,000 (MX\$4.5 million).

According to several interviewees, the State Secretariat of Public Works tends not to inform local residents and businesses about upcoming work and does not coordinate work schedules with them. More recently, after receiving criticism and many protests, the secretariat has been making some efforts to coordinate their work, especially in areas with a high density of commerce. Usually, residents are more positive about repaving than commerce because residents tend to be owners and have more interest in long-term investments. Conversely, shopkeepers, especially the ones who rent their space, worry about a reduction in their sales in the short term because of construction outside their stores.⁴¹ In total, the federal, state, and municipal governments have pooled together about US\$13,400,000 (MX\$176,439,581.27) under the Habitat Program, which was invested in the historic center between 2003 and 2009. The Habitat Program is a program of SEDESOL to help reduce urban poverty and improve the quality of life of marginalized urban dwellers by combining the goals of social policy with those of urban development and land use policies implemented by the federal government.

Planning Instruments

The metropolitan area of Oaxaca encompasses the municipality of Oaxaca plus 18 municipalities, which are closely interrelated. The 19 municipalities share problems with transportation and traffic, waste management, and water provision. Moreover, many residents of the metropolitan area commute

⁴¹ Usually repaving a street in one block takes up to 40 days, but the secretariat tends to do more blocks at the same time, which increases the overall time.

to Oaxaca every day (especially to the historic center), sharing services and spaces. Because of this complex reality, a management plan for the metropolitan area (Plan de Ordenamiento de la Zona Conurbada de Oaxaca) was developed in 1994 and was sanctioned in the law for urban development of the state of Oaxaca. This plan is an instrument to regulate and orient the municipalities around Oaxaca, to optimize resources, and to develop and coordinate different activities.

At the city level, in 1998, a special plan for the historic center was developed (Plan Parcial de Conservación del Centro Histórico de la Ciudad de Oaxaca). This plan analyzed specific problems and suggested concrete solutions for this complex area. Later on, because of growing tourism and an additional focus on the patrimonial value of the historic center, the city government, with the help of several local and international specialists, decided to create a specific management plan for this area (Plan de Manejo para el Centro Histórico de la Ciudad de Oaxaca). The idea of creating this plan came from the need to meet UNESCO guidelines. The participation of the private sector, civil society, and academia was considered extremely important, and therefore several workshops with these actors were organized.

The main objectives of the management plan for the historic center are the preservation of the heritage, the revitalization of the area, and the promotion of the participation of the residents of the historic center in the program design and implementation. Following the recommendations of the plan, the city government has made efforts to mitigate the negative side effects of the concentration of activity in the historic center. For this reason, five urban subsystems have been proposed, each provided with alternative services. Moreover, the plan has addressed problems related to road networks, traffic, water provision, land use, housing, urban image, social, and environmental issues. The plan also includes a list of laws and norms regulating activities in the historic center and a patrimonial catalog developed with the contribution of INAH. The plan, like all other urban tools, was developed as an evolving instrument and needs to be permanently updated.

Because of the innovative profile of the management plan, in 2007, the INAH granted the city government an award, the “Manuel Gamio” prize. Through this award, the INAH acknowledged the efforts taken to preserve the local cultural heritage and credit was given to the city for being the first

Mexican city on the WHL to develop a specific management plan for the historic center.⁴²

Because of the lack of economic resources and political will, the plan has not been implemented yet. The management group has not been created, and thus the information included in the plan has not been updated. However the new city government, which came into office at the beginning of 2011, has declared its intentions to update and implement the management plan.

CHALLENGES FOR THE HISTORIC CENTER

The historic center is the most consolidated area of the city and has concentrated important commercial, public, and private services for many years. This gives the area a special relevance, making it the reference point for the city, the metropolitan area, and the whole state. The historic center comprises patrimonial buildings and open spaces (squares and green areas), which are major tourist attractions. Moreover, the area still keeps regional and state functions because of the presence of public administration buildings.

In contrast to these positive attributes of the historic center, a number of factors may jeopardize the equilibrium among local needs, preservation efforts, and the tourism economy, and become major obstacles that reduce the quality of life for residents living in the historic center. The main challenges concern transportation, accessibility, parking, and the presence of informal street vendors. Moreover, in the medium to long term, changes are expected that can reduce the vitality of the historic center, such as the displacement of many state government offices outside the city center, the development of new residential and commercial centers, and the replacement of regular businesses with tourist services. This section analyzes these challenges and discusses their potential impact on the long-term sustainability of the historic center.

⁴²The cities of Xocimilco (site of natural importance) and Queretaro have been developing management plans for their patrimonial areas, but the plans are not as complex of the management plan for the historic center of Oaxaca.

Transportation in the Historic Center

Many people commute to Oaxaca on a daily basis, increasing its population from about 260,000 people to up to 1,000,000. About half of the commuters gravitate to the historic center, which concentrates the most traffic because the bus station, wholesale food market, taxi stations, and other essential services are located in the area.⁴³ Low-capacity vehicles such as cars, taxis, vans, and minibuses of the city have typically met the transportation needs of the population. Greater capacity buses play a minor role in providing transportation to and from the historic center. In addition, the lack of bicycle paths throughout the city reinforces the need for motorized transport. Between 1980 and 2004, the total number of vehicles of all types registered in the city increased by 60 percent, from 68,997 to 108,721 (Oaxaca State Government, 2005). This explosive growth of the vehicle fleet has placed high pressure on strategic sections of the city's roads, particularly in the central area. Moreover, the parking of vehicles of all types causes portions of the roads to be practically unusable and increases congestion in the city.⁴⁴

People who use public transport in the city of Oaxaca rely on 1,325 public buses that operate close to 90 routes. Several problems related to public transport cause traffic and pollution and stimulate the use of private vehicles; in many cases buses are old and in poor condition (Oaxaca State Government, 2007), sometimes bus itineraries are modified unexpectedly, bus schedules have low frequency, and in some cases buses are unable to navigate the small streets of the city center.

Another reason for traffic and congestion is commuter transit that has increased because of city growth in the surrounding municipalities. It is estimated that there are 35,000 vehicles that run through the city each day. There is a high concentration of commuter traffic in the central areas of the city—particularly in the historic center—which are the main hub for commuter

⁴³ There are about 11 public transportation terminals in the historic center among bus, microbus, and taxis coming from the peripheral areas; 29 taxi terminals for a total of 512 taxis gravitating around the center; and 6 heavy and light transport terminals, mostly concentrated in the southeast quadrant of the polygon (City Council of Oaxaca, 1998).

⁴⁴ Along with public buses, transportation services for tourists (van type), with offices mainly located in the historic center, create serious traffic problems for the rest of the city.

TABLE 11 | Vehicle Fleet Registered in Oaxaca City, 2004

Type of vehicle	Type of service	Quantity	Subtotal
Cars	Private	75,836	82,945
	Official	1,431	
	Rental	5,678	
Trucks	Private	18,811	22,311
	Official	1,900	
	Mixed-Rental	1,600	
3-ton trucks	Private	465	641
	Official	51	
	Rental	125	
Torton		1,185	1,800
Trailer		615	
Bus	Private	80	1,474
	Official	69	
	Public Transportation	1,325	
Total			109,171

Source: City Council of Oaxaca (2005).

transit. In addition, although many people recognize the need to convert more streets into pedestrian corridors, a significant portion of the citizens are opposed to this idea, probably because of lack of information and because the city government does not make efforts to explain the advantages of pedestrian streets.

A study of transportation in the entire metropolitan area confirms an increase in the traffic of heavy vehicles. Regional cargo traffic with destinations outside the city must cut through the city center because there is no way around the city.⁴⁵ There is a project underway to create two corridors to facilitate the access to the historic center, which will prevent heavy weight transport from congesting the center of the city.

⁴⁵ The main road connecting the north to the south and connecting with the coast passes through the city center, and no alternative road has being built.

As described in this section, urban mobility in Oaxaca promotes the use of private motorized vehicles over public transport, which, because of its many shortcomings, is not currently a viable alternative. The management plan for the historic center includes several recommendations about transportation.⁴⁶ However, there is still a high volume of traffic passing through the city and the measures included in the plan have not been applied yet.

Accessibility to the Historic Center

Reaching the historic center presents serious problems for people with physical disabilities. There are only two parking spots reserved for people with physical disabilities in the entire historic center, and only two bus lines that are equipped to let disabled people go in and out. Furthermore, this group of people faces significant architectural barriers.⁴⁷ Even though some of the streets in the center have been repaved, not all sidewalks are accessible for disabled people. This is a problem for residents and tourists in wheelchairs, mothers with strollers, and elderly people.

Given this situation, the city government, through its Department for Vulnerable Groups (Regiduría de Grupos Vulnerables), is carrying out a project titled “Rehabilitation of Ramps for the Disabled in the Historic Center of Oaxaca City” to improve accessibility for people that use wheelchairs. At the present time, work is being carried out along a path called the Touristic Walk (Andador Turístico), which runs from the Santo Domingo Temple to beyond the Zócalo. The city government also conducted an awareness campaign from July to November of 2009 under the theme “We are all part of the same society; give a place to the disabled,” in which several civil society associations,

⁴⁶These recommendations include: i) traffic diversification of the road network to alleviate the city beltway from the regional traffic; ii) the relocation of the general market and bus terminal; iii) an increase of pedestrian routes; and iv) peripheral parking connected to the historic center by public transportation.

⁴⁷In many streets, sidewalks do not have ramps for wheelchairs, and in some cases there is a ramp on one end but not at the other end. Even where there are ramps, sometimes their slopes make it unsafe for people to go on and off, and in other cases there is a little wedge that does not allow for a smooth transition from the ramp to the street, which results in accidents. Moreover, often phone posts, street lighting, and other obstacles—including street vendors, which are often illegal—block the sidewalks.

in coordination with the Department for Vulnerable Groups, undertook actions in the historic center and in shopping malls to enforce the availability of parking spots for the disabled.

Parking

The parking of vehicles of all kinds is one of the most serious problems in the city. Because of the high use of street parking (allowed by the law), in many cases two-thirds of the surface of the roads is not available for traffic flow, increasing congestion. There are 117 parking lots that are privately owned. Buildings used for parking are usually old houses that keep the typical architectural characteristics in the façade, but are completely demolished in the inside and in most cases do not have roofs causing a direct negative impact on the preservation of historic structures. Between private parking and street parking, there are approximately 19,000 parking spaces in the historic center. This supply does not come close to meeting the demand of the influx of cars coming into the city center every day. The city government has planned several actions to mitigate the parking problems; however, no visible actions had been taken when the current investigation was underway.⁴⁸

Informal Street Vendors

Shopkeepers in the historic center have to deal with competition from informal vendors that overcrowd the main commercial arteries of the historic center. According to city government data, there are approximately 980 street vendors in the historic center. They are informal and sometimes illegal (e.g., vendors selling pirated DVDs and CDs). At the same time, they make up an important portion of votes for political parties, which has rendered it particularly difficult to relocate them outside the area. Informal vendors gain an unfair advantage by avoiding fixed costs while exploiting the

⁴⁸The special plan for the historic center suggests: i) the use of the peripheral parking space (with 280 parking spots) used for the *Guelaguetza* festival together with a service of free public shuttles to the center; ii) incentives for parking lot owners in creating lower tariffs for elder people; iii) construction of new parking lots; and iv) expansion of the existing parking lots with a second floor.

more convenient locations in the city, sometimes even blocking the front of formal shops. Moreover, the presence of informal vendors creates difficulties in using sidewalks and accessing residential and commercial buildings.

Several efforts have been undertaken by the city government to relocate informal vendors. There was a city plan to relocate the informal vendors near the main market, but it was never implemented. Recently, the city government has undertaken a census of street vendors to find an appropriate space to relocate them. However, there is lots of skepticism about the government's ability to move the informal vendors to a new space. Despite these difficulties, the city government reported at least one case of successful relocation. They were able to move 180 informal vendors that had occupied one of the historic center parks (Parque del Llano) every Friday. Interviews with the city government officials conducted for this case study indicate that these vendors are now located outside the city center in a more adequate space. A successful example that can bring insights to Oaxaca is offered by the IDB project aimed at rehabilitating Quito's historic center.⁴⁹

Signs of Coming Change

In addition to these pressing challenges, the historic center faces others that could affect its socioeconomic sustainability in the medium to long term. These challenges are related to the displacement of resident-oriented commerce and services that currently sustain the role of the historic center as a regional hub. Without the combination of tourism and other activities, the sustained preservation of the historic center could be jeopardized.

Centers for commercial, social, and public activities have recently flourished in peripheral areas, such as the Colonia Reforma (City Council of Oaxaca, 2005). These include schools, offices, health services, and commerce that

⁴⁹ The project relocated over 5,000 of the 10,000 informal vendors in the historic center of Quito to a newly built commercial center. The whole process, which took more than four years and included negotiations with many traders' organizations, has generated several positive externalities, such as the improvements in the sanitary and health conditions of vendors, the rehabilitation of previously occupied areas of the historic center, the improvement in the mobility for pedestrian and vehicles, and the increase in the housing value and provision in the area.

compete with the historic center for customers and service seekers. This has the beneficial effect on the historic center because it partially mitigates congestion, but also poses a risk that the historic center will be deprived of its central role in city life.

In parallel with this tendency, many state government offices have been moved outside of the city center, and there are plans to move more of them. Although city and federal government offices will remain, moving state offices can have a substantial impact. It is still early to estimate the precise consequence that this move could have on the historic center, but it could reduce the importance of the administrative activities in the historic center and drain its economic vitality.

The development of new commercial malls and corridors outside the historic center (such as Soriana and Sam's Club) could be detrimental to the economic and social fabric of the center. These new peripheral commercial places offer customers easy parking and many products and services in a single location, and they play an important role for commerce and services in the city; however, they lack the identity associated with traditional Oaxacan architecture. Instead, they bring standardized architectural forms that have little to do with the city and are becoming "non-places."⁵⁰ In contrast, the historic center offers residents and tourists an additional value through the quality of the urban image, which is full of historical significance and cultural heritage. Keeping resident-oriented shops in the historic center profitable is necessary to maintain the contribution that vibrant commerce makes to sustained preservation.

Lastly, because of the high economic returns of tourist-related services and activities, businesses that offer such services are replacing many resident-oriented businesses, further reducing the importance of the historic center as a commercial hub for local residents. This is a serious risk because it is well known that the tourism sector alone cannot guarantee the preservation and development of the historic center.

⁵⁰ According to Marc Augé (1992) a non-place is usually a place of transience, characterized by the lack of significance, not deserving to be regarded as a place. In these non-places there are no landmarks. The landscape is dominated by infrastructural installations, such as raised tanks, electric polls, and radio antennas.

FINAL REMARKS

This section discusses questions and working hypotheses that guided the analysis to identify which specific factors were responsible for the success of the rehabilitation of Oaxaca's historic center and to draw lessons for other cities. They include factors related to outcomes and factors related to processes. In terms of outcomes, the historic center of Oaxaca still keeps its vitality and its attractive environment for a variety of activities. The well-preserved historic center has a strong cultural and artistic urban character, with its typical colonial architecture, cobblestone streets, churches, museums, and many art galleries. It is also a very lively place with restaurants, cafés, bars, and the Zócalo, which make it a hub for all kinds of social events. The historic center remains an important administrative center for public affairs. All of these elements combined make the historic center a place where Oaxacans and tourists congregate. The churning of different groups and activities is, in many ways, greater in the historic center than in other dynamic parts of the city. Moreover the historic center adds value that is difficult to find and replicate in other city areas, which includes important patrimonial assets and the traditional place where the community congregates. There is a significant private investment in the historic center that sustains the preservation of private properties, while public investments are directed to improve the quality and functionality of public spaces and urban infrastructure, a precondition to attract private investment.

With respect to the processes that led to these outcomes, it is important to highlight that the historic center of Oaxaca did not follow the same trajectory of historic centers in many other cities in the LAC region. Crucially, residents did not abandon the center; it was never considered synonymous with backwardness, and, as a consequence, real estate prices never dropped. Even with the rapid urbanization that characterized the entire region, the historic center of Oaxaca never lost its importance and presence in city life. As a result, the public spaces and buildings of the historic center did not deteriorate or descend into obsolescence. The continuous use of the area preserved both tangible and symbolic patrimonial assets, making the task of rehabilitation policies much more tractable.

Two events set the preservation and rehabilitation process in the historic center in motion: the listing of Oaxaca in the WHL in 1987 and the restoration

of the Santo Domingo church in 1994. These events acted as catalysts for the mobilization of resources from multiple sectors because they revealed the potential for economic growth built upon the foundation of the city's rich history. Starting from this moment, public, private, and civil society sectors, each with a different role, have invested considerably in maintaining and revitalizing the site. The public sector has clearly made investments in the recuperation of buildings, monuments, and streets. In addition, the city government has established a regulatory environment through preservation and management plans that provide security for private sector investments.

The biggest role of the private sector has been its investment in the tourist sector. There has been an influx of investment to convert old housing into hotels, and to open restaurants and stores that provide local products for the tourists. Even with the volatility of the economy, these investments appear to be profitable and are continuing. Finally, civil society actors, such as the Casa de la Ciudad, have led efforts in restoration. They have also mobilized residents and business owners in joint actions to promote economic development while keeping the Oaxacan identity. Civil society actors have also been a counterweight to public sector initiatives; while not always successful, they have been effective intermediaries between the local residents and the government.

Another factor that has contributed to the success of the historic center is the balance between everyday life and tourism. There is no doubt that the historic center of Oaxaca is a sizable tourist attraction and is one of the drivers of the city's economy. For this reason, the city caters to tourists with its many hotels and *posadas*, restaurants, craft stores, and cooking and language schools. Also, it is possible that the fact that the vast majority of tourism is domestic (85 percent) has helped Oaxaca's historic center maintain its authenticity, especially because Mexican tourists visit Oaxaca precisely for its culture, architecture, gastronomy, and historic sites. However, despite the strong orientation to tourism, the historic center still maintains residential and commercial activities, in which residents from diverse social backgrounds regularly interact with one another and with tourists from Mexico and abroad. This makes the historic center not just a lifeless museum for people to visit, but a vibrant city with a rhythm of its own.

Nevertheless, it is not clear whether the historic center of Oaxaca has reached a sustainable equilibrium among local needs, preservation, and the

tourist economy. As highlighted in this case study, the city core is starting to show some signs of coming change. First, centers for commercial, social, and public activities have recently flourished in peripheral areas, generating a double effect on the historic center. On one hand, congestion has been mitigated by transferring some of the traditional services elsewhere. On the other, a massive displacement of these basic services could deprive the historic center of its dominant role, significance, and symbolic value.

Second, many resident-oriented businesses are disappearing. This has two main consequences: i) it may further the process of displacement discussed above, and ii) it may jeopardize the positive outcomes obtained so far in terms of the preservation of the historic center because the tourism sector alone cannot guarantee the preservation and development of the historic center.

Lastly, it is not clear whether a process of gentrification is taking place. Real estate investments in the historic center slowed down after the social unrest in 2006 and subsequent economic shocks, which negatively affected the tourism sector. This downturn in the tourism sector has halted gentrification, but it is not clear whether the process will resume once the economy recovers. It is prudent to undertake measures to prevent displacement of historic center residents and the further deterioration of informal and inadequate dwellings. The special plan for the historic center includes some actions that need to be implemented to keep the situation under control.

There are some steps that the city government could take to mitigate these changes. For example, there are many properties owned as second homes in the historic center whose owners pay the same property tax as residents. It could be worthy to explore the opportunity of having a greater tax rate for these homeowners and use these incremental proceeds to mitigate the displacement of longtime residents. Similarly, the annual property tax for buildings whose commercial tenants have tourists as primary customers could be higher than the tax for buildings occupied by resident-oriented businesses. Again, the incremental proceeds of these taxes could be used to assist in the retention of resident-oriented business in forms of rent subsidies, property maintenance, and business assistance.

Today, there is a growing interest in the rehabilitation and preservation of historic city centers throughout the LAC region. Several cities are designating

public resources to improve infrastructure and rehabilitate public spaces in historic centers, and in some cases city governments even seek to attract private investors to open new businesses in the area. The case of Oaxaca shows that such programs can be successful. A combination of mixed use, public and private investment, engagement with civil society, and attention to social issues has contributed to Oaxaca's success. Finally, by strengthening their appreciation, the local population will care for and continue to use the historic center, and will understand the link between cultural heritage renovation investments and quality of life improvement. This will ensure the future economic growth and social development of the city.

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Quito, Ecuador

Pedro Jaramillo



The rehabilitated building of the old university now serves as a municipal library and museum, adding to the cultural services provided by the municipality in the historic center.

*Photo by
David Mangulian*

The historic centers of cities in the Latin American and Caribbean region confront complex urban problems that, in many cases, result in their abandonment by high- and middle-income residents and dynamic economic businesses. In turn, the abandonment of city centers leads to growing social problems and the deterioration of their buildings and public spaces. Many historic centers in the region now have higher concentrations of low-income residents and are places where informal commercial activities are commonplace. All of these conditions have made the historic centers unattractive to the private sector.

In recent decades, interest in the rehabilitation of historic centers has increased, albeit with a focus on programs, plans, and policies that have prioritized the rehabilitation of buildings and public spaces. This fact has made it difficult to incorporate social and economic objectives and interventions into the rehabilitation processes. One of the major obstacles for a more integrated approach to rehabilitation is the lack of a long-term vision of the role of the historic center as an integral part of a city. Generally, the historic centers are considered special areas of analysis and intervention, thus separating them from the citywide development effort. A second level problem that is affecting the development of historic centers is the marginalization of the residents. In Quito, despite significant efforts to rehabilitate monuments, public areas, and heritage buildings, the residents themselves have not been sustainably incorporated into this rehabilitation process.

These issues are discussed in the present case study based on available comparative information from 1990 to 2008. The study discusses the hypotheses related to the sustainability of the rehabilitation process presented in the introduction, and analyzes public and private investments and their effects on the rehabilitation process, as well as the socioeconomic conditions of the residents of the central core.

STUDY AREA, PLANS, AND PROGRAMS

The center of the Metropolitan District of Quito (MDQ), a city of 2.2 million inhabitants in 2010, is the Historic Center of Quito (HCQ), which was declared a UNESCO World Heritage Site in 1978. The churches, squares, museums,

and heritage monuments of this area make up a fundamental part of the city's identity. The HCQ has been amply studied under different plans and different points of view; the first efforts date back to 1934 and the most recent were in 2003.

During that 70-year period, different plans were drawn up that proposed intervention projects and created a variety of administrative control and management entities. The following plans are worth mentioning because of their contribution to the knowledge of the HCQ and the fact that they are still valid:

- *1978*: proposal to UNESCO to declare the HCQ a World Heritage Site
- *1981*: Quito Plan, the first detailed plan to define the perimeter of the historic center that incorporates all the important urban sites
- *1989–1991*: HCQ Master Plan, a study that included architectural, urban, and socioeconomic assessments with the goal of establishing action plans

The most relevant aspect of the HCQ Master Plan is that it prepared a complete inventory of buildings (including nonmonumental civil architecture) and produced regulations for interventions in public spaces and private buildings. This list has enabled a detailed understanding of the heritage buildings, their condition, the type of materials predominately used, the number of protected buildings, the socioeconomic status of the local population, income levels, origins of the people, length of residency, and other information. In the plan, urban development guidelines were established that determined areas where the buildings are at increased risk because of their condition and the type and extent of interventions allowed.

EVOLUTION OF THE HISTORIC CENTER OF QUITO

In the 1960s, residents, institutions, and prestigious businesses began leaving the HCQ. By the late 1970s, the area was highly degraded and was comprised mainly of deteriorated buildings subdivided for low-income housing and public spaces taken over by street vendors. This overoccupation led to a surge of complex social problems, including a high incidence of crime.

After the HCQ was declared a UNESCO World Heritage Site in 1978, the city began the process of rehabilitation. The drafting of the Master Plan for the HCQ, including the inventory of heritage properties, could be considered the turning point. Over the past 30 years, the implementation of this plan has led to the rehabilitation of churches and squares; restructuring of streets and sidewalks; relocation of street vendors; construction of parking lots and cultural centers; housing development; increased commerce; and hotel development, albeit with moderate participation from private investors. The implementation of the Master Plan required the creation of several entities, including investment funds and urban development corporation—the Cultural Heritage of Quito Recovery Fund (Fondo de Salvamento del Patrimonio Cultural de Quito) and the Historic Center Mixed Capital Company (Empresa de Economía Mixta del Centro Histórico)—and management and control bodies—the Historical and Heritage Areas Commission (Comisión de Áreas Históricas y Patrimoniales) and the Central Zone Administration (Administración de la Zona Centro).

The continuous relatively large public investment in the rehabilitation of the HCQ has preserved the cultural heritage of the city and attracted a small amount of private investment. Over the past 20 years, activities of

Housing is a major land use in the historic center. Well maintained houses.

Photo by Eduardo Rojas



the Central Zone Administration and the investments implemented by the Historic Center Mixed Capital Company have clearly been effective from an urban and architectural point of view. The economy of the area, however, has not been stimulated enough to be competitive with that of the rest of the city.

The rehabilitation process has brought benefits to the city and the country from a cultural perspective and in terms of the preservation of identity. These factors justify the rehabilitation effort. After 20 years of sustained public investment there are urban, economic, social, and institutional benefits that are a testament to the rehabilitation process of the HCQ.

REHABILITATION PROCESS

The area of study is limited to the protected area of the HCQ, according to the current Municipality of Quito ordinance. The 1989 Master Plan is the initial reference for the analysis because no extensive studies existed when the World Heritage Site proposal was presented in 1978. According to this plan, in 1989, about 75 percent of the buildings were in fair condition, meaning that the major components (structure, roof, walls, floors, windows, water, electricity, and sewerage installation) were in good working order. The rest of the buildings, were in poor condition; that is, their major components were in advanced states of deterioration. According to the Special Plan of 2003, the corresponding percentages were 6 percent in critical to poor condition, 5 percent good, and 89 percent fair. The public investment made during this period helped improve the state of preservation of the properties, reducing the properties in poor condition from 25 percent to 6 percent. Nevertheless, since 2003 the general state of nonmonumental buildings, which are generally privately owned, has remained relatively stable.

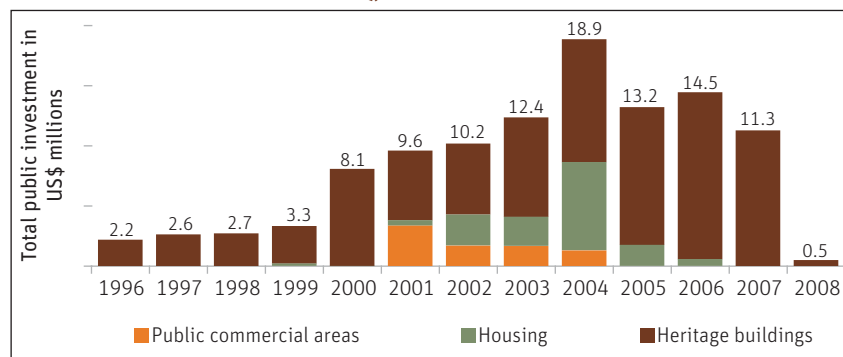
About 79 percent of consolidated investment between 1996 and 2008 was concentrated in heritage buildings that are public, with only 14 percent directed to housing and 7 percent going toward resolving the issue of street vendors by creating public commercial areas (Figure 1). There was an important decrease in investment starting in 2004. The time evolution of the investments illustrates the following:

- The upward movement of the investment curve coincides with the disbursement of the IDB loan to the Municipality of Quito through the Historic Center Mixed Capital Company. After the disbursement of the loan was completed, investment diminished, suggesting that private investment did not fully compensate the shortfall.
- The allocation of public investment reveals the tendency to invest in prominent projects rather than in projects with greater impact in reversing the deterioration process. This generated new uses for the buildings and created employment opportunities, among other benefits.

Private investment has been directed primarily at commerce and services: restaurants, hotels, and popular shopping centers. The limited interest of private investors in areas other than commerce could be due to different factors, including the following:

- The increasing cost of land since 2000.
- The long, complicated process for project approval and the reduced impact of policies to resolve structural problems in the HCQ, including insecurity, pollution, inadequate public transportation, congestion, real estate speculation, concentrated public administration, and lack of interest of new residents or entrepreneurs to live or do business in the historic center.

FIGURE 1 | Investments in the HCQ, 1996–2008



Sources: FONSAL (2009); INNOVAR UIO (2009).

Currently, almost all public heritage assets have been subject to intervention, which has not been the case with privately owned properties. The property owners do not lean toward investing because there are no incentives for them to invest in their heritage assets. There is an immediate need for a public and private investment reactivation process that is focused on the heritage properties.

URBAN FACTORS IMPACTING THE PRESERVATION PROCESS

Accessibility and User Traffic

In 1989, approximately 200,000 vehicles passed through the core of the central zone daily between 6:00 a.m. and 8:00 p.m.; 78 percent of this traffic was light vehicles, 12 percent was buses, and 10 percent vans and trucks. In 2009, an average of 50,000 vehicles entered the area per day using 16 access routes, and 44,000 vehicles per day left via 15 exits. Additionally, foot traffic in the central area is estimated at 60,000 people per day. The high car usage within the HCQ is mostly due to inefficiencies in the public transportation system. Moreover, the HCQ is used as a throughway for people going to and from work because there are no bypasses linking the southern and northern parts of the city. Taking into account the origin and destination of the vehicles, it is estimated that 50 percent of the traffic is merely passing through, with the other half either having the HCQ as its final destination or returning to it at the end of the day. Additional traffic that enters and exits the center involves government activities. This movement is occasional; nevertheless it has a certain influence on the internal congestion problem.

Commercial activity in the HCQ produces a large amount of traffic coming from all parts of the city. About 42 percent of the shoppers come from the

New commerce in rehabilitated heritage buildings. The Pasaje Baca.

Photo by David Mangulian for the IDB



south, 31 percent from the north, and 23 percent from the HCQ itself. The remaining 4 percent is made up of people from outside the MDQ. Public investment in programs to reduce vehicular traffic has been significant, as have plans to reduce bus traffic (trolleybuses have the HCQ as their final destination); however, they are still insufficient to bring traffic down to volumes that can be accommodated by the narrow street structure of the historic center.

The establishment of pedestrian only streets in the HCQ has had a positive effect on the flow of traffic to the center. The data indicate that the flow of traffic has reduced considerably since pedestrian streets were introduced. However, it is important to keep in mind that in reality what has happened is that traffic has been redirected to peripheral streets, such as La Marín, which is used by many buses because it has been converted into a terminal for neighboring parishes. Despite these actions, there is still a high concentration of vehicular traffic in Sector 1 of the central core of the zone, which includes the most commercial areas. The greatest amount of traffic occurs on fair days (Tuesdays, Thursdays, and Saturdays).

Parking Facilities

The HCQ receives approximately 50,000 vehicles per day, resulting in high demand for parking spots. In 1989, demand for parking places was estimated at 5,500, with approximately 2,500 places in existence, resulting in a deficit of 3,000 places. Currently, the HCQ offers approximately 3,135 parking places; this means that in 20 years only 635 spots have been added, causing the major deficit to remain. It must be highlighted that during the 20-year government intervention period, important entertainment and cultural facilities opened in the HCQ, including the following museums: Museo de la Ciudad, Centro Metropolitano de Arte y Cultura, Museo del Agua Yaku, Museo Arqueológico Casa del Alabado, Museo Camilo Egas, Museo Numismático del Banco Central, and Casa Museo María Urrutia. Such facilities host cultural and political events throughout the year, which adds to the traffic generated by the presence of public offices and commerce. This increase in visits to the HCQ has oversaturated existing parking facilities, which on more than one occasion have collapsed, complicating the parking problem even more.

Housing

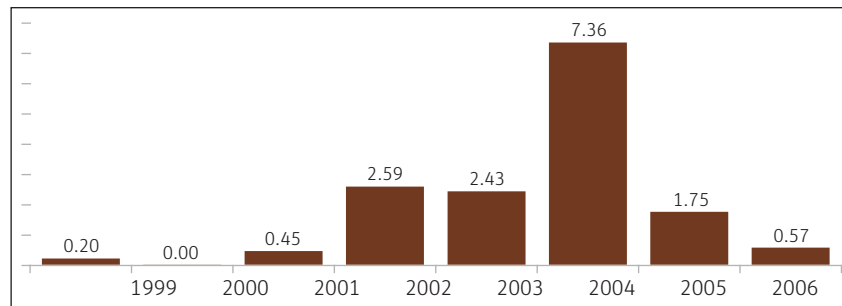
The land use mix of the historic center, including housing, plays an important role in the sustainability of the HCQ's preservation process. Housing is relevant because the presence of the resident population at all hours of the day increases the security of the area and diversifies the demand for the commercial and service activities. The commercial and services uses alone do not ensure the continuous use of the area after nightfall.

In 1989, 63 percent of the buildings in the city center were used for housing; by 2003, this percentage had dropped to 45 percent. This trend occurred most notably around the central core, where housing was replaced by commercial services and government administrative uses. Between 2002 and 2005, there was an increase in public and private investments in housing in the HCQ, which increased the supply of housing units but did not stop the abandonment by residents. Considering the amount of public and private investment in housing during this period (US\$14 million), and estimating that the average house price was around US\$600 per square meter, with an average size of 100 square meters per house, public and private investment resulted in the sale of approximately 223 houses in 7 years, an average of 33



The rehabilitation of public spaces was one of the first investments made by the municipality. The Santo Domingo Square.

Photo by Quito Historic Center Corporation

FIGURE 2 | Public and Private Investment in Housing (US\$ millions)

Source: INNOVAR UIO (2009).

houses per year. This low number of sales demonstrates the difficulties of bringing new residents to the HCQ. As it has occurred with other properties for commercial or services uses, the rehabilitated and new housing units have been difficult to sell, and to date several of them are not occupied. If this trend persists, the HCQ will likely become primarily a single-function commercial and service area.

The Update Your House Plan (Pon a punto tu casa) supports the rehabilitation of houses in the HCQ. Since 2003, the program has invested US\$750,000 in improving 102 housing units. However, the investment in the rehabilitation of housing still falls short of what would be needed to significantly improve housing in the HCQ. One factor that contributes to the paucity of housing investment is the fact that the city center is more profitable for properties intended commercial use. For instance, the average monthly cost of renting a store with 100 square meters of space and a front facing the Plaza de San Francisco is US\$1,500, while the rent for a similar-sized housing unit is less than US\$500/month.

There are other reasons for the slow development of residential uses in the historic center. First, land policies do not limit real estate speculation. The resulting increases in the asking price for buildings and land affects the competitiveness of real estate investments in the historic centers with relation to those implemented in other areas of the city. Second, there is a lack of land use policies that promote mix-use developments, which could attract investors into housing with the profits of the commercial components of the projects. Third, there are no investment incentives (e.g., tax deductions and

eventual subsidies for social housing programs) to compensate for the greater costs of rehabilitating or building new housing in the historic center (mostly due to the old age of the buildings and the historic preservation regulations). Lastly, there are few incentives to attract residents, such as different parking rates for residents, traffic restrictions to avoid pollution, and more parking spaces.

Land Use

Data from 1990 and 2003 indicate little change in the overall distribution of land uses in the center. There is a housing belt surrounding the central core that has a higher percentage of land used for commerce and services. The drop in housing in the core is a reflection of the considerable increase in commerce. During the analyzed period, housing declined 18 percent, while commerce increased 14 percent (Table 1).

Markets

There are various indoor and outdoor retail markets in the HCQ: the Central Market, the San Francisco Market, the Mercado de San Roque (though not legally a wholesale market), and the Feria Libre on a property adjacent to Pichincha Avenue. There are a total of 2,335 permanent commercial booths. The Feria Libre has 780 booths and operates only on Saturdays. These markets not only satisfy the needs of the residents of the HCQ, but also those of

TABLE 1 | Change in Land Use, 1990–2003

Use	Use percentage		Variation (percentage points)
	1990	2003	
Residential	63	45	-18
Commercial	6	20	14
Other (administrative, industrial, workshops, etc.)	31	35	4

Sources: DMP-MQD (1989; 2003).

the surrounding neighborhoods. It is estimated that approximately 120,000 people use these markets.

As stated, the drop in population between 1990 and 2003 accompanied the strengthening of the commercial sector—the HCQ lost around 13 percent of its population in that period. This decrease is most evident in the core, where residential land uses were replaced with commercial and service activities. Data from the Historic Center Special Plan from 2003 and from the 2000–2008 report of activities of Innovar UIO (2009) indicate that out of the estimated 10,000 street vendors originally trading in the historic center, 4,000 moved to new markets in the north and south areas of the city and another 4,000 occupy the new shopping centers known as “popular markets.” This report also mentions the improvements in commercial storefronts promoted by the Innovar UIO Development Company (Empresa de Desarrollo Innovar UIO) through its technical assistance program.¹ This commercial improvement trend indicates that there is a clear willingness on the part of private investors to restore commercial buildings.

Tourism

An important activity that has been incorporated into the HCQ in recent years is the operation of high-end hotels. Currently, there are at least three hotels that charge between US\$100 and US\$400 per night, and a fourth hotel is being built. In general, however, guests of these hotels do not spend money in the HCQ because it lacks high-end restaurants and artisan markets.

Property Value

In contrast to other areas of the city, where the land value is generally based on its development potential, value in the HCQ is determined by the rehabilitation activities undertaken with public or private investments. There was no record of real estate sales in the HCQ at the time it was listed as a World Heritage Site. Given the level of deterioration of the area at that time, it is safe to assert that if there were real estate transactions, the amounts must

¹ Twenty-seven commercial storefronts have been improved; amount invested: US\$675,075.

TABLE 2 | Prices of Properties in Ruin by Year, 2000–2007

Year	Address	Surface square meters	Sale price (US\$)	Asking price per square meter (US\$)
2000	Olmedo 954	1,430	30,000	20.98
2003	Manabí 918 y Cuenca	1,500	80,000	53.33
2004	Junín	1,637	250,000	152.72
2006	Manabí 775	972	145,000	149.18
2007	Guayaquil 435 y Morales	1,700	145,000	85.29
2007	Ortiz Bilbao y Junín	373	45,000	120.64

Source: Observatorio Inmobiliario de Quito.

have been minimal. By the year 2000, properties in the center acquired near-commercial value, and the cost per square meter of buildings in deteriorated condition was US\$21 (Table 2). Between 2000 and 2007, the average cost rose to US\$97 per square meter. By the year 2010, the asking price for non-renovated houses ranged between US\$148 and US\$480 per square meter, with an average price of US\$255 per square meter, a 163 percent increase from 2007. These prices are high in comparison with the prices of developing land in the fast growing suburbs of Cumbaya or Tumbaco Valleys, where prices fluctuate between US\$120 and US\$300 per square meter.

The asking price for apartments also shows wide differences, ranging from US\$193 to US\$1,111 per square meter. Table 3 lists examples of asking prices for properties offered for sale in the HCQ. The price of offices is similar to the price of houses. In contrast, the price of commercial storefronts is much higher than the price of office space, but comparable to that of apartments

TABLE 3 | Real Estate Offerings in the HCQ, 2010

Sector	Cost (US\$)	Size (m ²)	Cost/m ² (US\$)	Comments
San Blas	18,000	45	400	Centro Commercial Quito
Gonzalez Suarez	160,000	550	290	2 stories, 18 offices, above Fybeca Pharmacy

Source: Properties for sale listed in the real estate section of the journals *El Comercio* and *Las Ultimas Noticias*, October 2010.

TABLE 4 | Commercial Space for Sale in the HCQ, 2010

Sector	Cost (US\$)	Size (m ²)	Cost/m ² (US\$)	Comments
Gonzalez Suarez	350,000	600	583	Centro Commercial Internacional (renovated)
Gonzalez Suarez	33,000	20	1,650	Ground floor unit
El Tejar	5,500	6	916	Centro Commercial El Tejar, 2 nd Floor

Source: Properties for sale listed in the real estate section of the journals *El Comercio* and *Las Ultimas Noticias*, October 2010.

(Table 4). This gradual, sustained growth over the course of the last decade is due primarily to the improvements made by public and private investments and to the reinforcement of the cultural values of the center.

However, given these trends, real estate prices may turn out to be a deterrent for additional private investment in the historic center. The HCQ may turn into an area for niche investments (for customers valuing the cultural values of the area or serving markets that have an advantage in locating in the center) and lose its dynamism, a situation that may not ensure the long-term sustainability of the rehabilitation effort.

Table 5 contains data on the number of construction permits funded by mixed investment (municipal and private) and those funded exclusively by private investments between 2000 and 2005. Private investment in housing, commerce, offices, and parking facilities increased to nearly the same level as municipal investment by the end of 2005. This is a positive outcome since a key objective in revitalizing the HCQ is to promote private investment to diversify its uses.

Investment in the HCQ

The rehabilitation of the HCQ has required diverse investments, including the construction of commercial centers to accommodate some of the street vendors; the rehabilitation of housing; and the promotion of private investment for the rehabilitation, recovery, maintenance, adaptation, and remodeling of buildings of historic importance. Figure 3 illustrates where the investments went between 2004 and 2008.

TABLE 5 | Investments in the HCQ, 2000–2005

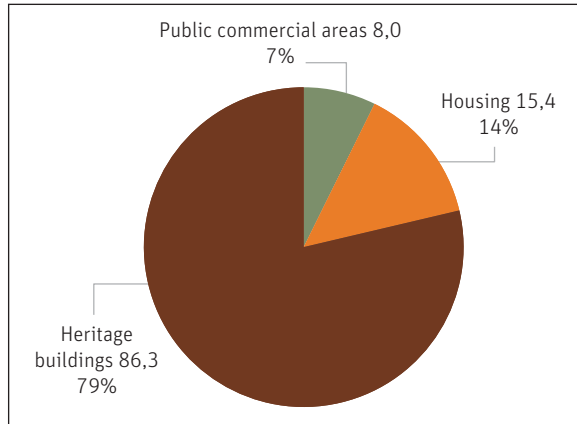
Type	Contributions from	2000	2001	2002	2003	2004	2005	Sub Total
		Projects by type						
Housing	Municipal	34	97	169	16	20	44	380
	Private	19	20	51	16	20	44	170
Office	Municipal	6	4	5		19	28	62
	Private	6	3	5		19	28	61
Commerce	Municipal	13	1,195	29		416	28	1,681
	Private	12	5	19		27	28	91
Parking	Municipal	3	27	81	11	13	17	152
	Private	3	21	9	11	13	17	74
Number of projects								
Project proposals	Municipal	13	35	22	19	19	24	132
	Private	10	29	20	17	17	24	117
Building permits	Municipal	11	17	12	9	13	13	75
	Private	8	11	10	7	11	13	60
Surface (m ²)	Municipal	11,445	19,679	21,615	13,384	14,779	7,871	88,773
	Private	2,228	4,962	8,000	5,612	8,608	7,871	37,312
Investment								
Investment (US\$)	Municipal	735,024	848,163	938,221	1,165,866	1,110,631		4,797,905
	Private	146,328	393,042	890,151	587,200	1,404,395	1,446,770	4,867,886

Source: Data provided to the consultant by the Urban Control Department (Departamento de Control Urbano) Municipality of Quito.

ECONOMIC AND SOCIAL FACTORS

The analysis of economic factors that provide sustainability to the preservation of the Historic Center of Quito requires an interpretation of the changes in the socioeconomic profile of the residents and the economic activities that take place in the area.

FIGURE 3 | Investment According to Uses, 2004–2008 (U.S. dollars)



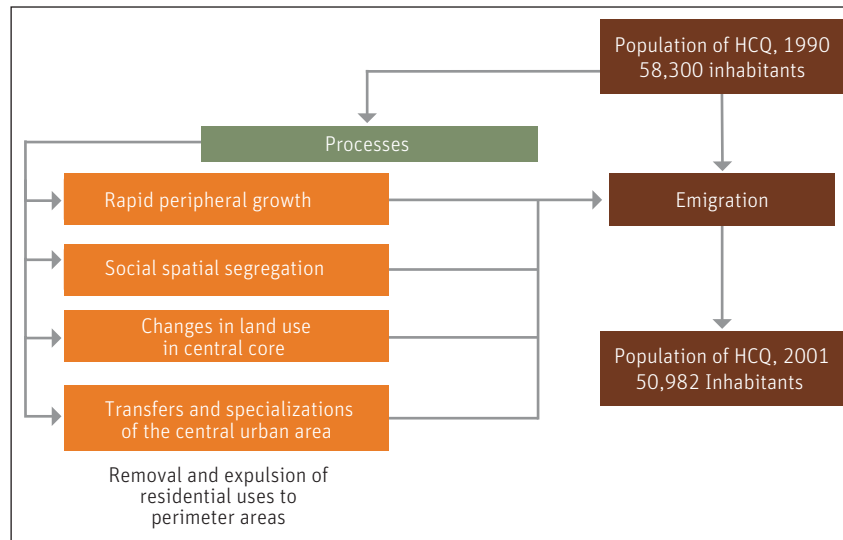
Source: INNOVAR UIO (2009).

The MDQ is a territory that contains a compact central urban area, a periphery of suburban-rural land, and a series of neighboring minor urban centers. To facilitate its administration, the territory is subdivided into 11 administrative zones, and then into even smaller administrative areas called parishes. The HCQ is contained within the parish of the Manuela Saenz administrative zone (Manuela Saenz AZC).

As already mentioned, during the period between 1990 and 2001, the HCQ experienced a considerable loss of population (13 percent) as a result of changes

in the demand for housing (many households preferred suburban locations) and the displacement of the related services and the most dynamic economic activities to areas north of the city, a process described in Figure 4.

FIGURE 4 | Demographic Evolution



Source: Author's elaboration.

The 2001 Population and Housing Census reported the population of the MDQ as 1.8 million inhabitants; estimations of the Planning Agency of the MDQ estimated a population of at least 2.2 million by 2010 and 2.6 million by 2020 (Table 6).

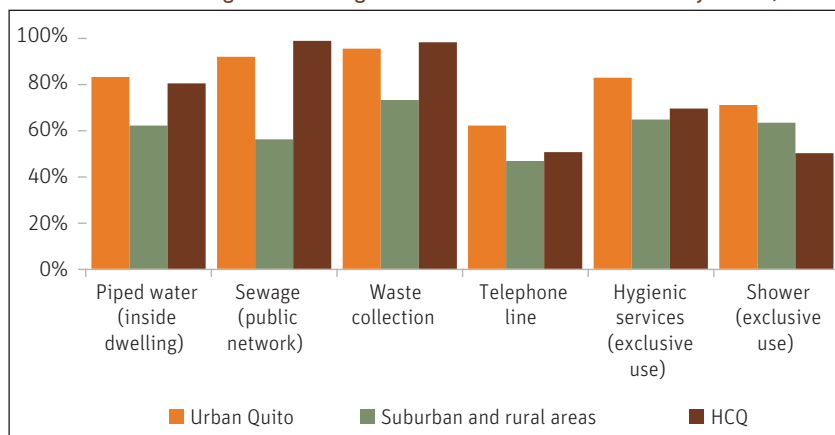
Most of the residents of the MDQ are concentrated in Urban Quito (76 percent in 2001); however, there is a rapid expansion of the number of residents living in the suburban areas. In fact, Suburban Quito is growing at annual rate of 4.8 percent, which doubles the rate of growth of Urban Quito. According to this trend, it is expected that by 2020 the suburban areas will concentrate around 27 percent of the population of the MDQ, up from the 23 percent reported in the 2001 census. In contrast, the central areas of Urban Quito, such as the Manuela Saenz AZC and the minor dispersed urban areas, are losing population. The HCQ reduced in population at a rate of 1.2 percent between 1990 and 2001. Based on the estimations of the Planning Agency of MDQ, by 2020 there will be less than 50 percent of the residents recorded in 2001 living in the HCQ.

The HCQ contains 16,813 housing units, representing only 3 percent of the total stock of 560,000 houses in the MDQ. On average, each private dwelling has 3.3 residents, a lower ratio if compared with both Urban and

TABLE 6 | Population of the MDQ by Area, 1990–2020

	Year	MDQ	Urban Quito	Suburban and rural areas	Dispersed urban areas	Manuela Saenz AZC	HCQ
Population	1990	1,388,500	1,105,526	258,439	24,535	227,233	58,300
	2001	1,842,201	1,397,698	430,606	13,897	227,173	50,982
Annual average rate of growth	1990–2001	2.6%	2.2%	4.8%	–5.0%	0.0%	–1.2%
Population projections	2010	2,215,820	1,640,478	567,740	7,603	227,124	39,620
	2020	2,633,748	1,917,995	712,349	3,404	227,069	23,238
Population as percent of the MDQ	1990	100%	80%	19%	2%	16%	4%
	2001	100%	76%	23%	1%	12%	3%
	2010	100%	74%	26%	0%	10%	2%
	2020	100%	73%	27%	0%	9%	1%

Source: DMPT-MDQ (2001).

FIGURE 5 | Percentage of Dwellings with Access to Basic Services by Zones, 2001

Source: DMPT-MDQ (2001).

Suburban Quito. In addition, there are 69 collective dwellings that house 2,000 residents in the HCQ.² As expected, in contrast with the suburban areas and the rest of Urban Quito where housing construction is vigorous, the 2001 census recorded almost no dwellings under construction in the HCQ (only 58 units).

Since the HCQ is within a well-developed urban area, the residents have good access to basic services. The dwellings in the HCQ have better water, sewerage, electricity, and road coverage than the suburban areas overall, and even better coverage than all of Urban Quito, except for in terms of access to telephone lines and piped water. However, in terms of in-house services, such as private toilets and showers, the conditions in the HCQ are worse than in Urban Quito.

Poverty in the MDQ and the HCQ

The residents of the HCQ have lower incomes than the residents in the rest of the MDQ and Urban Quito. The integrated approach to measure

²Collective dwellings include residences such as lodging houses, hotels, motels, tourist homes, nursing homes, hospitals, staff residences, communal quarters (military bases), work camps, jails, missions, and group homes.

TABLE 7 | Number of Housing Units per area in the MDQ, 2001

		MDQ	Urban Quito	Suburban and rural areas	HCQ
Integrated poverty	Chronic	17%	15%	22%	21%
	Structural	14%	11%	23%	3%
	Recent	27%	28%	23%	60%
	Not poor	43%	46%	32%	16%

Source: Population Census 2001 and DMPT-MDQ (2003).

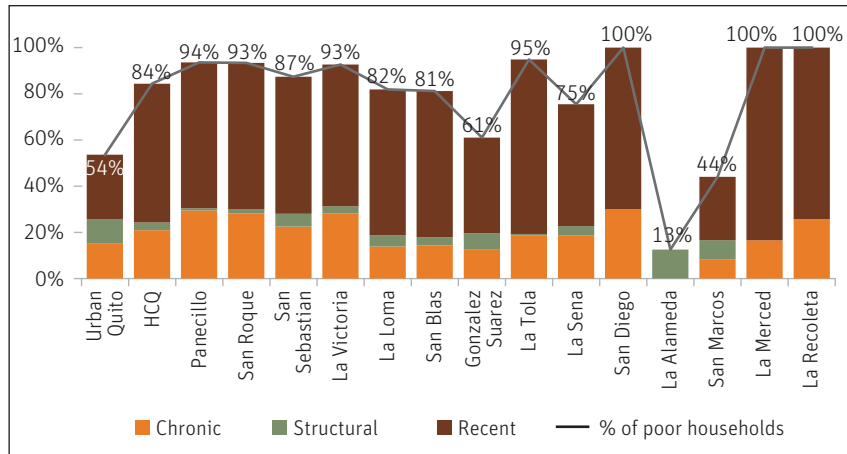
Notes: Definitions of integrated poverty: 1) chronic poverty: households that do not have sufficient income to satisfy a minimum level of consumption or to meet the most basic needs; 2) structural poverty: households that have sufficient income to acquire basic goods or services, but do not have the ability to improve certain levels of their quality of life; 3) recent poverty: households that are able to meet their basic needs, but have income below the poverty line.

poverty—that complements the poverty line method with the unsatisfied basic needs method—indicates that poverty is related to both an adequate level of income and the ability to satisfy basic needs. As shown in Table 7, the HCQ has considerably higher rates of chronic and recent poverty compared to the rest of the metropolitan area. In the HCQ, 81 percent of the households cannot afford a decent quality of life based on their income; however, the HCQ has a higher percentage of households that are able to access the basic needs even though their income is below the poverty line (60 percent). Perhaps this is due to the high coverage of public services in the HCQ.

All but two of the neighborhoods of the HCQ have more homes in poverty than the rest of Urban Quito (Figure 6). In Urban Quito, 54 percent of households are affected by some level of poverty, while in the HCQ, 84 percent are affected. The HCQ is quite heterogeneous; for instance, in the La Alameda and San Marcos neighborhoods, more than 50 percent of the households are not living in poverty, however, in most of them (eight neighborhoods) only 1 out of every 10 households is not poor.

Based on the data in this section, it is possible to conclude that despite the investments made in the HCQ, the residents are experiencing poor socio-economic conditions. If there are no improvements made in terms of the high

FIGURE 6 | Incidence of Poverty by HCQ Neighborhood by Integrated Method, 2001



Source: Population Census 2001 and DMPT-MDQ (2003).

incidences of poverty, it will be difficult to achieve sustainability in the rehabilitation process. In this sense, it is crucial to focus on policies for generating employment and for incorporating residents in production activities carried out in the HCQ.

Employment and the Economically Active Population of the MDQ and HCQ

According to the 2001 Population and Housing Census, the economically active population (EAP) in the MDQ was 845,477 persons: 500,466 men (59 percent) and 345,011 women (41 percent). Within Urban Quito, the EAP in the Manuela Saenz AZC was 106,669 people, with 61,991 men (58 percent) and 44,678 women (42 percent); in the HCO, the EAP was 25,536 people, with 15,011 men (59 percent) and 10,525 women (41 percent). The distribution of the EAP by economic sector across the MDQ is included in Table 8 for the AZC and the HCO.

It is worth noting the high concentration of tertiary activities (government, services, commerce) in the HCO, showing the specialized function of the historic center in the MDQ.

TABLE 8 | Characterization of the Economically Active Population, 2001

	MDQ	Urban Quito	Dispersed urban areas	Suburban and rural areas	AZC Manuela Saenz	HCQ
Total	840,880	636,416	6,500	197,964	106,028	25,409
Primary	7%	3%	19%	22%	2%	2%
Secondary	22%	21%	34%	25%	21%	17%
Tertiary	70%	76%	47%	54%	78%	81%

Source: DPMT-MDQ (2001).

TABLE 9 | Economically Active Population in MDQ by Zone, 2001

	MDQ	Urban Quito	Dispersed urban areas	Suburban and rural areas	AZC Manuela Saenz	HCQ
EAP (as % of total population)	43%	43%	43%	42%	44%	47%
Unemployment rate	3%	3%	1%	2%	3%	3%

Source: DPMT-MDQ (2001).

Public Perception of the State of Conservation and its Sustainability

The perception among the inhabitants of the HCQ of the sustainability of the conservation process varies. Many stakeholders believe that public investment is indispensable for the process, which means that preservation of the heritage district would not be sustainable if public policy changes. Another commonly held opinion focuses on the need to stimulate both community and private business initiatives that respect the cultural and historical characteristics of each neighborhood and emphasize the diversity of the cultural district. The goal is to avoid interventions that promote the specialization of the historic center in commerce or service activities.

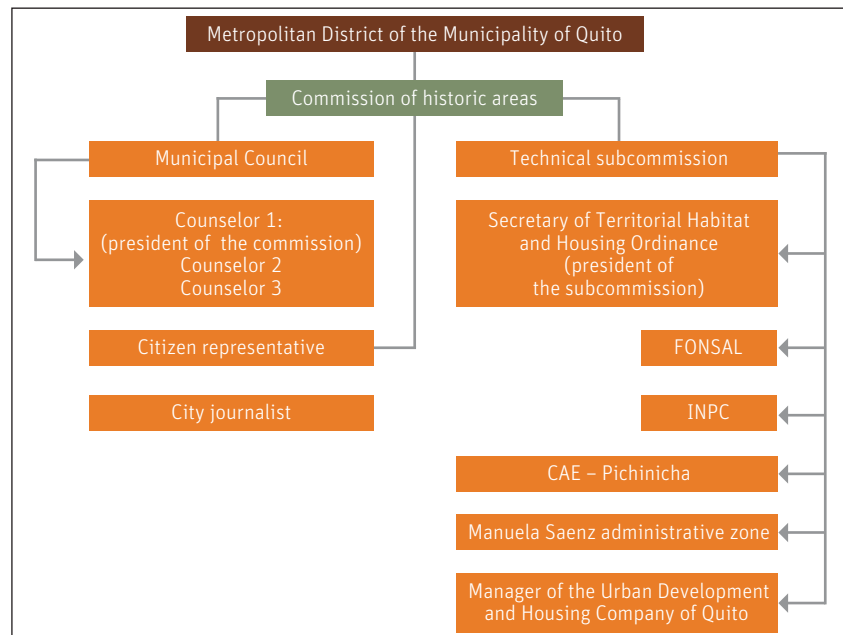
Some stakeholders are already committed to the rehabilitation processes, such as Gesultura, which has implemented the privately financed Cultural Guardian program that engages students and youth in protecting the heritage of the HCQ, keeping on eye on interventions that can damage the heritage and explaining to visitors the value of the different components of the historic

center. Another program, the Intercultural Program, trains local residents to promote cultural activities. Notwithstanding these efforts, community action must be stepped up to increase a sense of belonging and empowerment. The degree to which the population potentially affected by preservation of the HCQ is rooted to the area and feels a sense of belonging there is moderate; the inhabitants are not altogether convinced that the HCQ is a good place to live. Over the past 20 years of conservation efforts, few resources have actually been channeled toward community development; there is a clear need to increase the level of participation of several stakeholders to guarantee the sustainability of the rehabilitation process.

INSTITUTIONAL FACTORS

Since the HCQ was declared a World Heritage Site, different agencies have been created, as shown in Figure 7.

FIGURE 7 | Municipal Organization Chart



Source: Author’s elaboration.

The first 10 years of efforts to conserve cultural heritage were characterized by intervention made possible by public investment, public policies, and institutional developments, but the efforts of the authorities during the second decade to expand the involvement of private investors and residents are still to bear fruit. The positive outcomes of government interventions are due to the institutional structure created for their implementation. However, the complexity of the organizational structure creates rigid approval and control mechanisms, which some landowners choose to circumvent via illegal interventions.

Approval processes for planning and construction projects in the historic center are longer and more complex than similar processes in the rest of the city. The average time required to approve a project, including the issuance of a construction license, is one year. To promote private investment these regulations and procedures need to be streamlined and simplified.

FINAL REMARKS

The present analysis indicates that the following factors still need improvement to ensure the sustainability of the process to conserve the HCQ: i) shorter processing of the land use controls and building permits; ii) better accessibility by public transportation; iii) diversification of the economic activities; and iv) community participation and empowerment to conserve local culture. Reaching a point of sustainability requires actively working to transmit a common vision and involve all public and private stakeholders in the process. This must be done while implementing programs and projects that include the factors listed above, and defining policies that strengthen the predominance of these programs over other special interests.

Despite the fact that the HCQ has received significant public and private financing, including a complex administrative control system that has developed environmental and transit improvement policies, the data that were analyzed show that the residents are still moving away from the center to other areas and that the use of the area is not balanced: the area tends to show a predominance of commercial activities and housing services. Despite the recent increase in private investment, it still amounts to less than public investment, and most of the dynamism of the historic center depends on the demand

and investments of external populations. The inflow of new inhabitants does not compensate for the decrease in residents, and the poverty indexes of HCQ residents continue to be comparable with those of the poorest areas of the city. The nucleus of the historic center continues to exhibit the “museum phenomena.” It empties after 7:00 p.m., leaving it open only for evening tourism and increasing its vulnerability to crime. Many of the control mechanisms in place today include metropolitan police and the national police force, which do not cover the area continuously. Many restaurants and cafés have had to contract private guard services to accompany their customers to parking lots, which clearly discourages investment in the area. Encouraged by the municipal government, certain neighborhoods have become zones with mostly cafés and museums, which means that they are frequented on certain days of the week (Fridays and Saturdays), but are at risk of becoming temporarily fashionable sites that do not ensure the sustainability of the sector.

Lack of data prevents an analysis of the economic dynamism of the historic center vis-à-vis other areas of the city. In any case, the number of real estate development projects completed in the HCQ, compared with a boom in real estate investment in other city sectors (south, north, surrounding valleys), indicates that the HCQ does not attract the same level of investment as do other city sectors.

The attractiveness of an investment in real estate is hampered by high property prices, which do not allow for profitable real estate ventures that would be competitive with those in other city sectors. Investors seek low-risk operations, so they continue to invest in other areas of the city with proven markets: the north, south, and the valleys around Quito. In Quito, the engine of conservation is the government, which seeks to promote and recover the center for activities of interest to the whole city, such as tourism and large cultural or recreational events. However, the government has had limited capacity to attract private investment for activities that would have a larger contribution to the sustainability of the preservation process in the historic center. One example is the relatively reduced private investment in the rehabilitation of buildings for housing over the last years, a type of investment that will settle new population in the center.

Regarding the preservation and rehabilitation process, the analysis shows that public intervention has preceded private investment, improving public

spaces and the living standards of sector users, and has fostered investment. Moreover, there has been a sequence of public investments aimed at improving the quality and functionality of public spaces and the urban infrastructure, and they are still considered a precondition to attracting private investment. The rehabilitation of heritage buildings using public or philanthropic funds has helped to change the image of deterioration and decay of cultural sites, but there has been little response from the private sector. In the case of Quito, the imbalance is significant: 79 percent of the investment made in the sector during the study period was put into heritage buildings. The outcomes of the rehabilitation process so far indicates that is not the extent of the interventions that will bring the desired benefits; rather, all actions must be based on urban policies that include cultural heritage sites as dynamic components of the city. Treating cultural heritage as a specific issue has not allowed for the examination of important factors that explain and help resolve structural aspects, such as the reduction in population and the poverty of sector inhabitants. An all-inclusive dynamic needs to be present in the rehabilitation process.

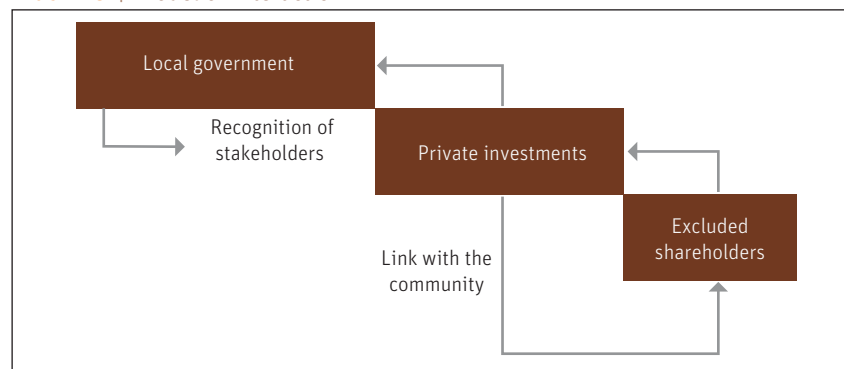
Large private investments are perceived more as threats than as strengths by the residents, even when such investments mean opportunities for neighboring property owners for speculation on their own assets. Large-scale interventions do not guarantee the reversal of deterioration. Although the deterioration of the heritage buildings has slowed, restoration has not reached the point where the rehabilitation process is self-sustaining. In this sense, ensuring the presence of the public sector in interventions continues to be very important, as is the need to carry out visible actions (cleaning facades, repairing sidewalks, increasing security, improving public lighting, etc.) to ensure that there is a public presence along with private investment. It can be safely argued that if the public sector stops actively investing, the rehabilitation process is at risk of coming to a complete halt, causing a domino effect on other investments.

The current approach to the rehabilitation and development of the HCQ puts emphasis on promoting real estate investments. This approach needs to be complemented with plans, programs, and policies for social improvement and for improving the economic conditions of sector residents. Investment policies should promote business associations of local owners and outside investors where landowners can see the profitability of the rehabilitation process.

Reforms to the complex process of control are needed, given that in many cases conservationist influences delay the approval processes for projects, thus discouraging investment. Currently the good system of control that guarantees conservation does not necessarily help the rehabilitation process. There is a need for an updated analytical assessment of historic buildings and social heritage that allows for implementation of action plans focused on current obstacles. It is important to recognize that despite the efforts made and past achievements, there is still a great deal of work to do, especially with regard to the socioeconomic improvements the residents in the HCQ need. This development plan must include the implementation of short-, medium-, and long-term actions focused on the following: i) a land policy that controls speculation; ii) an employment policy that raises the living standards of sector residents; iii) better citizen safety; iv) increased involvement of local residents in the development of the historic center; and v) updated policies and procedures for security and emergency response (for earthquakes, fires, and evacuation of public buildings in the event of a disaster).

Given the importance of local empowerment and increased sense of belonging of the local population for the long-term sustainability of the rehabilitation of the historic center, it is necessary to create a model for interaction among the local government, private investors, and the general community, such as inhabitants, business owners, and other users of the sector (Figure 8).

FIGURE 8 | Model of Interaction



Source: Author's elaboration.

The current analysis leads to the conclusion that the sustainability of the Historic Center of Quito is currently in a maturation phase—some things have already been achieved and others are in the works. It is particularly important to reinforce the use of the HCQ for living, increasing the sense of belonging, improving the living standards of the inhabitants, and reducing poverty levels. It is necessary to develop medium- and long-term policies that incorporate actions discussed herein to guarantee the efficiency and sustainability of the process.

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Salvador de Bahia, Brazil

Silvio Mendes Zancheti
Jordelan Gabriel



One of the most emblematic sites in the historic center is the Largo do Pelourinho, an irregular square that formed as a result of the growth pattern of the historic center of Salvador.

Photo by David Mangulian

This case study presents a succinct overview of the implementation process of the Rehabilitation Plan for the Historic Center of Salvador (RPHCS) and assesses the physical, spatial, social, and economic sustainability of its accomplishments. It attempts to answer the following questions:

- Has the Historic Center of Salvador (HCS) kept its urban and architectural heritage well preserved?
- Does the HCS have a mix of activities sufficiently diversified—including residential, commercial, services, recreational, and government—to respond to demands from residents, employees of local businesses, and visitors, including tourists?
- Is the HCS attracting public and private investments to uphold the dynamism created by the RPHCS?

The study is based on primary information (statistically representative surveys, interviews, and focus groups) and secondary information collected between December and March of 2010 in the city of Salvador, which is the capital of the State of Bahia in Brazil. The study team conducted field surveys and collected data on the condition of the buildings located in the HCS.¹ The Old Center of Salvador Reference Bureau (ERCAS, or Escritório de Referência do Centro Antigo de Salvador) and the Regional Superintendence of National Historic and Artistic Heritage Institute in Bahia (IPHAN, Instituto do Patrimônio Histórico e Artístico Nacional) supported the data collection efforts.

HISTORIC CENTER OF SALVADOR

Salvador, founded in 1549, was the first colonial capital of Brazil. Today, with an estimated population of three million people, it is the largest city in Northeast Brazil and the third largest city in the country. Together with 11 other municipalities, Salvador forms part of the Metropolitan Region of

¹Data collection was designed by Jordelan Gabriel and completed by the architect Mariely Cabral de Santana, from the Federal University of Bahia.

Salvador (MRS), which was established in 1973. An estimated 79 percent of the population of the MRS lives in Salvador. Most of the municipalities in the MRS are not contiguous; however, they form a metropolitan region due to their economic and social interdependencies. The exception is the municipality of Lauro de Freitas, which is fully contiguous to Salvador and has 4.1 percent of the population of the MRS. The extension of the urbanized area from Salvador into Lauro de Freitas is due to the real estate development pressures on the seaside lands toward the airport. For the purposes of this analysis, the metropolitan agglomeration includes both Salvador and Lauro de Freitas. Table 1 contains the demographic data for Salvador and the whole MRS.

There are three conservation areas embracing Salvador's center: the Historic Center of Salvador (HCS), listed by IPHAN as a heritage site and the focus of this case study; the buffer zone of the HCS delimited by municipal law; and the Old Center of Salvador (CAS, or Centro Antigo de Salvador) delimited

TABLE 1 Demographic Characteristics of the MRS, 1991 and 2000

Urban area/characteristics	Units	1991	2000
Salvador			
Total population	Inhabitants	2,075,273	2,443,107
Population in urban dwellings	Inhabitants	2,073,510	2,442,102
No. of urban dwellings	Households	477,689	651,066
No. of inhabitants per urban dwelling	Inhabitants/household	4.34	3.75
Urban area	Sq km	No data	324.5
Density	Inhabitants/Sq km	No data	7,526
Metropolitan Region			
Total population	Inhabitants	2,563,884	3,094,100
Population in urban dwellings	Inhabitants	2,471,289	3,028,398
Number of urban dwellings	Households	563,360	797,732
No. of inhabitants per urban dwelling	Inhabitants/household	4.39	3.80
Urban area	Sq km	No data	357.2
Density	Inhabitants/Sq km	No data	8,662

Source: IBGE (1991), 2000 Census.

TABLE 2 | Demographic Characteristics of the HCS, 2000

Characteristics	Units	2000
Total population	Inhabitants	6,976
Population in dwellings	Inhabitants	6,372
Number of dwellings	Dwellings	1,900
Inhabitants per dwelling	Inhabitants/dwelling	3.35
Urban area	Sq km	78.28
Density	Inhabitants/Sq km	89

Source: IBGE; 2000 Census.

by the new Participatory Rehabilitation Plan for the Old Center of Salvador (PRCA, or Plano de Reabilitação Participativo do Centro Antigo de Salvador).

Located on the higher grounds of the Upper City (*Cidade Alta*), the HCS is part of the central area of the city.² The HCS covers an area of 78.3 hectares, and for the purposes of this analysis it is divided into three subareas: HCS Castro Alves – Misericórdia; HCS Sé – Pelourinho; and HCS Carmo – Santo Antonio. Table 2 presents the demographic characteristics of the HCS in 2000; it is worth noting that in 2000 the population of the HCS was almost 7,000 inhabitants, down from almost 11,000 in 1991.

Within the HCS perimeter, there are approximately 1,800 properties, which house some 1,900 households.³ This area has good urban infrastructure, as shown in Table 3.⁴ As the HCS lies at the heart of the city, a significant number of residents live in house-type structures, although there are fewer of them in the HCS than in Salvador.

²When the Portuguese first settled Salvador, they preferred the highlands on top of the cliff facing the sea, later known as the *Cidade Alta*. Subsequently, they also settled along the beach at the foot of the cliff, which then became known as the Lower City (*Cidade Baixa*).

³There is no official count of the number of properties in HCS, although several estimates were found in the literature and documentation. For the field survey conducted in this study, this number was estimated.

⁴The data on the infrastructure facilities collected by the census was considered in addition to the data on the occupation of the historical part and on the households located on the slopes, which have only precarious access to this infrastructure; this distorts the figures, lowering the average data.

TABLE 3 | Existence of Basic Infrastructure: Salvador and HCS, 2000

Local	Units with potable water	Units with bathroom	Units with sewage network	Units with garbage collection
Salvador	96.6%	97.5%	74.7%	93.4%
HCS	96.4%	97.1%	89.1%	88.6%

Source: IBGE; 2000 Census.

TABLE 4 | Distribution of Households by Dwelling Type: Salvador and the HCS, 2000

Location	House	Apartment	Room
Salvador	67.3%	31.5%	1.1%
HCS	53.6%	38.9%	7.5%

Source: IBGE; 2000 Census.

TABLE 5 | Distribution of Households by Tenancy Status: Salvador and the HCS, 2000

Location	Owned	Rented	Lent	Other status
Salvador	80.8%	14.8%	3.2%	1.2%
HCS	47.0%	40.4%	5.5%	7.1%

Source: IBGE; 2000 Census.

Similarly, there is a significant gap between the percentages of households living in single-room households in these two areas, as shown in Table 4.

Table 5 shows that a greater percentage of residents in Salvador own their homes when compared to the HCS, where 40.4 percent live in rented properties.

Based on the social and economic information gathered for the time period analyzed and the income figures, the HCS has a larger share of middle-income households than the rest of the metropolitan area (see Table 6). In the HCS the percentages of heads of households with 15 years of school and earnings up to 10 minimum salaries are larger than those in Salvador.

TABLE 6 | Number of Years of Schooling and Nominal Monthly Income of Heads of Households: Salvador and the HCS, 2000

Location	Years of schooling – head of household		Income – head of household	
	0–15	Over 15	Up to 10 minimum wages	More than 10 minimum wages
Salvador	95.5%	4.5%	86.2%	13.8%
HCS	96.7%	3.3%	88.0%	12.0%

Source: IBGE; 2000 Census.

URBAN EVOLUTION IN THE HCS

The Portuguese nobleman Tomé de Souza, the first general governor of Brazil, established the city in 1549. The historic core was conceived and planned as a “fortress and a town” as ordered by King Dom João III. Due to accessibility and defense considerations, the city was constructed at the top of a cliff—65 meters above sea level—in the interior of the Todos los Santos harbor. It was a naturally protected city, to the west by the cliff and to the east by palisades, moats, and mud brick walls. The development of the city depended on the export of sugar and gold, and on the public administration until the 17th century. Toward the end of the 17th century and during the 18th century, the city expanded and was dotted with palaces, public buildings, churches, and convents in the baroque and rococo style.

In 1763, the colonial capital of Brazil moved to Rio de Janeiro, due to the proximity of this city to the gold producing areas of Minas Gerais. This reduced the economic and political importance of Salvador. After the Portuguese court moved to Brazil in 1808, Salvador sustained its importance as the second largest city in country with the rebirth of the sugar agro-industrial complexes and became known as a center of trade, which included the extraction of diamonds from the interior of the province. The economic expansion was followed by the modernization of the urban infrastructure and buildings with the use of new construction materials (e.g., glass and bricks).

In 1861, the transportation system of the city was greatly enhanced with the introduction of buses and a hydraulic lift in the cliff. This allowed the physical expansion of the city beyond the limits established in the 18th century, giving birth to new neighborhoods that attracted the high-income households. At the beginning of the 20th century, Salvador underwent a profound urban transformation with the construction of new roads that linked the historic center with the new neighborhoods. These changes led the high-income households to abandon the center and move to new neighborhoods, particularly to the south of the city. Commercial activities also moved out of the center to the port area that was expanded through landfills. The Sé-Pelourinho and Carmo-Santo Antonio sections of the HCS maintained their physical characteristics but lost economic importance with respect to the new modern sections of the city. The Praça Castro Alves – Misericórdia area maintained its relative importance as a business center until the 1970s.

As such, the HCS turned into an area that attracted low-income households, small merchants and craftspeople, service-oriented small enterprises, immigrants, and marginal groups. The big colonial houses were split into small apartments, tenements, and workshops for craftsmen and merchants (Azevedo, 1990). Access to the historic center remained limited and changes in the social and economic composition of the area further pushed high-income and dynamic economic activities out of the area. From the 1930s onward a physical degradation process began in the HCS and continued through the early 1990s, in spite of the numerous attempts by the municipal and state governments to reverse it (Wipfli, 2001; Azevedo, 1990). The HCS includes the foundational core plus area where the city expanded from the mid-16th century to the end of the 17th century.

THE RPHCS AND ITS CONTEXT

The HCS has been under heritage preservation status since 1937, and 37 buildings (palaces, churches, and convents) have been included on the national heritage list. The architectural, landscape, and urban complex of the

HCS was included in the National List of Archeological, Ethnographic, and Landscape Heritage (*Livro de Tombo do Patrimônio Arqueológico, Etnográfico e Paisagístico Nacional*) on June 19, 1984.

In 1985, the HCS was included in UNESCO's World Heritage List (WHL) with the same perimeter as the national listing. The declaration supporting the listing indicates that:

“As the first capital of Brazil, from 1549 to 1763, Salvador de Bahia witnessed the blending of European, African, and Amerindian cultures. From 1958 it was also the first slave market in the New World, with slaves arriving to work on the sugar plantations. The city has managed to preserve many outstanding Renaissance buildings. Special features of the old town include the brightly colored houses, often decorated with fine stucco-work.”

The buildings included in the listing are also protected by the Municipal law 3289 of 1983, which defined the rigorous protection of all the buildings included in the protection perimeter.

In 1992, the Government of the State of Bahia (GSB) launched the RPHCS as an initiative to create a new hub to attract domestic and international visitors. This plan was inspired by urban revitalization projects in dockland areas throughout Europe and the United States, including Barcelona (Spain), London (UK), and Baltimore, Maryland (United States). The goals of the GSB were ambitious as it was eager to reverse the economic decline and severe physical degradation process troubling the HCS—traditionally home to poor residents with low-value-added economic activities despite its architectural, town planning, and landscape assets of vast historic value.

The RPHCS was innovative for its time, especially in terms of the management and implementation scheme used by the GSB. The RPHCS launched a phase in which local governments (state and municipal) took over responsibility for these new revitalization initiatives. Notwithstanding the strong involvement of the GSB and the resources spent by Bahia's Artistic and Cultural Heritage Institute (IPAC, or Instituto do Patrimônio Artístico e Cultural da Bahia), the rehabilitation of the HCS began without an initial project. There were no studies conducted to identify and assess the problems in

the intervention area, except for a social and economic survey of part of the area (the Pelourinho district) completed in 1967 (IPAC, 1967) that was used as a the prime source of information. The interventions were undertaken on the basis of ad hoc projects, prepared as the implementation of the program progressed.

The RPHCS proceeded on the basis of guidelines drawn up in 1991 by IPAC, which defined the following three main areas of intervention: i) the physical and territorial structure; ii) the social and economic development process; and iii) the judicial and institutional framework, especially in terms of property ownership in the area of intervention. These guidelines divided the HCS into three areas and five subareas: i) Area A (Barroquinha, Rua Chile and Praça Castro Alves, Misericórdia, Sé, and Saldanha); ii) Area B (Terreiro de Jesus, Pelourinho, and Maciel), and iii) Area C (Passo/Carmo, Taboão, and Santo Antônio). Six types of interventions were also defined: restoration, reconstruction, new construction, functional and structural rehabilitation, conservation, and urbanization and landscaping.

These guidelines were used by the RPHCS up to Stage 6. IPAC (1995) published a book on the plan, which presents the guidelines in the form of a plan and presented the results achieved to that year. Additionally, IPAC attempted to minimize criticism for the absence of a formally structured plan, conducting a survey on the management of the revitalization process so far and its prospects (Vasconcelos and Espinheira, 1995; IPAC, 1967). During the Fourth International Seminar for the Revitalization of Historic Centers in Latin America and the Caribbean (the SIRCHAL Seminar) held in Salvador (Brazil), IPAC presented three documents (SIRCHAL 2002, 2002a), which assessed the project implemented and presented information for the first time on the role of the public and private sectors in this plan and the types of partnership used, together with the criteria for the physical and spatial interventions implemented. This was the first and last broad analysis of the RPHCS presented to a wider public. The activities of the RPHCS are included in the Monumenta Program, a strategic program of the Brazilian Ministry of Culture to rehabilitate urban cultural heritage in Brazil that is partially financed by the Inter-American Development Bank (IDB), specifically for the implementation of Phase 7 of the plan (which is still under way).

IMPLEMENTATION OF THE RPHCS

It is estimated that between 1991 and 2000, the GSB spent more than US\$65 million on the RPHCS.⁵ This estimate does not include the costs of renovating and expanding the infrastructure (sewage, water, electricity, street lighting, and telephones). It was not possible to find a full account of the total public investment made between 1992 and 2009. Table 7 presents a list of the works and investments made to rehabilitate city blocks and its buildings throughout the entire implementation period of the plan, except for those related to infrastructure works. These outlays were increased by US\$9.7 million earmarked for the rehabilitation of monuments and other public buildings listed as historic and artistic heritage assets, as well as others of interest to the RPHCS (Wipfli, 2001). Most of the funding for the plan came from the GSB. However, the Central Government of Brazil cofinanced works done on certain monuments and historic assets.

During Stage 6, additional funding came from the proceeds of the sale of the power utility owned by the State of Bahia (COELBA) and from the Northeast Tourism Development Program (PRODETUR), which was financed by the IDB and Brazil's National Bank of Economic and Social Development (BNDES).

The IDB allocated US\$6.7 million to the Monumenta Program for Stage 7. This stage will receive an additional US\$5.3 million from the Caixa Economica Federal, a government-controlled savings and loan institution, which will fund the implementation of a housing program for civil servants and low-income families living in this area.

The Intervention Process

The RPHCS was implemented with a very different management structure from what is customary for local development projects in Brazil. It was led and financed by the GSB, which to date is still in charge of implementing the process through the following institutions:

⁵ Source: Correspondence from the IPAC dated January 11, 2010.

- *The Bahia State Urban Development Company (CONDER)*: A state-owned enterprise that operates as a private undertaking, with its own assets and financial and administrative autonomy, linked structurally to the Urban Development Secretary of the GSB.
- *IPAC*: A semiautonomous government entity linked to the Tourism Secretary of the GSB.

As the HCS is listed as a national historic site, IPHAN, a federal institution, served as the supervisor of the actions and works undertaken in the RPHCS, analyzing and approving the rehabilitation projects for public areas and private buildings in the city blocks under rehabilitation.

From 1992 through 2000, the Salvador municipal government supported the plan to some extent; however, its involvement was very limited and even its normal duties and responsibilities, such as street cleaning and lighting,

TABLE 7 | Works and Public Investments in City Blocks and Buildings in the HCS, 1992–2006

Stages	Implementation period	Number of city blocks	Number of properties	Special works	Investments: contracted amounts (US\$)
Stage 1	1992–1993	4	89	3 courtyards in city blocks	11,221,701
Stage 2	1992–1993	2	47	—	2,805,811
Stage 3	1992–1994	3	58	Restoration of a church	3,010,136
Stage 4	1992–1994	8	183	—	12,512,766
Stage 5	1996	2	48	—	10,245,607
Stage 6	1997–2006	6*	83	Recuperation of the Praça da Sé plaza and cinema facade	7,103,112
Stage 7	1999–**	10	88	Rehabilitation of seven listed properties	8,624,614
Total		35	596		55,523,750

Sources: Leaflet on the HCS, CONDER; Spreadsheet supplied by CONDER in December 2009.

* Number of city blocks partially rehabilitated.

** Under way.

were undertaken by entities of the GSB. In 2009, the municipal staff assigned to the Historic Center District (a dependency of the municipality) was transferred to the building occupied by City Museum in the Pelourinho quarter, and was assigned the responsibility of controlling land uses, authorizing renovation works, and installing new economic activities in the area. The local government recently accepted responsibility for the maintenance of public spaces and citizen safety.

The implementation of the RPHCS was very fast during the first six phases. The GSB's full political control over the process ensured management with no interference from social groups or other institutions. From the first through the sixth stage, the implementation process followed a similar procedure, consisting of the following steps:

- a. Identifying city blocks for intervention;
- b. Distinguishing property owners within the city blocks that will be intervened;
- c. Negotiating control of the properties in the blocks under rehabilitation, either acquisition, temporary use rights (*commodatum*), or expropriation;
- d. Defining the investments to be made in the city blocks and in each of the properties, in compliance with the intervention criteria defined in the guidelines;
- e. Removal of all residents and economic activities from the properties to start up work;
- f. Contracting the works;
- g. Undertaking the works;
- h. Negotiating with interested parties and leasing out the properties;
- i. Starting up the activities on the properties.

The basic intervention units in this plan consisted of city blocks. In some cases, the structure and use of the core of the blocks were changed, altering the design and arrangement of the backyards to turn them into courtyards. This intervention introduced a new type of urban space that had not existed previously in the HCS. It also impacted the existing buildings, as some structures had to be demolished to provide space for new uses in the inner

courtyards of the blocks. The rear facades of the properties were restructured, transforming them into attractive backdrops for these newly created public areas.

Intervention in the buildings followed the classifications defined in the guidelines, which blended one or more typologies. For properties rated as highly valuable historic assets, a procedure closer to restoration was pursued, using old construction techniques and materials to rebuild the original characteristics of the building on the basis of available (often circumstantial) evidence. Less significant properties underwent a broader rehabilitation intervention that strove to adapt these buildings to the defined uses, based on modern building standards. For properties that were severely deteriorated or in ruins, indoor interventions were relatively free in terms of the distribution of areas and the use of construction materials, while striving to keep the basic shapes of the buildings with the facades complying with the “design of the period.”

In terms of the uses of the rehabilitated properties, up to Stage 6 of the implementation process, the program attempted to achieve a mix of activities in the historic center, allocating only 10 percent of the rehabilitated space for housing and related residential activities and the rest for commercial and business activities. This mix was meant to simulate the activity of a mall in an urban area by expanding the number and range of activities, services, and trades focused on tourism. Shortly before 2000, IPAC conducted a survey on the activities in the area (Table 8).

The implementation of the RPHCS had massive social impacts. Prior to the rehabilitation effort, the HCS was home to a large number of low-income families living in this area, especially in the Terreiro, Maciel, and Pelourinho quarters. There was also a range of economic activities associated with the daily lives of these residents. The HCS clustered a series of commercial activities and specialized services whose markets extended throughout the entire metropolitan region, especially trading in leather and leather goods (Taboão) and electro-electronics (Saldanha). Fortunately, the businesses engaged in the latter two activities were not addressed by interventions under the recuperation plan.

At the start of the implementation of each stage, the local population and the activities in each city block were removed from the buildings. Resident

TABLE 8 | Activities in the HCS, 2000

Use	Number of properties	Percent
Bars, restaurants, and snackbars	142	13.1%
Clothing	31	2.9%
Handcrafts	66	6.1%
Art	57	5.3%
Jewelry	14	1.3%
Decorative items	4	0.4%
Electronics	47	4.3%
Banks	5	0.5%
Government entities	35	3.2%
Hotels and inns	11	1.0%
Travel agencies	8	0.7%
Churches and museums	43	4.0%
Sundry entities	50	4.6%
Theater, dance, and shows	8	0.7%
Other businesses	387	35.8%
Residences	174	16.1%
Total in use	1,082	100.0%
<i>In ruins</i>	64	—
<i>Requiring work</i>	204	—
TOTAL	1,370	

Source: Wipfli (2001).

families were registered and invited to discussions on the manner in which the property would be released. Initially, there were three options on the negotiating table: simple monetary compensation (a cash payment), final resettlement to a property offered by the plan management, and provisional settlement to some other location until the completion of the renovation of the property in the HCS. From Stage 3 onward, only monetary compensation was offered. These compensations were the methods more widely used to release the city blocks and properties, especially those held by low-income families. Table 9 presents this process.

TABLE 9 | Indemnity Process: HCS, 1993–2009

Stage	Families receiving compensation	Families relocated	Businesses receiving compensation
1	438	26	79
2	170	16	19
3	429	—	58
4	894	—	—
5	67	—	—
6	—	—	—
7	1,600	—	—

Sources: Stages 1–4: Wipfli (2001); Stage 5: Fernandes, SantAna (2006); and Stage 7 (interview with Paulo Roberto Canuto Oliveira, Artistic and Cultural Heritage Preservation Director [IPAC]).

At the start of the process, there were many properties whose owners were unknown and many others that were owned by the Metropolitan Curia (Santa Casa de Misericordia da Bahia) and several religious orders, many of which were occupied with no formal lease agreements. The GSB decided to negotiate with the major owners and expropriate the properties whose owners were unknown. Where the owners were present, two solutions were commonly used: i) the proprietors transferred control of the property (*commodatum*) to the IPAC for a specific length of time or ii) the proprietors signed an agreement with the RPHCS to cover the costs of the rehabilitation and retain control of the properties. For the former, the proprietor left the property with the state government, who accepted responsibility for its renovation and lease for a period of time to recuperate the funds invested. For the latter, the proprietors accepted the cost of the renovation and retained use of the properties.

The religious institutions decided to transfer their properties to the temporary management of IPAC, covered by loan for use agreements. In all these cases it was possible to establish partnerships between the proprietors and IPAC, through which the RPHCS manager accepted responsibility for renovating the ground floor while the proprietor worked with the other floors, leaving IPAC with only the management of the ground floor under loan for use agreements. In 2000, IPAC was managing 563 properties directly, as shown in Table 10.

This management structure has changed over the past few years, with a decrease in the number of properties under the management of the state

TABLE 10 | Property Ownership Structure: HCS, 2000

Proprietor	Quantity	Share (%)
IPAC-GSB property	430	31.85
IPAC-Loan for use	133	9.85
Religious orders	104	7.70
Private	637	47.19
Other institutions	46	3.41
Total	1,350	100

Source: SIRCHAL (2000).

government. In 2009, the number of real estate units managed by IPAC fell to 387 (located in 236 properties) due to the expiration of several loan for use agreements, mainly those signed with religious institutions.

This triggered radical changes in the profiles of the families living in the Pelourinho area. Housing and other residential uses were not a priority of the initial objectives of the plan. The main objective was to establish tourism related activities and services, including recreation and entertainment activities for the whole city. The families living in the sections of the HCS that underwent rehabilitation and opted for resettlement were moved to outlying parts of the city. Many of these families that opted for monetary compensation preferred not to leave the district, instead settling on the boundaries of the intervention area.

Using census data, a study showed that the social and economic profiles of people living in the historic center changed radically between 1991 and 2000 (Fernandes, 2006). The new residents had a profile that reflected higher income groups with better opportunities in local society. The following data clearly illustrate this change:

- Between 1991 and 2000 the resident population shrank by 36.2 percent.
- Heads of households with incomes of up to 10 minimum wages dropped substantially (66 percent up to one minimum wage; 56 percent between 1 and 3 minimum wages; 13 percent between 3 and 5 minimum wages; and 3 percent between 5 and 10 minimum wages), while those

with incomes of more than 10 minimum wages increased (1 percent between 10 and 15 minimum wages; 114 percent between 15 and 20 minimum wages; and 57 percent above 20 minimum wages).

- The number of heads of households with up to 14 years of schooling fell (by 76 percent for those with no schooling or up to one year of schooling; by 57 percent for those with between 1 and 3 years; by 36 percent for those with between 4 and 7 years; by 40 percent for those with between 8 and 10 years; and by 7 percent for those with between 11 and 14 years), while the number of people with 15 or more years of schooling rose by 25 percent.

Several authors feel that a gentrification process had taken place in the HCS, and this has been the core issue addressed by a vast majority of academic studies exploring this rehabilitation program (Wipfli, 2001; Zanirato, 2007; Fernandes, 2006; Nobre, 2003). The available information indicates that there has been a significant shift in the population, in a movement that was not driven by spontaneous social and economic forces. Consequently, the gentrification of the HCS may be better characterized as *forced gentrification* that is a process imposed by the RPHCS rather than driven by market forces.



Economic activities linked to tourism and recreation are very prominent in the Sé district of the historic center.

Photo by David Mangulian for the IDB

For a long time—at least from the end of colonial times—the central portion of the HCS (the Pelourinho) has had a strong ethnic identity around the resident African-Brazilian population, which was “(...) strengthened during the late XIX and early XX century, when the historic city center saw an inflow of poorer sectors of the population, including many freed slaves from the Recôncavo area, while the richer segments of the population migrated to new districts south of the city” (Azevedo, 2008).

At the time when the RPHCS was being implemented, this identity was still strong in the Pelourinho, as seen in the church of Our Lady of Rosario dos Pretos, with its ossuary in the rear, *capoeira* groups (Bimba), and the presence of music groups such as Afoxé Filhos de Ghandi and the Olodum Group. These musical and religious activities have always had links with large populations living in other parts of the city, providing support for other events and becoming the driving force behind the musical dynamism of Salvador.

The ethnic identity of many of these groups, underpinned by their financial sustainability ensured by their artistic successes, prompted the appearance of several educational and cultural projects in the Pelourinho quarter, which were sustained by nongovernmental organizations (NGOs) and other cultural associations with interests beyond music. These activities have played an important role in the sustainability of the social and cultural life of the area, in addition to having firmly established its status as a locus for the expression of black culture in Salvador (Gottschall and Cabral de Santana, 2006).

From Stage 6 onward, the recuperation plan came under heavy pressure to change its goals and management style to solve four main problems. The first is to deal with the monetary compensation for families living in properties that will benefit from Stage 7 interventions, mostly low-income families. Approximately one thousand families received monetary compensation, but 103 of them refused to leave the properties and the area. This decision was supported by the Public Prosecutor’s Office, which intervened and guaranteed the right of these families to provisional resettlement within the boundaries of the HCS. These groups began to call for permanent residence in the historic center, more specifically within the boundaries of the rehabilitated area. They set up the Association of Residents and Friends of the Historic Center of Salvador (AMACH) to serve as the interlocutor with the state government.

The implementing agency in charge of the program has long been criticized by academics, politicians, and institutions concerned with the preservation of urban heritage and human rights because of the limited attention given to the residents and the low priority assigned to housing in the plan. In 2005, it was agreed that the 103 families should remain in the area, being assigned housing units financed by the social housing programs from the federal government.

The second problem came from the mix of activities. After the RPHCS had been in operation for some years, the objective of having variety of activities in the rehabilitated area could not be maintained as several businesses closed down, claiming lack of demand to generate profits and repay the loans they had taken out to pay for the rehabilitation. Consequently, many businesses closed, while others either shifted their line of business or significantly changed their products to fit demand; in both cases they ignored the business mix guidelines set up by IPAC. This resulted in marked changes in the use of the rehabilitated properties, which led to an oversupply of establishments selling souvenirs and handcrafts to tourists, as well as of bars and restaurants. The stance adopted by IPAC, allowing the merchants to remain in possession of the properties, even after closing down the original commercial activities, and also accepting defaults in the repayment of the loans, made the oversupply problem worse (Fernandes, 1998).

The third problem was management. The recuperation plan was implemented with a strong state government presence, which took over all the administrative and financial expenses (Vasconcelos and Espinheira, 1995), including, among others, maintenance of public areas; maintenance of IPAC properties rented out to third parties; promotion of cultural activities in the area; and promotion of the area as a tourism hub.

This attitude induced the tenants in the buildings managed by IPAC (commercial and residential) not to pay their rents, as they felt protected by the indifference of the public officials managing the program. The situation reached a critical point at the time when IPAC had the maximum number of buildings under its ownership or control under trust, and a large proportion of the leases were in arrears. Since then, IPAC had been regularizing the use of the properties under its control by setting up occupancy rules, condominium norms, and a heritage preservation education program (Mendonça, 2007).

TABLE 11 | Arrears and Current Contracts Managed by IPAC in the HCS, 2007

Contracts	Number of contracts
In arrears	222
Current	106
Total	328

Source: Mendonça (2007).

Notwithstanding these efforts, by 2007, the majority of the contracts were still in arrears (see Table 11).

This type of management, known as *paternalistic* and of an interventionist slant, which required closed links and joint actions between the public and private sectors, encouraged an *opportunistic* attitude among the businessmen and tenants

of the properties. They began to assign all responsibility to the state government for the economic problems associated with the recuperation plan, especially when the businesses began to operate in the red (Fernandes, 1998).

The fourth problem was related to intervention processes in old properties in the HCS. The intervention criteria adopted for renovating the city blocks and properties were not sufficient to guarantee the integrity and authenticity of the cultural significance of these heritage sites. The multiple and rather flexible alterations to city block structure, new internal configurations of the properties, simplification of facade designs, abandoning the use of artistic adornments, and new construction gave a contemporary appearance to an old urban heritage area. Additionally, the indiscriminate use of new construction materials and techniques, not compatible with the old materials, resulted in the rapid deterioration of the buildings, which required frequent repairs, causing even more damage to the heritage sites.

Stage 7

From 1996 onward, the reduction in the funding from the state government for the program, together with political pressures calling for a new way of dealing with poor families living in this area, forced the state government to reconsider its strategy. Stage 7, conceptualized under the framework of the Monumenta Program, tackles one of the most physically and socially deteriorated areas of the historic center that is home to a large low-income population. The goals in this stage are to provide housing for low-income families and to transform several buildings of major historical value into cultural centers.

There were problems with local residents right at the start of the Stage 7 discussions, due to the removal of a large number of families with the lure of monetary compensation. This prompted the state government to strengthen the housing component of the project, including homes for low-income groups and low- and medium-income employees working for the state government. The financing of this component was initially negotiated with the Caixa Economica Federal. Part of funding would be used to finance 103 housing units for families refusing the compensation offered by the state government that managed to obtain the right to remain in the area; the other part would be used to lease 203 renovated housing units to low-income families.

After several years of discussions, the Caixa Economica Federal withdrew from the Stage 7 project, which was a serious blow to the implementation process. Since then, the state government has restructured the financing scheme under the Monumenta Program and has set a new line of financing earmarked by civil servants employed by the GSB through the State Civil Servant Housing Program (PROHABIT), which uses the state civil service fund. CONDER is responsible for the implementation of this program. The Stage 7 project is supplemented by the renovation of 63 properties intended for commercial use.

The implementation of Stage 7 has been very slow, with the lack of state government funds undermining its ability to meet the counterpart obligations imposed by the Monumenta Program. The program managers and technical staff do not view the allocation of housing units for low-income families as particularly feasible.

Other Supplementary Actions

During the previous few years, the recuperation plan had been supplemented with other programs that focused on renovating historic and artistic monuments and especially providing housing for low-income families. Some of these programs are detailed here.

PRODETUR Program: The PRODETUR/Northeast Tourism Development Program (PRODETUR NE) was an investment program financed by the

IDB that was set up to boost tourism in Northeast Brazil. In its two phases, the program financed US\$10.973 million in rehabilitation of historic monuments—mainly dating back to colonial times—and made them an attraction for tourists (PRODETUR, 2005).

REMEMORAR Program: The REMEMORAR program, developed by the Bahia State Government, is a housing program for the historical center funded by a residential leasing program (PAR, or Programa de Arendamento Residencial) and the Brazilian Ministry of Culture. Other participants included IPHAN and the Moradia e Cidadania, an NGO. During the initial stage (2004), approximately US\$762,000 was invested, resulting in the construction of 41 homes intended for leasing to civil servants.⁶

PHIS and PROHABIT Programs: As the housing issue in the HCS gained importance, two programs were added to the Monumenta Program's actions during Stage 7 of the RPHCS—the Programa de habitação de interesse social (PHIS), a social housing program, and PROHABIT, which will produce residential units and 55 commercial properties through the rehabilitation of 75 ruined buildings. PHIS will produce 103 residential units and 13 commercial units, intended for families who have resisted resettlement and obtained guarantees from the courts to remain in the area. PROHABIT is designed to assist civil servants working for the state government, with a planned output of 229 housing units and 42 commercial units.⁷

Pilar-Taboão and Rocinha Projects: The slopes surrounding the HCS have been partially settled for many years with rows of townhouses and more modest homes that are in ruins or in a precarious state of conservation; nevertheless they are homes to countless families with extremely low incomes. The GSB prepared two housing initiatives to keep these families

⁶ Source: <http://www.conder.ba.gov.br/webnews/news/noticia.asp?NewsID=705>

⁷ Source: http://informededur.blogspot.com/2009/03/recuperacao-do-centro-historico_30.html

living in the historic center. The first, the Pilar–Taboão project, is located in the Ladeira de Taboão and was implemented by CONDER. The project will build 101 housing units to accommodate families living in this area whose current houses are subject to the risk of landslides. The same approach will be used for a residential project in Rocinha, which is located behind the old medical school of the Bahia Federal University (UFBA), with access along the rua Alfredo de Brito, one of the main streets leading to the Pelourinho quarter. This project covers an area of 10,500 square meters, where 66 housing units will be built.

Urban Legislation

The legal framework for city management, the Organic Law of Salvador, states that the HCS is listed as a municipal heritage area and instructs that the Master Plan (*Plano Diretor de Desenvolvimento Urbano*) (Municipal Law 7409/2008) should establish the rules for the conservation of the cultural heritage (including urban heritage assets) (Article 53). The plan should also provide guidelines for public interventions in inner-city slums in protected heritage areas (Article 70), and set directives for the rehabilitation of macro urban areas (Articles 133 to 136).⁸ The HCS is a macro area covered by this legislation.

Law 3289/1983 defines and regulates public interventions in cultural and landscape preservation areas, of which one type is the High Protection Area (APR) covering the HCS (Figure 2). Other changes to the public works code included in Law 3903/1988 require the agreement of IPHAN for works on buildings or lands located in a protected area.

Law 3377/1984 on land use planning in Salvador gives IPHAN the responsibility for issuing building licenses in buildings and architectural complexes listed by IPHAN (Title IV, Chapter 1). It is worth highlighting Law 6779/2005 regulated by Decree 16302/2006, which grants fiscal incentives (exception or reduction in taxes and fees) for investments in buildings located in the Downtown Administrative Region where the HCS is located.

⁸In the Brazilian legal context, the Organic Law is the key legislation ruling the activities of the municipalities.

A New Institutional Arrangement and a New Plan

After a long period with no clear definition of the institution that would handle the management of the HCS rehabilitation activities, the GSB, through Decree Nº 10,478 promulgated in October 2007, established the Old Salvador Center Management Council, including the Culture, Urban Development Tourism Equality Promotion, and the Public Security Secretariats. Article 5 of this same decree establishes the operating arm of the council, the ERCAS, assigning it responsibility for designing and implementing a short-, medium-, and long-term strategic management plan for the area (Article 6; I).

Soon afterward, in December 2007, a technical cooperation agreement was signed by the federal, state, and municipal governments to prepare and implement a new plan. The ERCAS completed the basic studies and developed the Integrated and Participatory Rehabilitation Plan for the Old Center of Salvador (PRCA, or Plano de Reabilitação Participativo do Centro Antigo de Salvador), with the involvement of local players through theme-specific workshops using the methodology from the SIRCHAL seminar. The PRCA defines an area of seven square kilometers, the CAS, which includes the HCS and the preservation area defined by the municipal law. The plan is based on a detailed diagnostics of the existing situation and the active involvement of a variety of stakeholders. The strategy has four guiding principles that provide basis for 14 proposals for the period between 2010 and 2014 (Bahia, 2010).

CONDITION OF THE PROPERTIES AND THE URBAN SPACE

The concern for the rehabilitation of the HCS dates back to the 1980s, when several initiatives were implemented to restore monuments and expand the conservation efforts from individual properties to whole urban heritage areas (Wipfli, 2001). However, these actions were limited in scope, and it was not possible to reverse the process of degradation that had been under way for many years.

When the RPHCS was launched (1991–1992), there were no analytical studies registering the state of preservation of the buildings on a case-by-case basis or by city blocks, the unit of implementation of the plan. The only reference found on this matter was a qualitative assessment conducted prior

to the implementation (Wipfli, 2001), which referred to the studies used to prepare the general guidelines for the rehabilitation works. In this survey, the condition of the buildings was assessed according to the three areas of intervention identified in the guidelines. The findings of the survey conducted for the present study are provided below, based on three areas previously mentioned, which practically coincide with those used in the guidelines:

- *Castro Alves – Misericórdia subarea*: In general, the commercial properties are in a good state of physical preservation but have lost a great deal of their original architectural characteristics. However, due to overuse by multiple households, the residential buildings are extremely deteriorated and their architectural characteristics have been significantly altered.
- *Sé – Pelourinho subarea*: In this area of the HCS, the architectural characteristics of the buildings are well preserved. However, most of the buildings, aside from those housing commercial and tourism activities, have not been well preserved, due mainly to their use as tenements and subdivided housing units for families with extremely low incomes.
- *Carmo – Santo Antônio subarea*: The state of preservation of the buildings in this area varies depending on their location. In Santo Antônio, to the north, where the buildings are mainly used as residences for middle-class families, the properties are well preserved, despite some loss of historic architectural characteristics. In the area close to the Ladeira do Carmo, the interiors of the properties are poorly preserved, as they had been subdivided into multiple dwellings.

In brief, it may be said that, except for the properties in the Santo Antônio area, the state of preservation of the buildings ranges from unsatisfactory to extremely poor. Paradoxically, the Sé – Pelourinho subarea demonstrates the best maintenance of its historic architectural characteristics. In 2010, the condition of the properties was examined through a field survey that covered the entire HCS, but which did not separate the findings by subareas. This survey examined the roofs, walls, finishes and paintwork, structures, doors, window openings and frames, balconies, verandahs, and railings. Table 12 presents the findings of this survey, which are generally positive. Notably, the

TABLE 12 | Condition of the Buildings According to Property Components: HCS, 2010

Property component	Well preserved	Minor problems	Severe problems	In ruins
Roofs	58.9%	26.0%	9.4%	5.7%
Walls, finishes, and paintwork	32.3%	52.8%	9.7%	5.1%
Structures	76.9%	13.3%	4.6%	5.1%
Doors, windows and openings, and frames and jambs	50.3%	37.9%	6.2%	5.6%
Balconies, verandahs, and railings	54.8%	33.3%	7.1%	4.8%

Source: Direct sampling survey.

core elements of the buildings, the roofs and structures, are well preserved in approximately 59 and 77 percent of the properties, respectively. The roofs had severe problems in 9.4 percent of the properties, immediately after walls, finishes, and paintwork, which presented severe problems in 9.7 percent of the properties.

Table 13 presents the outcome when combining the results of the survey by assigning weights to the building elements and the state of preservation; the values summarize the levels of preservation of the buildings in the HCS.

Table 13 shows that 87.6 percent of the buildings in the HCS are well preserved or have only minor problems. Simultaneously with this survey, a field survey also assessed the status of the streets and sidewalks in the HCS, as shown in Tables 14 and 15.

Compared to the situation of the buildings, the level of preservation of the streets in the HCS is high, with 96.5 percent in good or fair condition. As is common in major Brazilian cities, the state of preservation of the sidewalks and pavements is worse than that of the streets, with only 45 percent rated as good.

The good condition of the HCS is the result of the works implemented by the RPHCS. However, it must be stressed that program administrators

TABLE 13 | Condition of the Buildings: HCS, 2010

Well preserved	Minor problems	Severe problems	In ruins
49.7%	37.9%	6.2%	6.2%

Source: Direct Sampling Survey.

TABLE 14 | Condition of Streets: HCS, 2010

Material	Use of material	Condition		
		Good	Fair	Bad
Asphalt	49.2%	72.9%	27.1%	—
Paving blocks	2.1%	—	100.0%	—
Cobblestones	15.4%	43.3%	50.0%	6.7%
Portuguese mosaic	1.5%	0.0%	100.0%	0.0%
Pavers	31.8%	74.2%	17.7%	8.1%

Source: Direct sampling survey.

conserve many of the buildings as well as the public spaces. The core area of activities implemented under this RPHCS runs from the Praça da Misericórdia plaza to the start of the Ladeira das Portas do Carmo alley, corresponding to the works executed in Stages 1 to 6. Within this perimeter, a large number of properties belongs to IPAC or are under its control through loans for use. IPAC is responsible for maintaining the interiors of the properties, regardless of the type of lease, which include residential or commercial rentals and assignment to nonprofit institutions or government entities. In turn, the CONDER is responsible for maintaining the outside of the properties in this area, regardless of whether they are managed by IPAC or not.

TABLE 15 | Condition of Sidewalks and Pavement: HCS, 2010

Material	Use of material	Condition		
		Good	Fair	Bad
Paved blocks	0.6%	—	100.0%	—
Ceramic tiling	2.9%	60.0%	40.0%	—
Concrete	76.6%	48.5%	49.3%	2.2%
Granite	0.6%	100.0%	—	—
Floor bricks	10.3%	11.1%	83.3%	5.6%
Flagstone	4.0%	71.4%	28.6%	—
Portuguese mosaic	4.6%	25.0%	75.0%	—
Pavers	0.6%	100.0%	—	—

Source: Direct sampling survey.

Between 1991 and 2000, the GSB spent approximately US\$404,694 (Sirchal, 2002) on maintenance in the program intervention area. Currently, CONDER is spending some US\$1,000,000 a year on maintenance for the exteriors of the properties. Unfortunately, it was not possible to examine the outlays of IPAC, but during the interviews and focus groups, this figure was estimated as close to CONDER expenditures.⁹

The second aspect is the maintenance of the properties that were withdrawn from the loans for use management system run by IPAC and handed to religious orders and institutions. These properties were also in good condition because these institutions have good property maintenance systems, charge higher rents than IPAC, and lease out their properties to tenants selected through more stringent candidate selection processes, taking into account the feasibility of the businesses and the payment capacity of the applicants.¹⁰

The third aspect is the maintenance of the properties in the Carmo – Santo Antônio areas and a small part of the Castro Alves – Misericórdia district. In these areas, the level of preservation is generally good, as the owners take care of the properties directly. Since its establishment, the recuperation plan has only had a minor role in the Carmo – Santo Antônio area, which has stable social and economic dynamics and a solid presence of middle-class families. During the past 10 years, investor interest in this area has been rising steadily and is clearly visible in the transformation of many properties into high- and medium-quality hotels and inns. Additionally, wealthier families living outside of Brazil or in other parts of the country have come to the area to set up second homes. The most preserved portion of the Castro Alves – Misericórdia area consists mainly of properties used for commercial activities and services, as well as for public services.

In these aspects, one common factor that explains good conservation is the fact that the agents who own the properties can often generate sufficient surpluses from their uses to cover the maintenance cost. For the state

⁹Three focus groups were held and the participants consisted of experts, technicians, and managers involved with the HCS; property owners and real estate agents; and business owners in the HCS.

¹⁰Interview with the administrators of the Santa Casa de Misericórdia da Bahia and focus group bringing together property owners.

government, the surplus comes from other sources of revenue, as part of the properties owned by this agent do not generate revenues; 68 percent of IPAC lease agreements are in default.

PROPERTY USE MIX IN THE HCS

The use of properties in the HCS during the initial phases of implementation of the RPHCS is unknown. By the late 1990s, a survey was conducted of 1,350 properties in the area. The current occupancy and use of the properties in the HCS has been estimated on the basis of a direct survey conducted for this study (see Table 16).

The occupancy of the properties in the HCS follows a pattern similar to that of other downtown areas in Brazil. Notably, almost 87 percent of the buildings are occupied, at least on the ground floor, with this figure dropping to 75 percent occupancy on the higher floors. The 13.3 percent vacancy rate on the ground floors of these properties is very close to the average vacancy rate for households in Brazil's state capitals, with the figure for Salvador reaching 17.4 percent in the 2000 Census. The occupancy of higher floors of the buildings in the HCS is lower than for the ground floor, dropping to 74.8 percent. This is a recurrent phenomenon in vertical historic centers in Brazil, demonstrating the existence of units that do not always reach the same level of conservation as the ground floor. Table 17 compares the results of the 2000 survey with findings obtained through the direct survey.¹¹

The importance of commerce and services is evident in both 2000 and 2010. However, what draws attention in this table is the upsurge in the importance of residential uses. Between 2000 and 2010, residential use of the ground floors of the properties rose from 12.9 percent to 47.4 percent of the total. This was undoubtedly an unexpected change, especially considering the scientific literature produced during this period, which stressed the trend toward a significant decline in housing units in the historic center imposed by the RPHCS. More surprisingly, the use of these buildings for

¹¹ The data presented in Table 16 were aggregated in a manner that brings the usage typology selected in 2000 close to that used in the present study.

TABLE 16 | Occupancy and Uses of Buildings by Type of Use and Floor: HCS, 2010

Floor	Occupancy						Civil service and tertiary sector
	Empty	Total	Residence	Commerce	Service	Industry	
Ground floor	13.3%	86.7%	47.4%	23.7%	24.4%	0.6%	3.8%
Superior	25.2%	74.8%	58.2%	10.2%	25.5%	0.0%	6.1%

Source: Direct sampling survey.

housing purposes increased only in terms of ground floor units in the Terreiro – Pelourinho subareas as the other two subareas were not subject to any significant interventions in their social, economic, physical, environmental, and spatial uses and processes in the HCS. An important explanation for this unexpected phenomenon is that the HCS has become attractive for small families and young people.

The increase in the presence of housing means that the HCS currently has a greater diversity of uses than before the preservation process started. Table 16 shows that this area has characteristics of a commercial and service hub that is well integrated with residential uses. Trade and services account for 48.1 percent of ground floor usage and 35.5 percent of higher floors, while 47.4 percent and 58.2 percent of ground and upper floors respectively

are used as residences. The data shows that the use change policy introduced by the recuperation plan did not result in an exodus of residents from the HCS. To the contrary, the data presented in Table 16 are surprising, as they show that the downtown area has managed to remain attractive in terms of housing, after almost 20 years of applying a policy focused on tourism, entertainment, and recreation.

Salvador is one of the most important tourism destinations in Brazil (see Table 18). The rehabilitation project was

TABLE 17 | Distribution of Buildings, by Use: HCS, 2000 and 2010 (in percent)

Uses	2000	2010
Commerce	30.6	23.7
Services	30.3	24.4
Government entities and tertiary sector	6.3	3.8
Residences	12.9	47.4
Industries	–	0.7
Not used	19.9	13.3
Total	100	100

Sources: Wipfli (2000); direct sampling survey.

TABLE 18 | Brazil: Most Visited Places by Foreign Tourists (in percent)

Destination	2005	2006	2007
Rio de Janeiro	31.5	30.2	30.2
Foz do Iguaçu	17.0	17.1	16.1
Florianópolis	12.1	15.1	15.3
São Paulo	13.6	12.6	13.7
Salvador	11.5	11.4	10.2

Source: Embratur and FIPE “Perfil da Demanda Turística Internacional (2004/2009).

designed to establish a new attraction area for the city, and today tourism is the main activity supporting the HCS.

In 2009, the State of Bahia received approximately 4.3 million tourists (national and foreign), which was up from 3.5 million in 2008. The city of Salvador attracted approximately 45 percent of the flow, which in those years involved 1.9 million and 1.6 million tourists, respectively (Embratur and FIPE, 2010). There are no estimates in terms of the number of visitors to the HCS. Entrepreneurs in the tourism sector indicate the following trends. First, the number of tourists is increasing, but changing in profile. The number of visits by cruise ship passengers has increased significantly, leading to a decline in the average stay of the visitors in the HCS. Furthermore, the average spending of the tourists today is lower, as they tend to have lower incomes than visitors in the past. Second, there has been a reduction in tourists due to the emergence of new tourism attraction poles, mainly resorts in the northern shores of the state. Tourists staying at resorts tend to spend a day or only a few hours in the HCS. Third, there has been an increase in visits to the HCS by tourists interested in the cultural aspects of the area. These tourists tend to lodge in the area and stay a few days. They also tend to spend more in food and services than the other tourists described. The HCS is prepared in terms of accommodation and support for all types of visitors, and currently offers 71 hotels and inns with 2,914 beds total (see Table 19).

Nevertheless, it should be noted that despite the diversity of uses in these buildings, which applies to the HCS as a whole, there are spatial clusters of activities. The Carmo – Santo Antônio subarea contains mainly properties used for residential purposes, while Sé – Pelourinho has a heavy concentration of

TABLE 19 | Accommodations and Travel Agencies in Salvador and the HCS, 2008/2009

Types	Salvador	HCS			
		Total (percent of accommodations in Salvador)	Castro Alves – Misericórdia	Sé – Pelourinho	Carmo – Santo Antônio
Types of accommodation	404	71 (17.6%)	19	25	27
Beds	34,592	2,914 (8.5%)	995	1,080	839
Travel agencies	522	33 (6.3%)	7	17	9

Source: Bahiatursa – Embratur (Apud: Queiroz Lúcia, 2009).

activities related to trade and services—with a focus mainly on tourism and recreation—as well as government entities and NGOs. Additionally, the presence of two specialized commercial areas must be stressed: Taboão, which clusters businesses working with leather, plastics, and similar materials; and Saldanha, which specializes in electro-electronic components and goods.

A study conducted by the Bahia chapter of the Brazilian Small Business Bureau (SEBRAE) indicated that, from the territorial standpoint, Castro Alves – Misericórdia comprises mainly commercial activities (28.4 percent) and specialized services (22.1 percent), especially law and accounting firms (18.3 percent). In Sé – Pelourinho, the trend is more toward commerce (49.2 percent), particularly clothing, electro-electronics (17.7 percent), and tourism, basically souvenirs and handcrafts (8.2 percent). In Carmo – Santo Antônio, accommodations and food services prevail (42 percent), followed by restaurants and bars (18.7 percent), and hotels and inns (16.1 percent) (Infocultura, 2008). In the service sector, cultural activities warrant particular attention due to their marked presence in the HCS. Table 20 shows the amount of cultural facilities in this area.

A study identifying and assessing the use of cultural facilities in the HCS (Santana, 2009) concluded that there are several diverse facilities, which are heavily used by researchers and students, and some of them draw high flows of visitors. This survey also made it clear that these facilities depend on the government, either through direct links or some type of financial support. Access to the HCS was mentioned as a factor limiting broader use of these facilities.

TABLE 20 | Cultural Facilities in the HCS, 2008/2009

Cultural facilities	Total	Castro Alves – Misericórdia	Terreiro – Pelourinho	Carmo –Santo Antônio
Antique stores/second hand bookshops	18	13	5	–
Archives	5	3	2	–
Libraries	7	3	4	–
Foundations	6	2	3	1
Movie theatres	3	2	1	–
Art galleries	5	1	3	1
Churches, monasteries, and convents	13	2	5	6
Museums	19	5	11	3
Theatres	2	1	1	–
Total	78	32	35	11

Source: Santana (2009); Apud. Fernandes (2006).

ECONOMIC PERFORMANCE OF THE HCS

A recent study (Infocultura, 2008: 20) that examines the economic dynamics of the HCS affirmed that this area “(...) continues to be one of the most dynamic parts of Salvador, despite the consolidation of the Pituba macroregion as the main business district of this state capital.”

Underpinning this affirmation, the authors of this study refer to rising land prices in the HCS, more specifically in the Carmo – Santo Antônio sub-area. However, the study does not present any values for properties in the area, although it reveals important data as grounds for this statement.

The vitality of businesses in the HCS is perceptible through a series of indicators on the health of the enterprises located there. The average lifespan of these companies is relatively high compared to those in the surrounding city, as 34 percent of these enterprises have been in operation for more than 10 years and 55.2 percent have exceeded five years in operation, which is the average lifespan for companies in the city (Infocultura, 2008). Table 21 presents the lifespans of companies by the subareas in the HCS.

TABLE 21 | Lifespans of Legally Established Businesses: Subareas of HCS, 2008
(in percent)

Lifespan (years)	Castro Alves – Misericórdia	Sé – Pelourinho	Carmo – Santo Antônio
Up to 1	16.3	12.1	22.3
1 to 3	13.8	13.6	15.2
More than 3 to 5	18.7	13.1	17.9
More than 5 to 10	17	25.6	17
More than 10	34.3	35.6	27.7
Total	100	100	100

Source: Guerra, Gonzalez, and Sacramento (2009).

TABLE 22 | Types of Jobs: HCS and City of Salvador, 2005–2007
(in percent)

Type of jobs	HCS	Salvador
Wage-earner, private sector	41.6	49.1
Wage-earner, public sector	21.2	13.3
Home worker	6.1	9.4
Self-employed	21.8	21.8
Family business	2.0	1.4
Employer	5.9	4.0

Source: PED – RMS. SECULT Calculations (Apud: Guerra, Gonzalez, and Sacramento, 2009).

TABLE 23 | Working Population by Income Level, 2005–2007
(in percent)

Income level: number of minimum salaries	Salvador	HCS
Up to 1	31.9	23.3
1 to 2	25.9	22.5
2 to 5	16.5	21.5
5 to 10	6.4	9.6
More than 10	2.8	3.4

Source: PED – RMS. SECULT Calculations (Apud: Guerra, Gonzalez, and Sacramento, 2009).

In the Sé – Pelourinho subarea, 61.2 percent of the companies have been in operation for more than five years, while in the Carmo – Santo Antônio subarea the majority of companies are new, due to the change in traditionally residential areas over the past few years, with an upsurge in use for services and trade.

In terms of the percent distribution of employment by types of jobs, there are more employers and family businesses in the HCS than the City of Salvador. Moreover, the number of civil servants is far higher in the HCS, reflecting the heavy concentration of public institutions in the area. The good economic structure of the HCS is also reflected in the income received by its employees and employers (Table 23).

Table 24 shows that the median income of workers in the HCS systematically exceeds that of companies elsewhere in

TABLE 24 | Median Worker Income: HCS and City of Salvador, 2000–2007
(in Brazilian Reals)

Year	HCS (a)	Salvador (b)	a/b
2000	609	520	17.1%
2001	627	508	23.4%
2002	616	502	22.7%
2003	513	456	12.5%
2004	607	475	27.8%
2005	562	472	19.1%
2006	599	498	20.3%
2007	631	531	18.8%

Source: PED- RMS. SECULT Calculations (Apud: Guerra, Gonzalez, and Sacramento 2009).

the city. The average difference between the two areas is 20.2 percent. Also the unemployment rate has been systematically lower in the HCS than in the city (Table 25).

Another indicator of the economic performance of the HCS is the number of formal and informal commercial services that exist in the area. Table 26 shows that the percentage of formal activities is approximately four times larger than that of the informal activities. Since 2004, the number of informal activities has declined throughout the city (Guerra, Gonzales and Sacramento, 2009).

The data presented in the table clearly indicate that the economy in the HCS has responded well to the efforts of the recuperation plan. These conclusions are corroborated by the opinions of successful merchants, property owners, and technicians/managers in the HCS, which were expressed during the focus groups. According to these actors, the HCS is an attractive area for setting up businesses, but during the past few years it has faced some challenges to the continuation of this good business performance.

The first challenge is related to the shrinking demand for services and

TABLE 25 | Total Unemployment Rate: City of Salvador and HCS

Period	Salvador	HCS
1997–1999	23.3%	19.1%
2001–2003	26.5%	22.0%
2005–2007	22.4%	17.5%

Source: PED- RMS. SECULT Calculations (Apud: Guerra, Gonzalez, and Sacramento 2009).

TABLE 26 | Formal and Informal Activities by Neighborhood: HCS, 2008

Type of activity	Center	Pelourinho	Carmo – Sto.	
			Antônio	Total
Formal	75.1%	84.4%	92.6%	81.7%
Informal	24.9%	15.6%	7.4%	18.3%
Total	100%	100%	100%	100%

Source: PED- RMS, SECULT Calculations (Apud: Guerra, Gonzalez, and Sacramento 2009).

In this table the area called center includes seven more blocks than the Castro Alves–Misericórdia area used in other statistics.

merchandise sold in the HCS among consumers with medium and high incomes from Salvador. As might be expected, these consumers are opting to shop at the new commercial areas opening up in the southern part of the city. As understood by business owners and proprietors, the most important groups of consumers today are those in the low-medium- and medium income classes, in addition to the subgroup of the more highly educated middle class that makes use of these cultural facilities. The second challenge comes from quantitative and qualitative changes in the flow of visitors to the city, with visitors spending little time in Salvador.

The third challenge arises from the existence of a duality in terms of the people running businesses in the HCS, especially in the Sé – Pelourinho sub-area. The businesspersons leasing commercial facilities from IPAC generally lack a corporate culture, and the low incomes that they receive only maintain their consumption and facilities in operation, provided that they do not need to pay rent or settle the loans that they took out to set up their businesses (Fernandes, 1998). These businesspersons tend to switch their activity rapidly to a focus on low-income consumers or tourists intending to spend little during their visit. This type of conduct reduces the offer of goods and services that could attract higher-level consumers. Additionally, it adversely affects the conservation of the property and the public areas in front of these facilities. The fourth challenge comes from the new housing policy implemented by the GSB for the HCS focused on the renovation and construction of multi-family buildings for residents with low or extremely low incomes. For the members of the focus groups, these families might not make their purchases from the businesses currently operating in the area, unless there is a radical

change that results in a drastic drop in the quality of the facilities and the type of goods and services sold. They also were warned that these families have no resources for maintaining the buildings were they live.

To understand this dynamism, a survey of property prices was conducted in selected areas in Salvador. The hypothesis that the survey attempts to test out is that dynamism is reflected in the relative rise in property prices in these areas. Three areas (districts) were selected for this survey with characteristics similar to those of the HCS: being a protected historic area and a consolidated area of the city. The differences between the selected areas were the following:

- *Nazaré*: An old district close to the HCS that underwent a wave of intensive substitutions of old properties during the 1960s and 1970s, and which currently is not an area with a strong real estate market.
- *Península*: A historic district to the north of the city on the banks of the Todos os Santos Bay. This area is not very significant in the real estate market of Salvador.
- *Rio Vermelho*: A historic district south of Salvador that is undergoing a real estate boom. This is one of the frontiers of the real estate market in Salvador.

Table 27 displays the findings of the property price survey. The first remark is that the HCS presents an average price that is 10.5 percent higher than the reference area (Nazaré), while reaching only 54.6 percent of the prices noted in Rio Vermelho. These findings are coherent with expectations, indicating that the HCS is in fact an attractive area from the standpoint of private investment. The average price of the properties is higher than the reference area price, and not so far from the price in one of the most dynamic areas in the Salvador real estate market.

TABLE 27 | Property Prices: Selected Areas in Salvador, 2010

Area and subarea	Price per square meter
HCS	US\$844.00
Castro Alves – Misericórdia	US\$632.00
Sé – Pelourinho	US\$984.00
Carmo – Santo Antônio	US\$888.00
Nazaré	US\$764.00
Península	US\$651.00
Rio Vermelho	US\$1547.00

Source: Direct survey.

TABLE 28 | Expanded and Constructed Area: HCS and Nazaré, 2005–2009 (*in square meters*)

District		2005	2006	2007	2008	2009	Total
Nazaré	Expanded area	725	6,966	862	46	1,456	10,056
	Constructed area	7,417	745	0	277	118	8,556
Total		8,142	7,711	862	323	1,574	18,612
HCS	Expanded area	696	430	–	–	–	1,126
	Constructed area	–	2,237	–	–	–	2,237
Total		696	2,667	–	–	–	3,363

Source: SUCOM, Salvador Municipal Government. Spreadsheet provided by the institution.

An analysis of the prices in the subareas forming the HCS shows that there are three different real estate dynamics. The Sé – Pelourinho subarea has a value that is 55.7 percent higher than the Castro Alves – Misericórdia subarea and 11 percent higher than the Carmo – Santo Antônio subarea. This difference is justified by heavy investments in urban rehabilitation allocated to the Sé – Pelourinho subarea during the past 18 years. An important fact to stress is that the properties in the Carmo – Santo Antônio subarea are pricey. This area has not been subject to intervention through the recuperation plan but has benefited from the economic revitalization of the Sé – Pelourinho subarea. Its property owners have made good use of positive outside factors to create a dynamic real estate market in this area. The real estate market for the HCS is based on changing ownership and property rentals, as new buildings are quite rare—limited to a few vacant plots of land—or ruined beyond repair. Table 28 shows the expanded area and the constructed area in the HCS and the Nazaré district, which was subject to analysis by the urban control entity of the Salvador City Government.

Between 2005 and 2009, the constructed and expanded area of the Nazaré district increased five and a half times compared to the HCS.¹² Despite the larger number of new buildings and renovations, the market price of properties in the Nazaré area is lower than the price in the HCS, which can be

¹²In the survey presented in Tables 28 and 29, the Nazaré geographical area is unknown. The Salvador Municipal Government still does not have any formal demarcation of the city districts. Thus, the information in these tables comes from records in which the license applicant stated the districts.

TABLE 29 | Annual Number of Applications Granted and Refused for Expansions: HCS and Nazaré, 2005–2010

District	License/service	2005	2006	2007	2008	2009	2010	Total
Nazaré	Expansion or renovation license	1	3	—	1	1	1	7
	Construction license	12	2	—	—	1	—	15
	General repairs license		4	8	10	9	1	32
	Location license	81	100	114	190	192	35	712
	Total	94	109	122	201	203	37	766
HCS	Expansion or renovation license	1	1	—	—	—	—	2
	Construction license		—	—	—	—	—	—
	General repairs license	2	1	1	2	1	—	7
	Location license	28	30	22	41	41	5	167
	Total	31	32	23	43	42	5	176

Source: SUCOM, Salvador Municipal Council. Spreadsheet supplied by the institution.

Note: Data for 2010 is through the end of February only.

explained only by the limited supply of properties in the HCS compared to high demands.

Another important aspect to help explain this phenomenon lies in the licenses issued by the Salvador City Government for intervention in properties and installation licenses for new uses (businesses). As shown in Table 29, between 2005 and 2010, the Land Use Control Superintendent (SUCOM, or Superintendência de Controle e Ordenamento do Uso do Solo do Município) received four times more applications for operating licenses in Nazaré than in the HCS.

The greater appeal of the HCS for businesses was also noted in the focus groups held for property owners and local businessowners. The opinions were unanimous in terms of the good business potential of the HCS, while mentioning some hurdles to complete fulfillment, especially the following:

- Limited supply of commercial properties in the Sé – Pelourinho area due to the retention of units by tenants in default with IPAC, which

pumps up the prices of the limited commercial areas approved for lease or sale.

- Weak commitments among the tenants of IPAC properties to the performance of the businesses. Since they are in default with their rents, which are not being claimed, the tenants tend not to invest in improving their businesses, except small amounts that are merely sufficient to underwrite their operations.

The focus groups also made it quite clear that the HCS is generally a better area for businesses than the Nazaré district. At the end of the focus group discussions, an enquiry was conducted to figure out what the best subarea in the HCS for businesses was and whether this area selected was better, the same, or worse than Nazaré. The replies indicated that the best subarea in the HCS was Sé – Pelourinho, followed by Carmo – Santo Antônio. These two subareas were weighted as better than Nazaré, but the Castro Alves – Misericórdia subarea was mentioned as the worst area for businesses.

Over the past five years, the HCS has seen rising expectations of investments among major private investors. A set of government and private actions implemented around this area has helped boost investment expectations. After the establishment of the Pousada do Carmo hotel by the Pestana Group (Portugal), their investors announced plans to construct other luxury hotels. It is interesting to note that these new hotels are being located at two opposite ends of the HCS, Castro Alves – Misericórdia and Carmo – Santo Antônio, as these are areas where large properties can still be found for renovation with no stumbling blocks in terms of their management and ownership conflicts (such as those found in the Sé – Pelourinho area).

CONCLUSIONS

An analysis and assessment of the information presented herein leads to the following conclusions, in term of the three questions presented in the introduction.

Question 1

Has the Historic Center of Salvador (HCS) kept its urban and architectural heritage well preserved?

Conservation of the properties is guaranteed by IPAC and CONDER, together with private proprietors in the areas where the recuperation plan has been implemented. If the ownership structure changes to include low- or extremely low-income proprietors, the state may be called upon to help with the maintenance of the buildings.

Question 2

Does the HCS have a mix of activities sufficiently diversified—including residential, commercial, services, recreational, and government—to respond to demands from residents, employees of local businesses, and visitors, including tourists?

The HCS presents a mix of diversified uses with an even balance between residential, trade, and services. Trade and services are designed more to respond to demands from visitors and temporary users of the areas, especially tourists. This leads to a situation where activities servicing the local population are lacking, an issue mentioned during the consultations with the focus groups. However, when observing the supply of these activities around the HCS, it is apparent that this is not minor. The Comercio district in the Cidade Baixa, which is one of the areas best supplied with trade and services in Salvador, together with the Baixa do Sapateiro and Avenida J. J. Seabra (neighboring areas to the HCS), are able to respond to almost all the demands of residents for the consumption of goods and services.

Question 3

Is the HCS attracting public and private investments to uphold the dynamism created by the RPHCS?

The recuperation plan has managed to introduce a new dynamic to the economy of the HCS. Even more important, the dynamic has been upheld through important variations, linked specifically to alterations in the activities mix. The type of activities structure that was imposed over the initial years of the plan's implementation could not be maintained. Today, this structure seems well adjusted to the economic realities of Salvador. Economic dynamism can be identified when analyzing the property price structure for the city. Property prices in the HCS are generally higher than 50 percent of the prices in highly dynamic areas of the real estate market, outstripping those for traditional downtown areas where no physical and spatial degradation processes or economic slumps have taken place. Investors and property owners consider the public management of the area and the current investments of the RPHCS in low-income housing as a risk for the expansion of the local economy.

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Valparaíso, Chile

Pablo Trivelli
Yasuyo Nishimura



Valparaíso is characterized by an urban fabric uniquely adapted to the hillsides and its historic port.

*Photos by
Michael Bier*

INTRODUCTION

According to the postulation documents presented to UNESCO in 2003, the declaration of the historic quarter of Valparaiso as a World Heritage Site rests on the fact that the city went through an early phase of globalization in the late 19th century when it became the leading mercantile port for the shipping routes on the Pacific coast of South America. The city's vernacular urban fabric and its layout, infrastructure, and architecture characterize the sea-port city, which has a unique geographical and topographical environment. In Valparaiso, the geographical conditions are so severe that the adaptation of the streets, public spaces, and buildings to the environment gave rise to an entirely original urban structure.

Valparaiso was one of the leading players in the global system of the early period of industrialization and in the worldwide commercial exchanges associated with it. As a result of its preeminence, it took in people and influences from all over the world, fully adopted the technologies and the entrepreneurial

FIGURE 1 | Location of the City's Valparaiso World Heritage Site



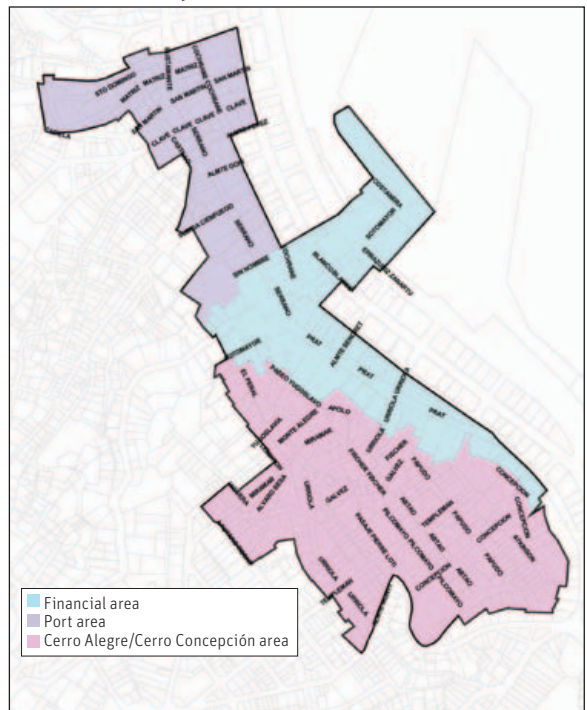
outlook of the epoch, and applied them creatively to its own particular reality. The result of the drive toward modernization and the challenges presented by the environment, from the urban perspective of intercultural dialogue, is an original American city that bears the stamp of the 19th century.

The area declared as the Valparaiso World Heritage Site (VWHS) is rather heterogeneous. The following analysis has therefore subdivided the site into three clearly distinguishable areas: the Port Quarter, which has a range of service functions as well as some residential population, and which evinces the greatest degree of degradation and stagnation in real estate development; the Financial Zone, in which business functions predominate, and which, although it is the best preserved area of the site, suffers from a stagnated development dynamic; and the Cerro Alegre and Cerro Concepción neighborhoods, which are primarily residential but offer a widening range of services for tourists.

The VWHS is the historic quarter of the seaport city of Valparaiso, which forms part of the Valparaiso Metropolitan Area (VMA) that also takes in the municipalities of Viña del Mar, Concón, Quilpué, and Villa Alemana. The VWHS itself has a surface area of 23.2 hectares and a buffer zone of a further 44.5 hectares. At the time of the 2003 UNESCO declaration, the occupied urban area of the Valparaiso municipality was 2,580 hectares.

Demographic growth in the VMA has been very slow in recent decades. The population of the Valparaiso municipality has hardly increased since the 1960s and the population of the VWHS itself fell by one-third in the period between the 1992 and the 2002 censuses. The decline in population growth in both the municipality and the city is related to the decline in economic activity

FIGURE 2 | Analytical Subareas of the VWHS



Source: Authors' elaboration.

in Valparaíso, a city that proved unable to substitute declining economic activity in the port with other activities that might have enabled it to maintain the prospect of sustainable employment for its population (SOLIN, 2005).

SOCIOECONOMIC PROFILE OF THE POPULATION IN THE VWHS

Evolution of the Population Structure

The population in the VWHS was 2,938 inhabitants in the year 2002, equivalent to 1.1 percent of the population of the VMA as a whole (275,141 inhabitants). On the intercommunal scale, the population experienced a very low (0.1 percent) annual increase between 1992 and 2002, but on the scale of the municipality, the annual growth rate was in fact negative (–0.2 percent), with a net loss of 6,566 inhabitants. This decrease was considerably more pronounced within the VWHS (–4.0 percent annually), which signified a loss of 1,458 inhabitants from the census, representing one-third of the resident population in 1992.

The average age of people in the municipality of Valparaíso and the overall metropolitan area in 2002 was 33.4 years, although the average age in the VWHS was 37.1 years. Generalized aging of the population could be detected on all analytical scales compared to 1992, and to an even greater extent in the VWHS, in which the average age was 32.5 whereas in the municipality it was 30.9 years and 30.8 years at the metropolitan level.

The average size of households in the Valparaíso municipality and the metropolitan area was 3.4 persons per dwelling in 2002, representing a

TABLE 1 | Population: VWHS, Valparaíso, and Metropolitan Area

	1992	2002	1992–2002	Growth rate
VWHS	4,396	2,938	–1,458	–4.0%
Municipality	281,707	275,141	–6,566	–0.2%
Metropolitan area	585,296	593,630	8,334	0.1%

Source: Authors' elaboration.

Note: The metropolitan area comprises only Valparaíso, Viña, and Concón.

TABLE 2 | Average Age of the Intercommunal Population, 1992–2002

	VWHS			Municipality			Metropolitan area		
	1992	2002	Change (percentage points)	1992	2002	Change (percentage points)	1992	2002	Change (percentage points)
Children (0–14)	23%	15%	–8.6	27%	22%	–4.1	27%	22%	–4.3
Young adults (15–39)	43%	44%	0.9	42%	41%	–1.1	42%	40%	–1.4
Adults (40–64)	24%	28%	4.0	23%	27%	3.4	23%	27%	3.5
Elderly (65 and more)	10%	13%	3.6	8%	10%	1.7	8%	11%	2.2

Source: Authors' elaboration.

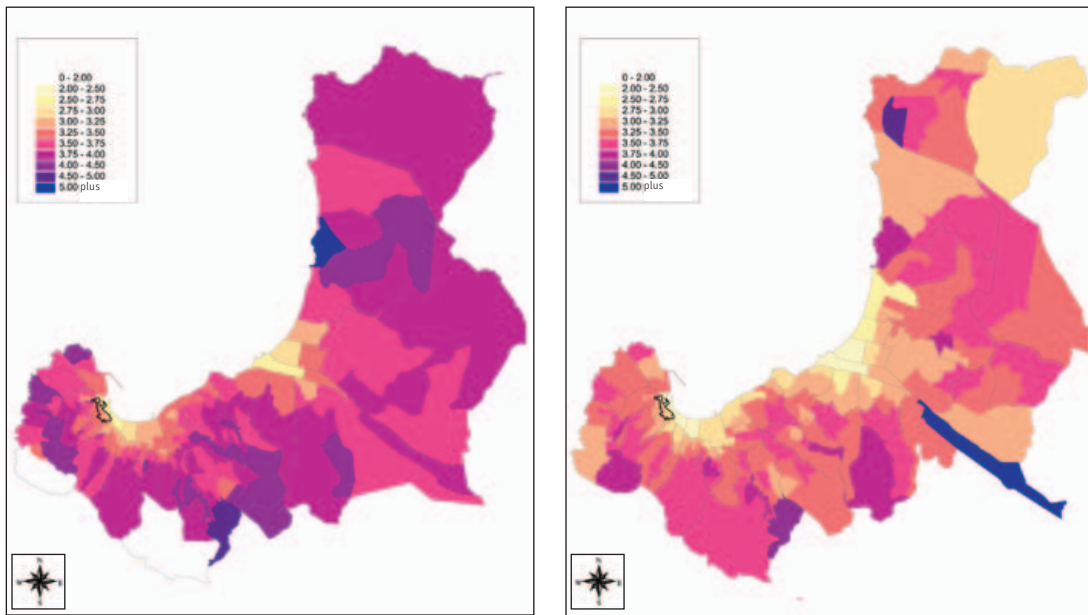
decrease in relation to 1992, when the average per household was 3.7 persons. In the VWHS itself, the average household size has traditionally been much lower than in the rest of the municipality, and was reduced from 3.1 persons per dwelling in 1992 to only 2.8 persons in 2002. The greatest increase in proportional terms in relation to the total number of households corresponds to the increase in one-person households, which made up 26 percent of the total in 2002, a similar proportion to the number of households with two persons. In contrast with the rest of the municipality, the most numerous households represent a relatively low proportion of the whole. Within the VWHS the number of shared households decreased slightly from 59 households in 1992 to 54 in 2002.¹

Employment and Occupation

According to the 2002 census, the active economic population represented 39 percent of the total intercommunal population, a proportion similar to that of the Valparaiso municipality, in which the increase was slightly higher than in the rest of the conurbation. In the study area, the active economic population declined in absolute terms between 1992 and 2002, from 1,689 to 1,296, but

¹A shared household is defined as all those persons, or groups of people, whether united or not by blood ties, which live in private dwellings with more than one household that is distinct from the main household. This means that “they have common access, maintain their privacy inside the dwelling by occupying a part of it—except for the bathroom and the kitchen, which can be shared—but they cook their meals separately (economic independence)” (INE, 2002).

FIGURE 3 | Average Household Size of the Intercommunal, 1992–2002



Source: Authors' elaboration.

its proportion regarding the total population, greater than in the rest of the communal territory, increased from 38 percent to 44 percent, implying that a high proportion of those inhabitants who left the area had been inactive.

The employment rate among those living within the VWHS was also greater relative to the rest of the municipality (90 percent and 85 percent respectively). This situation has been sustained over time with only a slight decrease, given that both the communal and the intercommunal levels of employment rose by around 4.5 percent during the period between censuses. With regard to the population's spatial distribution, the unemployment rates were lower in the more central areas of the cities of Valparaíso and Viña del Mar and greater in zones on the periphery. Due to the importance of the availability of higher education in Valparaíso and Viña del Mar, the number of university students increased significantly between 1992 and 2002.² In the latter year, the proportion of students relative to the total population was

²The population aged 18 years and over that lives and studies habitually in the Valparaíso municipality, with completed secondary education studies.

7 percent in Valparaíso and 8 percent at the metropolitan level, surpassing the proportions found in other metropolitan cities in Chile. Many students chose to live in the VWHS.

Forms of Householding

The housing stock within the metropolitan area increased by 28,606 units between 1992 and 2002, which represents an annual growth rate of 1.6 percent. The population, however, remained practically stable during the same period. The unoccupied dwellings increased both in number (5,968 units) and in proportion with regard to the total number of dwellings (reaching 10 percent), with an annual growth rate of 4 percent, which would mostly be accounted for by second residences mainly located in Viña del Mar y Concón. With regard to the Valparaíso municipality, there was an increase of 7,275 dwellings whereas the population underwent a decline in real terms. About 5 percent of dwellings were unoccupied in 2002, a quantity that increased from 1,719 in 1992 to 4,104 in 2002, which represents an annual growth rate of 9.1 percent.

The VWHS experienced a decrease in available housing stock, which can be explained in part by the transformation of dwellings into nonresidential usage, or into second residences or others that remain unoccupied, as can be deduced from the increase in unoccupied dwellings. With regard to the differing forms of householding, a progressive increase was observed in the number of owner-occupied dwellings in contrast with the number of rented dwellings in a proportion of 3:2. In the VWHS, as well as in the rest of the historic quarters of Valparaíso and Viña del Mar, this relationship is inverted, and there are many more rented properties than owner-occupied properties.

Housing Conditions for the Resident Population

The indicators employed for the purpose of measuring the evolution of housing conditions are the following: building material, availability of sanitation service provision, and average overcrowding. With regard to the building material, in 2002, the proportion of dwellings in acceptable condition was slightly inferior in the Valparaíso municipality in relation to the rest of the

intercommunal area (74.6 percent and 79.5 percent, respectively), which had, in both cases, diminished in real terms relative to the situation in 1992.³ Within the VWHS, the proportion of dwellings in acceptable condition was far inferior (54 percent) and the evident degree of dilapidation relative to 1992 was very high. Although most dwellings in poor condition were restorable, the number of dwellings that could not be restored had increased.

In 2002, 98 percent of the dwellings in the VWHS had adequate sanitary services, which was a significant increase from the 1992 levels.⁴ Homes that lacked services were located on the hills and in the ravines around the urban periphery.

The level of overcrowding within a dwelling is a critical factor in determining a building's habitability and living conditions for its occupants.⁵ In 2002, 90 percent of dwellings in the VWHS showed no signs of overcrowding; only 2.8 percent experienced medium overcrowding; and critical overcrowding was evident in 7.4 percent. This significant improvement in the situation since 1992 can be directly correlated with the decrease in household size.

Income Levels

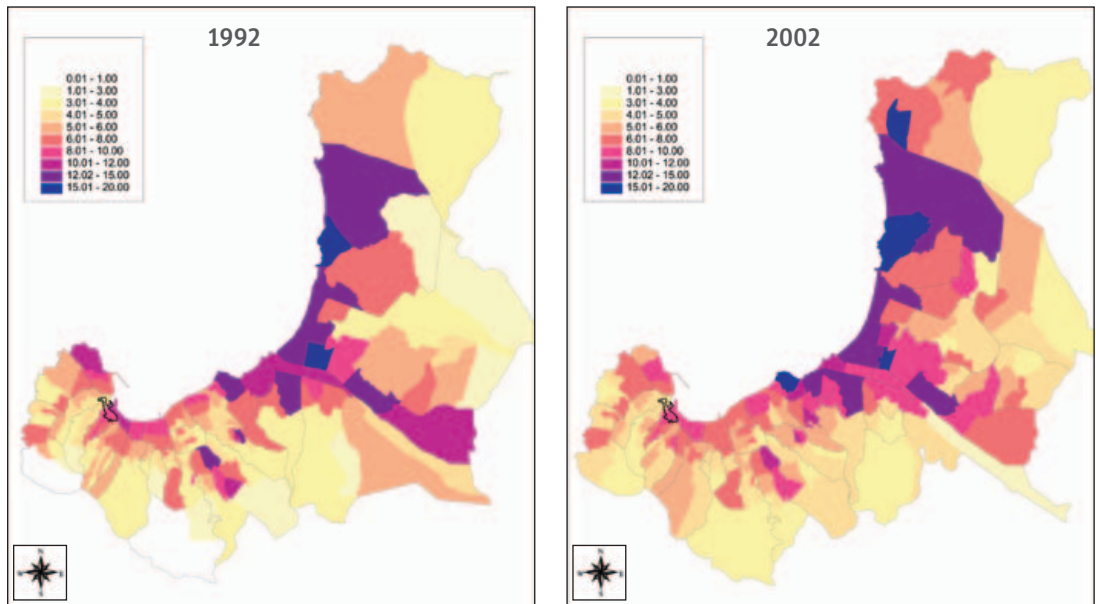
The methodology employed for analyzing the socioeconomic stratification used the Santiago Metropolitan Area (the country's capital) as a source of reference parameters, in which four strata were established: high=10 percent; medium=20 percent; low=30 percent; and very low=40 percent. On this basis, it is observable that in both the VMA and the VWHS, the distribution of population according to socioeconomic strata resembled the distribution found in the Greater Santiago Metropolitan Area. In the Valparaiso municipality, however, the socioeconomic structure of the population differed widely from the aforesaid parameter, especially at the extreme ends of the scale: there was a reduction of the high-income earning population (4.3 percent) and a high concentration of very low-income earners (50.4 percent). This can

³ Predominant building material of the walls, roof, and floors of the dwellings.

⁴ Adequate means they have access to potable water and sewage service inside the dwelling.

⁵ For the purposes of measuring overcrowding, a level of two persons per room is considered acceptable. Between 2.1 and 2.5 is considered a medium overcrowding level and over 2.5 is considered to be a critical level of overcrowding.

FIGURE 4 | Average Per Capita Income of the Intercommunal Population



Source: Authors' elaboration.

be mainly explained by the emigration of people from the higher- and middle-income brackets to the Viña del Mar and Concón municipalities, a situation that is evident by comparing the change in socioeconomic spatial structure from 1992 to 2002.

ECONOMIC ACTIVITY IN THE VWHS

Residential Activity

According to statistics for building permits approved between 2003 and 2008 by the Valparaíso Municipal Urban Development Control Directorate (Dirección de Obras de la I. Municipalidad de Valparaíso), 41 building permits were issued within the VWHS, of which only four were for new buildings.⁶

⁶Two of them are for new buildings located in Cerro Concepción (register 94-4 and 3012-7). The first of these was granted in 2005 for nonresidential use and corresponded to land

The rest were for building extensions, modifications, and/or building restorations. About 72 percent of these (26 permits) were granted for the Cerro Alegre and Cerro Concepción area, only seven of which were intended for residential use. Of the other permits for the area, only one was intended for residential use, for a building situated next to the Plaza de La Matriz in the Port Quarter. Building permits granted for residential use represented only a very small proportion of the total number of permits granted inside the VWHS between 2003 and 2008 (only 8 out of 41). Informed experts are of the opinion that the true values of buildings are five times greater than the values set by the city hall for tax and rate collection purpose.

Commercial Activity

The evolution and dynamism of formal activities carried out in the area can be determined by reviewing the licenses granted by Municipality of Valparaiso's licensing department (Departamento de Patentes) during the 2003–2008 period. Only commercial licenses (liquor and professional)—which add up to a total of 314 for the entire period, representing an average of 52 new establishments per year—have been taken into consideration.⁷ The total number of licenses granted in the Valparaiso municipality in the same period was 4,105, of which 3,998 correspond to commercial licenses (liquor and professional). This means that only 8 percent of the licenses of this kind granted in the municipality were located inside the VWHS. The Financial Zone is the sector enjoying the highest level of activity (163 licenses), followed by the Cerro Alegre and Cerro Concepción neighborhoods (99 licenses), and finally, by the Port Quarter (52 licenses). As there is no information of licenses running out, it is not possible to know the duration or permanence of these activities.

belonging to the Valparaiso Municipality, situated in Paseo Atkinson, but was recently rescinded. The second was granted in 2006 and corresponds to a property on the junction of Concepción and Pilcomayo streets, which presently has a commercial use. The remaining two new building works (register 2009–1 and 2009–6) correspond to a single project for a new supermarket in the Port Quarter.

⁷No licenses for industrial activity, market stalls, or newspaper kiosks were granted within the VWHS.

Investment in New Buildings

According to the statistics for building permits granted by the Valparaiso Municipal Urban Development Control Directorate, no new building work was approved in the study area throughout the year 2008. In previous years (2003–2007), three permits were issued for new buildings in 2005 (3,439 m²) and one permit issued in 2006 (106 m²). In the municipality as a whole, the number of building permits approved for new buildings between 2003 and 2008 was 852, corresponding to 2,100,000 m².

Investment in Restored Buildings

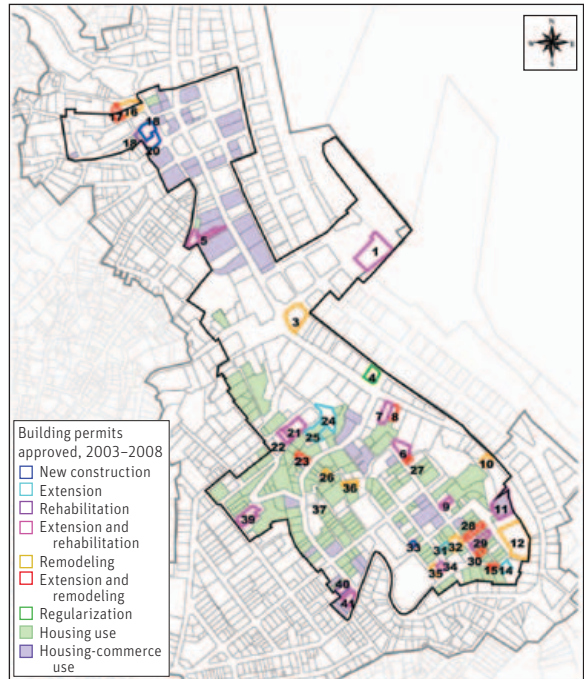
According to the same source as mentioned above, eight building extension, modification, and/or restoration permits were granted in 2008 in the VWHS, representing an area of 4,529 m². Between 2003 and 2007, the total number of permits granted for building extension, modification, and/or restoration was 28, corresponding to a surface intervention area of 99,939 m².

In the Valparaiso municipality the number of building extension, modification, and/or restoration permits granted for the period 2003–2008 was 886, corresponding to 539,437 m². The total surface area approved within the VWHS during this period represents 19 percent of the total surface area approved for intervention in buildings.

Rent Values for Commercial-Use Properties

The Financial Zone and Cerro Alegre and Cerro Concepción neighborhoods registered an average value of available rents of US\$670.77 (\$350,000

FIGURE 5 | Restored Buildings in the VWHS



Source: Authors' elaboration.

Chilean pesos) during the period 2004–2008.⁸ These values are consistently higher than the area under analysis, but inferior to other sectors into which the aforesaid program's area of action has been subdivided.⁹ Commercial property rent values reached US\$670.49 (\$349,856 Chilean pesos) in 2004, fell slightly in 2005, and underwent a significant increase in 2006, reaching US\$1,093.51 (\$570,584 Chilean pesos), only to fall again to US\$431.14 (\$224,965 Chilean pesos) in 2007, and finally reach US\$690.72 (\$360,412 Chilean pesos) in 2008. This contrasts with the situation in the Port Quarter where commercial rent values reached levels of around US\$479.12 (\$250,000 Chilean pesos) in the period 2004–2008. In this case, the rent for commercial use reached US\$439.90 (\$229,535 Chilean pesos) in 2003, rose to US\$574.50 (\$299,766 Chilean pesos) in 2005, registered a value of US\$372.71 (\$194,475 Chilean pesos) in 2006, maintained a similar value in 2007 when it reached US\$412.04 (\$215,000 Chilean pesos) and finally rose to US\$540.33 (\$281,941 Chilean pesos) in 2008.

With regard to the values of rents based on asking prices for residential properties, the Financial Zone and the Cerro Alegre and Cerro Concepción neighborhoods show average values of around US\$383.30 (\$200,000 Chilean pesos) for the period 2004–2008. These values are systematically superior to the average found in the study area, and higher than the rent levels found in all other subsectors in all recorded years.¹⁰ The level of residential rent values for this sector reached US\$336.49 (\$175,577 Chilean pesos) in 2004, maintained a similar level in 2005 when it registered US\$331.11 (\$172,771 Chilean pesos), rose somewhat to US\$372.79 (\$194,516 Chilean pesos) in 2006, dropped to US\$349.17 (\$182,193 Chilean pesos) in 2007 and finally underwent another rise, to US\$405.60 (\$211,636 Chilean pesos), in 2008.

⁸ Monetary values are expressed in U.S. dollars, based on the average exchange rate for the year 2008 (1 U.S. dollar = 521.79 Chilean pesos).

⁹ The Financial Zone and the Cerro Alegre and Cerro Concepción neighborhoods are very heterogeneous, given that the Financial Zone's function is clearly commercial, and therefore has much higher rents than the latter, which is largely residential in nature. It is therefore not surprising that the average value for this sector is inferior to that of the Barrio Barón-Avenida Brasil sector, which includes the city's two most important commercial thoroughfares.

¹⁰ The area denominated Cerro Alegre and Cerro Concepción is the principal residential area covered by the cited statistics.

LIVING AND WORKING CONDITIONS IN THE VWHS

Evolution of the Housing Vacancy Rate

In 1992, there were 1,215 dwellings in the VWHS, of which 29 (2.4 percent) were vacant. In 2002, there were a total of 1,024 dwellings, of which 79 (7.7 percent) were vacant. It has not been possible to precisely determine the reasons that might explain this increase in vacant dwellings, but the most likely explanation is that some dwellings have been acquired as second residences and are therefore not permanently occupied. This suggests that the attractiveness of real estate within the VWHS was already a factor a long time before its declaration as a World Heritage Site by UNESCO in 2003. In this respect, it is worth remembering that in the Valparaíso municipality itself, the proportion of unoccupied dwellings increased from 2.4 percent in 1992 to 5.1 percent in 2002, and that in the intercommunal area (Valparaíso and Viña del Mar), this figure increased from 7.5 percent in 1992 to 9.5 percent in 2002. This eloquently expresses the growing attraction of Valparaíso and Viña del Mar for tourism and the importance of the second residence in the real estate market.¹¹

Accessibility and Parking

The Greater Valparaíso Metropolitan Transport (Transporte Metropolitano del Gran Valparaíso), a public transport system, was implemented at the beginning of January 2007 and covers the entire conurbation. This includes the bus, taxi-bus, metro, and collective taxi network, which covers the Valparaíso, Viña del Mar, Concón, Quilpué, and Villa Alemana municipalities. The trolleybus and urban elevator system, however, covers only the urban area of Valparaíso itself. The Port Metro Station and 12 local and interurban bus routes serve the

¹¹ In a SURPLAN study, it was determined that 3 percent would be a reasonable level of vacancy in a normally functioning property market. The same study found that in the period between censuses (1992–2002) the proportion of second residences as a percentage of new housing reached 25 percent in the Valparaíso municipality and 37 percent in the Viña del Mar municipality (MINVU, 2008).

VWHS. The collective taxis are allotted routes serving a smaller area, five of which correspond to the VWHS. The trolleybus circulates along the principal commercial thoroughfares in the center. Of the 14 elevators, five are located within the VWHS and the surrounding Buffer Zone.

There are two public underground parking lots (Plaza Sotomayor and Bellavista) with a capacity for 310 and 260 vehicles, respectively. The majority of streets can be used for vehicle parking, except in that sector in the plan that explicitly prohibits it. There are, at present, 1,640 parking meters installed between Argentina Avenue and Pudeto Street (El Almendral sector).

The Attractiveness of the Area for Living and Doing Business

The VWHS is an attractive place to live, do business, and visit. The attractiveness of the area has been appraised by analyzing the number of trips made per day to the VWHS according to motive (1998), the number of licenses granted in the period 2003–2008, the number of building permits approved for the same period, the transactions undertaken in the property market, and the land values. From the residential perspective, over the 10 years prior to the UNESCO declaration (1992–2002), the VWHS of Valparaiso underwent a decrease of 33 percent in its residents and lost 15 percent of the number of dwellings, which represents a relative loss in comparison to the rest of the municipality from 1.6 percent to 1.1 percent in terms of population and 1.7 percent to 1.3 percent in terms of the housing stock. This can be explained by two seemingly contradictory factors. Urban obsolescence and deterioration on the one hand and, on the other, the conversion of uses that were predominantly residential in nature toward service provision geared toward tourism.

The VWHS includes part of Valparaiso's central business and commerce district. In 1998, the area attracted a total of 14 percent of all trips originating in the entire metropolitan area. Broken down according to motive, 18 percent of the work-related trips ended in the VWHS, meaning that one in five jobs in the metropolitan area were located within the VWHS. At the time, it also attracted 17 percent of the recreational trips made by metropolitan area residents and 16 percent of the trips undertaken for other reasons, primarily shopping and errands.



Housing in the hills of the city has limited vehicular access which is an obstacle for attracting new residents.

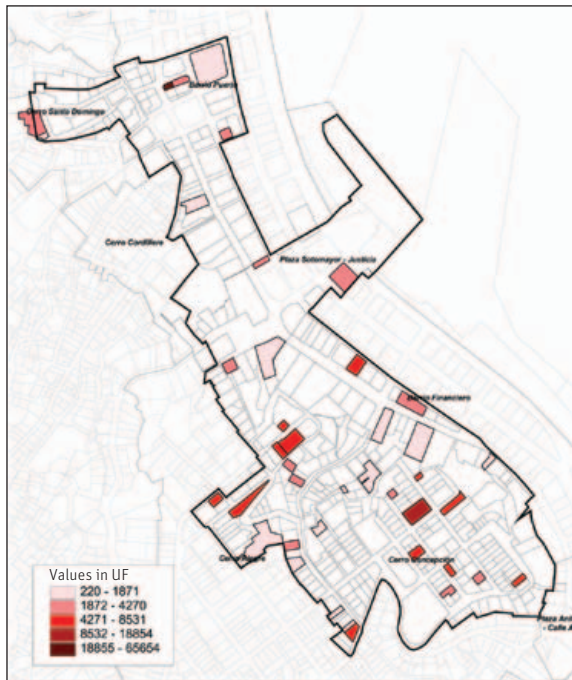
Photo by Eduardo Rojas

These statistics are consistent with real estate values. The highest land values are found within the VWHS, which constitutes a true reflection of the importance of the central business and commerce district in the city. In this sense, it is also noticeable that 18 percent of the professional licenses issued within the Valparaiso municipality within the study period were located in the VWHS, which shows that it is still an attractive place from the employment perspective.

From the building dynamic perspective, only 1.9 percent of the building permits granted during the study period corresponded to the VWHS. The 36 permits granted represent intervention in less than 3 percent of the registered property, which is an indication that the VWHS has not managed to become a dynamic focus for development, or rather, a catalyst for the revitalization of the city as a whole.

Information about property market fluctuations, gained from an examination of the title deeds of real estate sales, indicates that only 1 percent of the changes in ownership in the Valparaiso municipality occurred in the VWHS. The average value of the property transactions was 2,250 UF (US\$90,068) and

FIGURE 6 | Real Estate Transactions, 2003–2008



Source: Authors' elaboration.

1,927 UF (US\$77,138), respectively.¹² Within the VWHS, there was a concentration of operations in the Cerro Alegre and Cerro Concepción neighborhoods, which also had the highest property values.

Status of the Dwellings and Households Living within the VWHS

As the higher-income households abandon the Valparaiso World Heritage Site to live in the periphery, the lower-income households are taking over the dwellings. This gradual replacement of population is often the result of informal subletting, and often leads to lower-income households paying considerable rental fees for rooms in buildings that are dilapidated.¹³

Population loss is one of the most notable phenomena during the period between censuses. While the Valparaiso municipality as a whole lost 2.3 percent of its population, the population of the VWHS diminished from 4,396 to 2,938 inhabitants, representing 33 percent of the total. There was not only a loss of population, but also a renewal of the resident population. In the five years previous to 1992, 19 percent of the population had come to live in the VWHS, and in 2002 this figure had reached 20 percent.¹⁴ Although immigrants came from all socioeconomic strata, the majority had low or very low incomes. Associated with this phenomenon is the fact that two-thirds

¹² The UF (Unidad de Fomento) is a unit of account indexed to inflation.

¹³ In the Port Quarter, 43 percent of residents live in rented rooms, in contrast with the 51 percent that rent apartments. See PRDUIV (2007a, 2007b).

¹⁴ PRDUIV (2007a) confirms that there is high residential mobility. In its survey of tenement buildings (the so-called *conventillos*) it establishes that only 37 percent of residents remain for more than 10 years in the same place.

of the resident population of the VWHS lease their dwellings, whereas in the Valparaiso municipality as a whole this figure is only one-third. This implies that the heritage area attracts residents, but does not manage to retain them.

The number of dwellings in the VWHS diminished from 1,215 in 1992 to 1,024 in 2002, and the number of vacant dwellings rose from 29 in 1992 to 79 in 2002. This means that the area is losing its status as a residential neighborhood, which might be due to the conversion of housing into hotels, art galleries, bars and restaurants, as well as the adverse impact generated by the dilapidated state of public spaces and low levels of services, which induces emigration toward other residential places. It is also due, however, to the growing deterioration affecting various properties, both as a consequence of degradation due to the overcrowding generated by informal subletting and to environmental effects caused by termites, climactic conditions, and fires.

An estimated 41 percent of the population in the VWHS belongs to the very-low-income socioeconomic strata, a figure that is lower than the 50 percent registered in the Valparaiso municipality. Moreover, 28 percent of the population belongs to the low-income socioeconomic strata, a level similar to that recorded in Valparaiso (29 percent). The average income level of residents of the properties studied by PRDUIV (2007a) situates them in the second quintile of the urban population of the VMA. There are some households that are beneath the poverty line, and many that are only slightly above it. The situation of social precariousness is exacerbated by the advanced age of the heads of households and the high incidence of unemployment.

The majority of residents live in small households of one or two people, with a low proportion of children and youths. Most of the active population has a precarious hold in the labor market, principally in the informal sector. Despite the precarious living conditions, the low-income residents display a sense of belonging and a desire to remain there, as a consequence of the advantages arising from its location in terms of access to services and employment. This is reasonable when compared to the alternative option: social housing offered in the periphery of the VMA far away from the city center (Zunino, Álvarez, and Hidalgo, 2006).

According to a study by Undurraga (2003), the number of families that lease increases the occupational density of residential units available for

A few buildings are renovated but much of the housing stock in the hills remains deteriorated.

Photo by Eduardo Rojas



rent in the sector by 257 percent. This translates into a visible lack of control of their use. Informal subletting leads to overcrowding, which overloads the sanitary system and often causes social and family issues; physical transformations inappropriate for habitation and comfort become commonplace; and a complete lack of maintenance of facilities and buildings in general.

The tenement building survey indicates that the average monthly income is \$152,000 Chilean pesos (US\$290.00) per household, and the average monthly rent paid per household is \$61,000 (US\$116.00). This is relatively high in relation to the income levels, considering that according to commonly accepted standards, no household should have to assign more than 25 percent of the family budget to pay for housing.¹⁵ In the Port Quarter, the income levels are slightly higher, but there are still 75 percent of households that receive less than \$200,000 Chilean pesos (US\$381.00) per month and only 2.7 percent of households have an income level above the third quintile. A study by the Ministry of Finance's Budget Directorate (Fouré, 2009) calculates the

¹⁵ Monetary values are based on the average exchange rate for the first quarter of 2010 (1 U.S. dollar = 524.52 Chilean pesos).

average price for rental housing during the 2004–2008 period, based on advertisements in the highest-circulation local newspaper, as around \$100,000 (US\$191.00) to \$120,000 (US\$229.00) Chilean pesos per month in the Port Quarter. This obviously refers to the formal market, which usually registers higher rates than the informal one in which many of the lower-income households operate.

Social Housing or Subsidized Housing

None of the housing in the VWHS has been built as a result of social housing programs. In 2002, the Ministry of Housing and Town Planning created the heritage rehabilitation grant, which is aimed at restoring buildings in the historic conservation zones (HCZs). This subsidy does not target lower-income households, but rather families from the middle-income sectors who are able to obtain a mortgage to pay for one of the affordable dwellings that came on the market due to the restoration of a building located in the HCZ or the restoration of a historic conservation building. The HCZs are defined by the Master Plan (Plan Regulador), the main instrument for municipal territorial planning. The area declared a World Heritage Site complies with this requisite. There are two subsidy levels. Bracket I provides a subsidy of 250 UF (US\$10,000) for the purchase of dwelling valued up to 1,200 UF (US\$48,000) and requires that the recipients have savings of at least 100 UF (US\$4,000). Bracket II provides a subsidy of 200 UF (US\$8,000) for the purchase of a dwelling valued up to 2,000 UF (US\$80,000) and requires savings of at least 150 UF (US\$6,000).

Official information provided by the Servicio de Vivienda y Urbanización (SERVIU), a housing and urbanization service, establishes that in the period 2002–2007, 280 heritage rehabilitation grants were approved in the Valparaiso municipality, 136 in Bracket I and 144 in Bracket II (SERVIU, 2009). Over time, however, subsidies granted have shown a declining trajectory. In 2002, there were 103, then 43 in 2003, 36 in 2004, a rise to 45 in 2005, a decline back to 30 in 2006, and then only 13 in 2007 and in 2008.

This subsidy has not brought about the desired results. In 2006, it was established that of the subsidies granted in Valparaiso, very few have been materialized: more than 40 percent of the people who obtained them later decided

to forego them and nearly 30 percent missed out on the subsidy when the time limit for application expired. The total number of effectively paid-up subsidies for the period 2004–2006 was 30. These figures reveal that it has not been an effective instrument either for promoting the restoration of physical urban heritage or for attracting residents back into the VWHS (Álamos, 2006).

There are many reasons that might explain this result. First, the restoration projects have higher costs than those engendered by new construction, and these higher costs are not covered by the subsidy. Second, this higher cost means that the total project value often surpasses the maximum value of the dwelling to which the subsidy can be applied due to the high costs of land, the longer time period needed to carry out the work compared to new building construction, and the lower density of land occupation permitted in the VWHS. Third, the subsidy is granted on demand, but there are very few investors willing to take a risk on the supply side. Fourth, there is a competitive offer of high-density buildings that can be produced at a lower cost. Finally, it should be mentioned that the Heritage Rehabilitation Subsidy is at a disadvantage when competing with projects that can also apply for the heritage rehabilitation grant which, even with a ceiling of only 200 UF (US\$80,000), is applicable to new dwellings within the designated areas, covering a wide range of Valparaíso, including the VWHS.

Living Conditions for Residents

Conditions in the Different Sectors

The Financial Zone inside the VWHS forms part of Valparaíso's central business and commerce district, and has a life of its own, due to its functions at the city level. Although it is dynamic, and a significant number of building permits are recorded there relative to the number of existing buildings, there are scarcely any permanent residents and the area seems to have lost its attraction based on the amount of empty buildings, if only partially and on the higher floors.

As in other Chilean cities, some of the most important functions have begun to abandon the center and move to other places, following the spatial tendency of higher-income households. In this case, the move has been toward the north of the Valparaíso Metropolitan Area, especially close to

the most modern facilities of the tertiary sector. Commercial interest in the Financial Zone is reflected by the prices of urban land. Compared with the rest of Valparaiso, the Financial Zone has the highest values, which falls into line with the greater hierarchy of functions located in this area.

The Port Quarter is lightly populated, which is surprising given that it is located in such a central part of Valparaiso, both in physical and in functional terms. About 60 percent of the buildings do not have residents, which leads to a greater degree of deterioration. The dwellings usually occupy the top floors of the buildings, given that the lower floors have nonresidential uses. The predominant activity in the area is retail commerce. The bars, cabarets, discos, and pubs normally associated with the Port Quarter occupy 23 percent of the buildings and lend to its bohemian air. The trade unions' headquarters, offices, and service activities related to the port occupy 37 percent of the buildings, but they do not contribute significantly to the liveliness of the streets during most of the day (PRDUV, 2007a). The reduced residential activity can be explained by the low attractiveness of the Port Quarter caused by the aforesaid factors, especially for households with children, given the lack of good schools, attractive public spaces, and citizen security.

The Port Quarter is also a tourist destination but, in this case, despite the investments made to improve the public spaces and local enterprise support programs, it is not a very attractive area for businesses. Moreover, the land values are much lower in the Port Quarter than in the Financial Zone, and also relatively lower than in other places where commercial activity occurs in Valparaiso. There are far fewer real estate transactions in this sector of the VWHS, and they are lower in value than in the rest of the area studied. This is consistent with its lower commercial attractiveness and with the general stagnation recorded in the area in urban and real estate terms.

When an area faces a lack of market attraction for residents and businesses due to a strong presence of negative externalities, the public must intervene to promote urban heritage rehabilitation and revitalization. In this particular case, state institutions have tried to improve public spaces and encourage the expansion of commercial and services business. These actions, however, have not been framed within a wider strategy of direct public intervention, or on such a scale as to lead the Port Quarter out of its deteriorating situation and stimulate investment from the private sector.

The Cerro Alegre and Cerro Concepción neighborhoods are the most populated and dynamic areas in the VWHS. This sector is prominently residential and its dwellings have been better preserved than in the Financial Zone and the Port Quarter. It is mainly occupied by medium and upper-medium income households, except for in some areas with concentrations of tenements and deteriorated dwellings, in which low- and very-low-income households reside. When compared to the other two sectors, the heritage buildings in Cerro Alegre and Cerro Concepción have been better conserved, and the area receives the greatest number of tourists. It also enjoys excellent accessibility and is served by three urban elevators, which lead to various vantage points and constitute important tourist attractions.

The influx of tourists has stimulated the development of new businesses to cater to their needs. There has been an increase in tourist-oriented services, which in turn makes the area an attractive place to visit. This has both positive and not so positive effects. The increase in property prices and the rehabilitation of buildings for self-occupation by new owners has caused a decrease in residents. This influx has also had an adverse effect on the quality of life for those still living in the area as a consequence of the negative externalities generated. A recent study argues that the dynamic of developing commercial activities aimed at profiting from the business advantages created through increased tourism is changing the character of the neighborhood, thereby threatening its future as a residential area (Salas, 2009). In fact, the number of registered properties for residential use decreased from 159 in 2001 to 131 in 2008, whereas the commercially oriented registered properties increased from 14 in 2001 to 43 in 2008. Of these, 35 percent are hotels, 31 percent are restaurants, 15 percent are family accommodation, 5 percent bazaars, and 5 percent cafeterias.

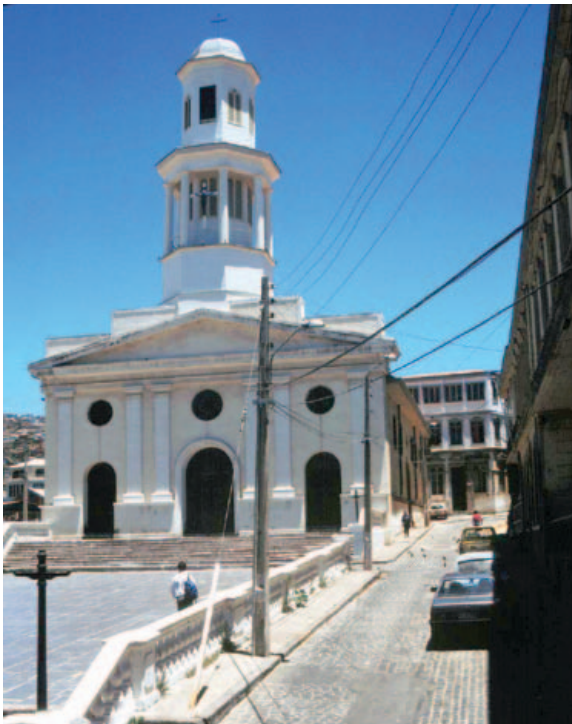
In the last few years, several hotels, bars, restaurants, boutiques, and galleries have opened, as is clearly shown by the statistics detailing the number of commercial licenses granted. In fact, property prices have risen so much that new projects are not currently viable in this area and therefore are being developed on the other hillsides, such as Bellavista, Cordillera, and Cárcel, which are also within the limits of the HCZ and have buildings of heritage value that can be restored and given new uses. This is an important decompression valve for the speculative pressure experienced in Cerro Alegre and Cerro

Concepción and for the speculative property values that have, in the opinion of many experts, affected the property market. This sector of the city has registered the most property transactions within the VWHS, which is an eloquent statement about the sector's real estate market dynamic. Transaction values, higher in many cases than those recorded in the Financial Zone, also constitute a clear indicator of the real estate potential in this sector.

This dynamic, however, also poses a threat to the area. The property cycle is profit-driven by individual actors, who often fail to consider the overall effect of their investments from either the perspective of the city or of its urban heritage value. Increases in land values and the influx of new owners, mostly second dwellings for weekend use, generate a set of negative externalities and can cause a cycle of degradation and loss of value. Among the most important it is worth mentioning that tourism-oriented facilities are usually not affordable to local residents, decreases in the number of residents during the week negatively impact the local commerce and the citizen safety, and speculative high land prices discourage future developments. The impact of these negative externalities can be significant, especially when there is a lack of clear and decisive action on behalf of the public authorities to define the rules of play according to the original objectives of urban and social development.

The VWHS offers clear opportunities for the development of residences, commerce, and services. It does, however, suffer from some disadvantages in comparison with other city sectors. First, the property prices are higher than in other sectors. Second, building restoration costs are higher than the costs of building new constructions. Third, the procedure for obtaining permits for building, restoration, or alteration is longer and more demanding. Fourth, properties in the VWHS are not readily accepted as guarantees for mortgages, and it is difficult to obtain fire insurance for them. Finally, regulations governing the intensity of land use set a lower limit to that permitted in alternative areas of potential property development.

Although the area declared to be a World Heritage Site has undergone a gradual transition in terms of use and some economic dynamism shown by the creation of new businesses and a progressive increase in the price of properties, it is still regarded as a deteriorated and backward area in comparison with other growing areas of the city, such as the Curauma sector in the same



The Matriz Church stands near the site of the first landing in the city by the Spanish.
Photo by Eduardo Rojas

municipality or the ones in other municipalities that make up the Valparaíso Metropolitan Area mentioned earlier.

The residents of Cerro Alegre and Cerro Concepción have shown their open opposition to uncontrolled development for nonresidential uses and the granting of liquor licenses for bars and restaurants in places that were once purely residential. Although these licenses do comply with the existing local regulations, no study of the area's capacity to absorb them has been undertaken. As the zoning regulations do establish the possibility of mixed uses, it means that residential activities might coexist with commerce and service provision. What the regulations do not establish, however, is in what proportion there can be dwellings alongside other uses.

Another adverse effect is the loss of the local commerce that supports residential life, such as bakers' shops, greengrocers, and grocery stores, which have begun to disappear insofar as they are replaced by more profitable activities geared toward satisfying tourist demand, rather than local domestic life. According to statistics, between 2003 and 2008 there were 31 liquor licenses issued within the VWHS, and 17 of these were for premises located in the Cerro Alegre and Cerro Concepción neighborhoods, where the majority of licenses are issued within the VWHS is concentrated.

The Urban Population's Access to Services

The central location of the VWHS within the metropolitan area ensures a favorable situation for residents in terms of access to the wide variety of services and activities in the VMA. In fact, one of the two most important centers in terms of commerce and services, Viña del Mar, is located in the immediate

surroundings of the heritage area. Notably, all new commercial and real estate development of the shopping mall kind has taken place outside of the center of Valparaiso, mainly in the territory of the Municipality of Viña del Mar. Moreover, most prestigious schools have abandoned the VWHS, moving toward the spaces that are today occupied by the higher-income households in other municipalities of the VMA. A similar phenomenon happens to the territorial distribution of health-care services, which are highly concentrated in places where the most prestigious establishments are located, which are outside of the VWHS.

Finally, the analysis of the spatial structure of fiscal land values (tax assessment values) shows relatively high land values in the consolidated central areas. If fiscal land values correspond proportionately to commercial land values, and the values constitute unequivocal expressions of real estate potential, then it can be concluded that the most sought after areas at in the metropolitan area are located in the center and in Viña del Mar, and then along the coastline toward the Reñaca Bajo neighborhood in the north. In the Valparaiso municipality itself, fiscal land assessments reflect a high valuation in the immediate surroundings, including the greater part of the VWHS.

The VWHS as a Place to Work

According to data contained in the Greater Valparaiso Mobility Survey (1998), 18 percent of the total number of work-related trips undertaken within the Valparaiso municipality head either toward the VWHS or to its immediate vicinity. The evidence presented in previous sections of this document dealing with living conditions and access to amenities and services clearly establishes that the Financial Zone is situated in part of Valparaiso's central commerce and business district. The Port Quarter, as an extension of the center, and in view of its proximity to the seaport, hosts mainly nonresidential functions that generate employment, although to a far lesser degree than in the center. From the commercial perspective this is a depressed zone. As previously mentioned, the Cerro Alegre and Cerro Concepción neighborhoods have a predominantly residential character, but they have also begun to develop nonresidential activities that generate employment.

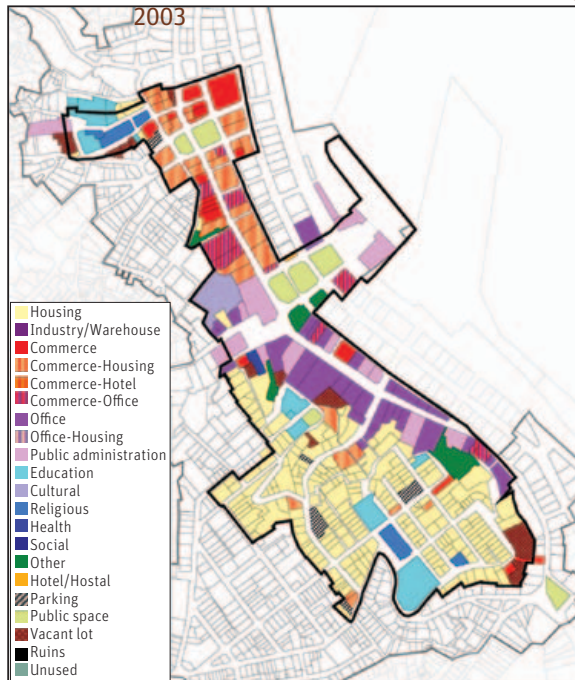
URBAN HERITAGE CONSERVATION

Land Uses

Figures 7, 8, and 9 analyze the evolution of land uses within the VWHS from the time of the World Heritage Site declaration up until 2008, and demonstrate that the study area is a space currently undergoing a very dynamic process of change. The changes in land use observed in the study area during the 2003–2008 period verify that the process of functional conversion has been quite unequal within the aforesaid area. Of the 128 cases that show a change of use (34 percent of the total number of properties), 85 correspond to the Cerro Alegre and Cerro Concepción neighborhoods, 29 to the Port Quarter, and 14 to the Financial Zone. Of these, 105 correspond to cases of changes from residential use to other, predominantly commercial, uses;

4 are cases of change from nonresidential to residential; and 19 correspond to cases in which the building has fallen into disuse, or becomes a vacant lot, which constitutes an eloquent symptom of deterioration.

FIGURE 7 | Distribution of Land Uses within the VWHS, 2003



Source: Authors' elaboration.

The State of Preservation of Buildings, Public Spaces, and Infrastructure

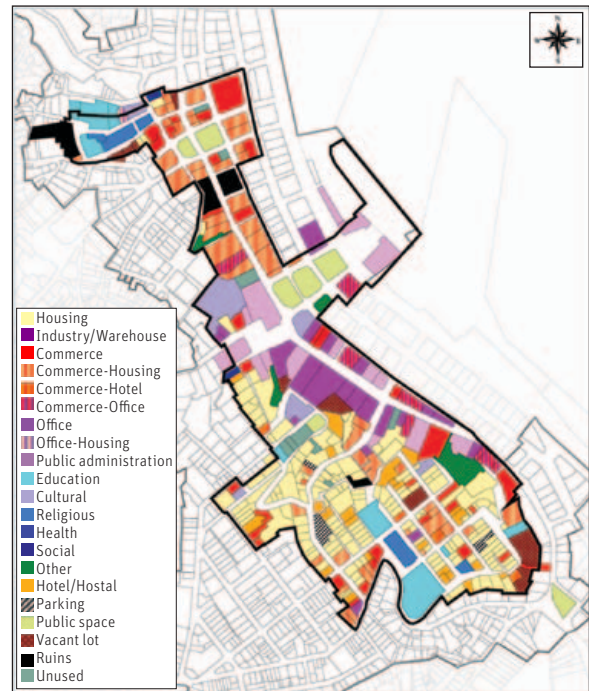
During the process leading to the proposal of the historic center of Valparaiso for the UNESCO World Heritage Site list, an evaluation of the state of preservation of the buildings therein was carried out based on the categories assigned by the Internal Revenue's Cadastre of non-Agricultural Properties (Base Catastral de Predios No Agrícolas del Servicio de Impuestos Internos del

200), the Technical Records of Relevant Buildings and Public Spaces included within the Proposal Area (las Fichas Técnicas de Inmuebles y Espacios Públicos Relevantes insertos en el Área de Postulación), and field studies.¹⁶ However, it should be pointed out that the said evaluation corresponds to only a partial diagnosis of the buildings given that in the majority of cases reference is made only to their external appearance and general state of preservation, without detailing structural aspects and material conditions inside each building.

In the general diagnosis about public spaces drawn up by the Programa de Recuperación y Desarrollo Urbano de Valparaíso (PRDUV), an urban restoration and development program established when Valparaíso was declared a World Heritage Site, the peculiarity of its public spaces was highlighted among its many virtues: areas that form a unique urban fabric that fosters social encounters and collective activities, and sustains participation and citizen debate. The high level of deterioration of the streets, squares, and vantage points impairs the environment and the quality of life for the residents, as well as for the thousands of tourists who visit the city.

With regard to the infrastructure, it should be highlighted that the VWHS enjoys almost total coverage by basic service networks, including drinking water, sewerage, electricity, gas, and telephone. Data contained in the 2002

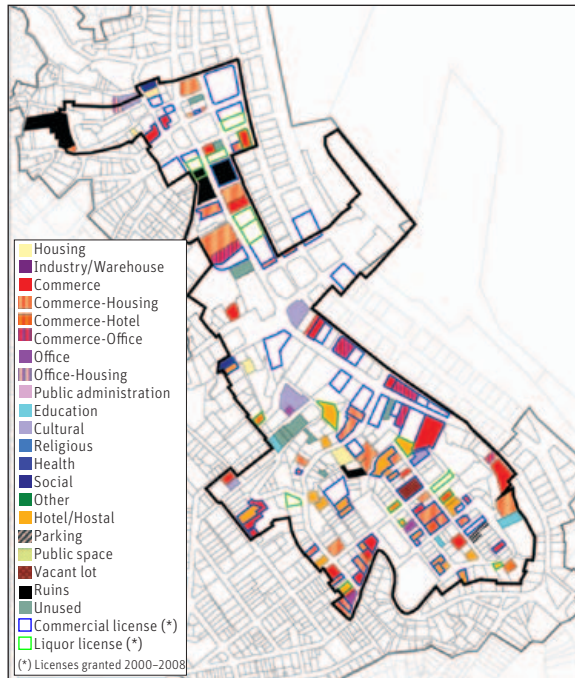
FIGURE 8 | Distribution of Land Uses within the Study Area, 2008



Source: Authors' elaboration.

¹⁶Drafted by the Architecture Directorate of the Ministry of Public Works (Dirección de Arquitectura del Ministerio de Obras Públicas) and the I. Municipality of Valparaíso for the proposal to include Valparaíso in the UNESCO list of World Heritage Sites in 2001.

FIGURE 9 | Changes in Land Use during the Study Period



Source: Authors' elaboration.

Population and Housing Census indicates that the majority of dwellings located within the study area have high levels of basic service provision (electricity, water, and sewerage), although there are exceptional cases of dwellings that have no connection to these networks.

Information concerning the state of building preservation for 2008 does not use a similar qualification criterion to the one employed in the baseline data from 2003. An evaluation scale was therefore established from the perspective of the desirable state of preservation that the buildings should have due to their heritage value.

Only 27 percent of the buildings existing in the VWHS are in a good state of preservation, meaning that have been the object of restoration and have had good maintenance. About 51 percent are

found to be in an acceptable condition, which makes the total for this category (good or acceptable) 78 percent; 13 percent are found to be in average condition; only 2 percent of the buildings in the area are found to be in a bad or deficient state; and the remaining 7 percent corresponds to damaged buildings or vacant lots.

When the situation at the time of the heritage list proposal (2003) is compared to the current one (2008), it indicates that 70 percent of buildings maintained a good or acceptable state of preservation, 9 percent of buildings suffered some form of relative deterioration, and 3 percent improved their condition. About 12 percent maintained their condition, irrespective of their state of preservation, and 3 percent (11 cases) suffered grave or irreversible damage due to fire or demolition.

Regulation of Land Use and Urban Heritage Conservation

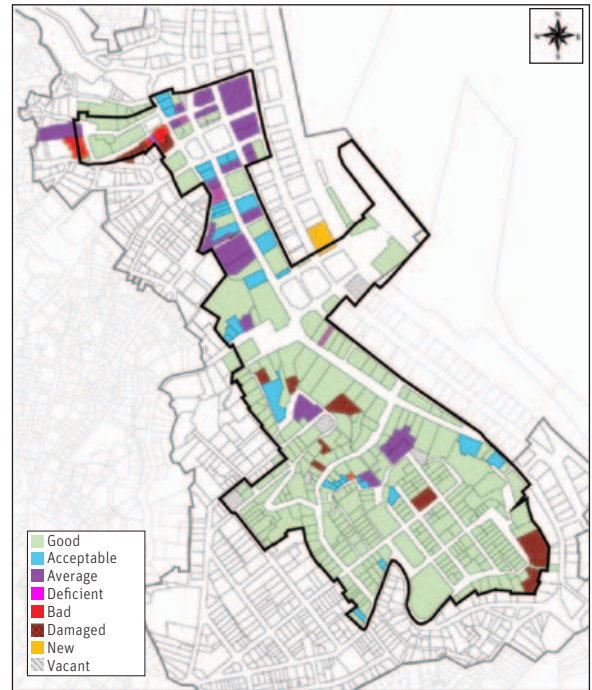
Regulations to Protect the VWHS

In Chile, two public institutions oversee urban heritage conservation: the Ministry of Housing and Town Planning (MINVU, or Ministerio de Vivienda y Urbanismo) and the Ministry of Education (MINEDUC, or Ministerio de Educación), and both have independent normative frameworks. The MINVU is regulated via the City Planning and Building Act and its General Code for City Planning and Building that permits instruments of territorial planning, at the communal level, to incorporate Cultural Heritage Protection Zones (so-called Historic Conservation Zones [HCZ] and Historic Conservation Listed Buildings [HCLB])—into their Municipal Master Plans (MMPs). In this case, the aforesaid zones can then only be redefined with the express prior approval of the Regional Ministerial Secretariat for Housing, and Town Planning (SEREMI MINVU, or Secretaria Regional Ministerial de Vivienda y Urbanismo).

For its part, the National Monuments Act (Ley de Monumentos Nacionales) creates the National Monuments Council (CMN, or Consejo de Monumentos Nacionales)—a technical organism that depends directly on the MINEDUC—which exercises control over the Built and Intangible National Heritage (Patrimonio Mueble e Inmueble de la Nación). The Act defines five categories: National Monuments, Public Monuments, Historic Monuments, Typical Zones, Archeological Sites, and Nature Sanctuaries.

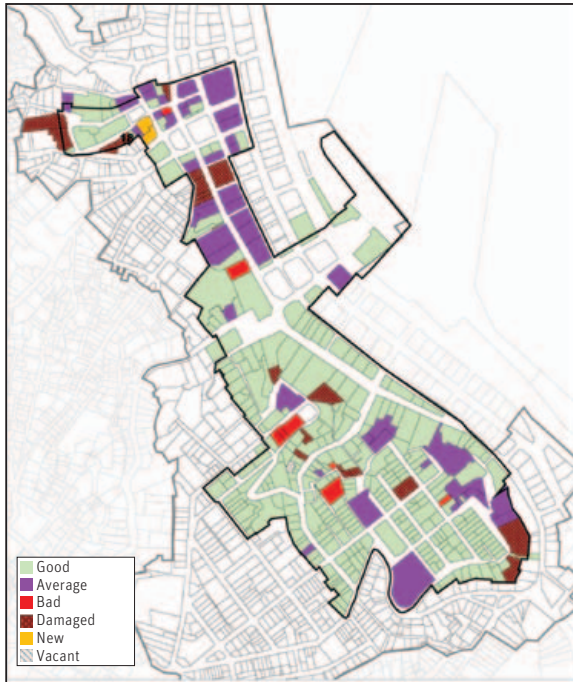
In this way, the administration and care of national heritage in Chile can be overseen by a maximum of three institutions, and all three are present in the case of Valparaiso and the VWHS. The SEREMI MINVU is involved because

FIGURE 10 | State of Preservation of the Buildings, 2003



Source: Authors' elaboration.

FIGURE 11 | State of Preservation of Buildings, Public Spaces, and Infrastructure, 2008 (Information Complemented by Field Studies)



Source: Authors' elaboration.

there are both Historic Conservation Zones and Historic Conservation Listed Buildings declared in the MMP; the Municipality of Valparaiso, through its Urban Development Control Directorate, administrates the MMP; and the CMN, via its Regional Advisory Commission (Comisión Asesora Regional), due to the presence of a Typical Zone, the VWHS, and various historic monuments within its borders.

Although each ministry is autonomous with regard to its legal powers, attempts have been made to establish coordination mechanisms that permit greater normative efficiency and coherence in the approval processes. The Single Window (Ventanilla Única) protocol was thereby signed in 2002, establishing a centralized system of project reception at the Municipality of Valparaiso, via its Municipal Works Directorate. This department collects all the applications

made to the SEREMI MINVU and the CMN, and, via the latter, channels its observations and approvals back to the interested parties. Recently, the three institutions formed a Technical Bureau for prior project assessment, which then emits a favorable or unfavorable report on applications for building permits within the Typical Zones. The CMN advisory commission, however, has recently left this forum, after declaring a conflict of interest.

Heritage Management Plan

Under the guidance of the MINVU, the Plan for Revitalizing the Historic Center (Plan de Revitalización del Casco Histórico: Cerro Santo Domingo, Barrio la Matriz, Cerro Cordillera [2002–2006]) was drafted, which gave rise to the formation of a technical committee, in agreement with the Municipality of

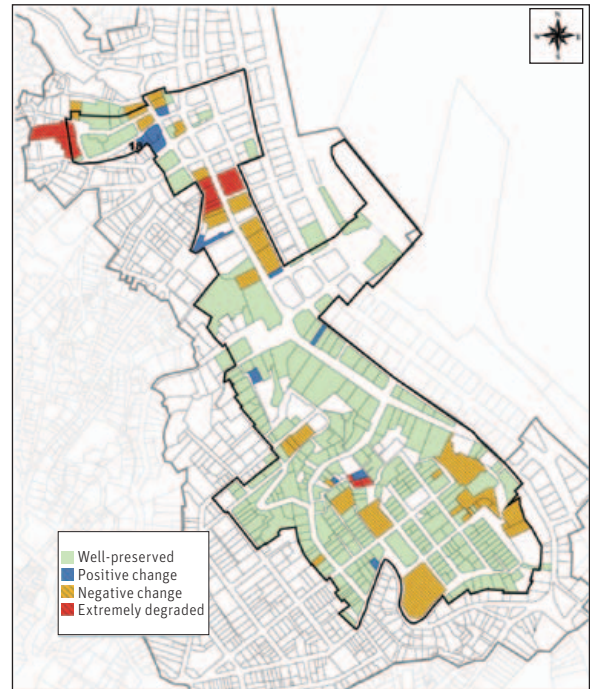
Valparaiso. Public space and housing upgrading interventions were thereafter carried out using tendered funds provided by the sector ministries (MINVU), the Corporación de Fomento de la Producción (CORFO), an economic development corporation, and the regional government. The plan also envisages the purchase and revamping of dwellings and encouragement for production, especially for local traders. Later, in 2006, the PRDUV was set up. This program covers VWHS and selected portions of the historic center of importance for the sustainable rehabilitation of the VWHS.

Incentives for Urban Heritage Rehabilitation

In this case study, there are a great variety of incentives for the restoration and functional conversion of listed heritage buildings and buildings in general within the VWHS and within the wider area of the municipality designated as a HCZ, as well as subsidies for the development of productive activities in listed buildings, tendered funds (nonreturnable) for public space upgrading, development of local commerce, etcetera. The Chilean State and the local municipality have set up various tools aimed at attracting private investment and restoring urban heritage. A great variety of plans and programs exist with variable results.

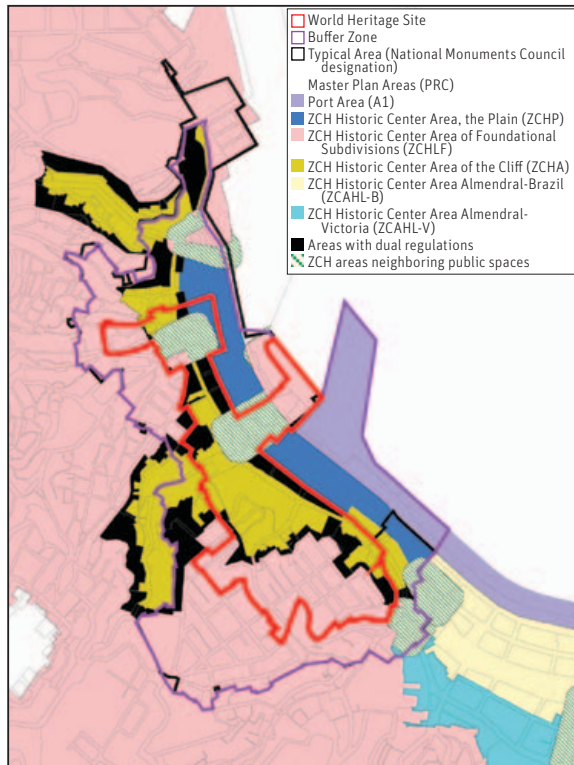
The Investment Grant for Heritage Listed Buildings within the Valparaiso Municipality (Subsidio a la Inversión en Inmuebles de Interés Heritage localizados en la Comuna de Valparaíso) deserves mention. It is aimed at the revitalization of Valparaiso's cultural assets through the use, restoration, or alteration of listed buildings of heritage value, as well as the attraction of private investment for the development of productive projects. It is a subsidy

FIGURE 12 | Changes in the State of Preservation of Buildings, 2003–2008



Source: Authors' elaboration.

FIGURE 13 | Historic Conservation Zones within the PRC and their Relation to the VWHS



Source: Authors' elaboration.

given for investment in fixed real estate assets that envisage a minimum investment amount of US\$100,000. Up to 50 percent of the investment project is subsidized, with a maximum amount of US\$70,000 per project. A complementary subsidy exists aimed at guaranteeing the success of the projects subsidized, the Cofinance Grant for Feasibility Studies (Subsidio al Cofinanciamiento de Estudios de Preinversión), which covers up to 60 percent of the cost of feasibility studies, with a ceiling of US\$8,000. As of 2010, 32 projects had been developed, with investment by CORFO totaling \$973,000,000 and private investment worth \$5,631,000,000. These projects created 250 direct and permanent jobs.

This has undoubtedly proved very successful from various perspectives. First, all the projects subsidized by this program are still in operation, which demonstrates the good criteria with which the

feasibility studies and grant approvals have been carried out. Second, it has worked from the perspective of restoring and increasing the value of the listed buildings, while the activities carried out therein guarantee the buildings' adequate physical maintenance. Third, a critical mass of business has been built up, which makes the VWHS today a pole of attraction for tourism, thereby stimulating the development of complementary tourism services without the help of public funding. Fourth, it has, without doubt, signified a new source of employment generation, creating more sophisticated jobs that involve direct contact with tourists and, in many cases, the use of foreign languages. Fifth, it has been a very effective lever for mobilizing private investment.

Leaders in Conservation of the VWHS

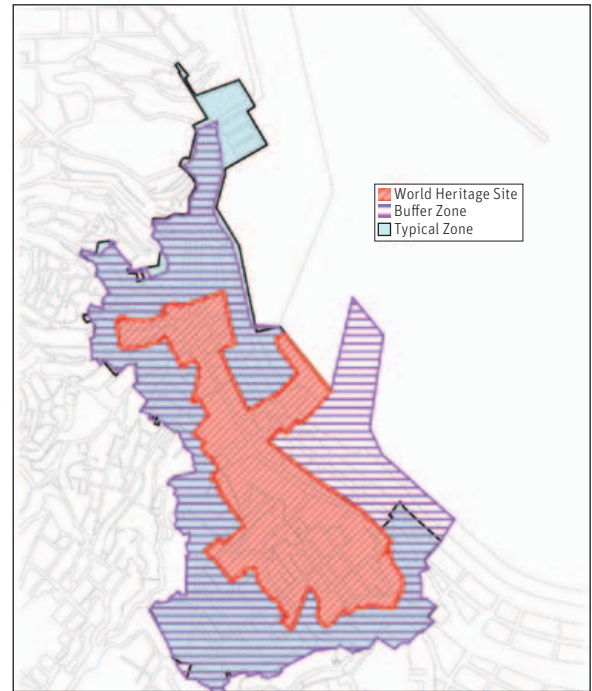
Public Institutions

Beyond the aforementioned regulations, there is no specially created institution in charge of managing the VWHS or that holds ultimate responsibility for its destiny. As affirmed in the text that proposed Valparaíso as a UNESCO site, responsibilities for the management of the VWHS are dispersed among different state institutions. Each has different attributes and areas of action; this is a difficulty as the adequate management of this complex urban area calls for convergence and coordination among all of them.

Since 2002, the three public offices have put into practice an institutional Singles Window agreement for processing applications to intervene in Valparaíso's Typical Zone. Although this agreement has fulfilled an operative function aimed at streamlining the processing of heritage projects, the truth is that the role it has played as a technical bureau has been as, or even more, important. Through this agreement, the three guiding heritage conservation organisms harmonize opinions about specific heritage intervention projects, and thereby prevent natural disagreements from arising during the application of regulations. This is not insignificant, considering that heritage regulations in Chile are not characterized by their conciseness but rather, adversely, by an excessive and inconvenient general nature that allows public entities an enormous margin for interpretative maneuvering.

Furthermore, a conservation and development master plan has still not been ratified for the VWHS. This is an urgently needed instrument, given the speed with which threats to the city's urban heritage materialize. A case in

FIGURE 14 | Limits of the Typical Zones, the VWHS, and the Buffer Zone Buildings, 2003–2008



Source: Authors' elaboration.

point is the demolition of the Chile Tabacos building and the Casa Jacob in Cerro Concepción to allow for new buildings—a 20-story apartment building and a boutique hotel, respectively. These developments were rightly condemned by citizens’ organizations. These organizations not only defend their own interests, but also seem to work in the void left by the authorities. Moreover, there is still no urban heritage institution, despite the announcement in a presidential discourse that one would be approved within a few months.¹⁷

The great variety of public actors involved in heritage conservation efforts, and the complexity of relationships that has grown up between them, have affected the leadership of the process. Locally elected officials—the mayors—lack complete powers and resources to lead the effort, and the organisms of regional and national government lack the necessary defined territorial focus to exercise leadership. Therefore, decisions concerning investment and development regulation are taken at different levels without clear coordination. The absence of a conservation and development master plan, more than seven years after the declaration of the area as a World Heritage Site, is a serious impediment to private investment and hampers the design and implementation of public initiatives. The leadership assumed by territorial community leaders has not filled this vacuum, due to the lack of effective participation mechanisms for decision-making and shortcomings in resource allocation.

Valparaiso Urban Rehabilitation and Development Program

The PRDUV was established to contribute to the revitalization of Valparaiso by making the value of the city’s urban heritage the foundation for new economic, social, and cultural activities that would benefit the population. The program is financed by central government via the SUBDERE using resources from the national treasury (70 percent) and a loan negotiated from the Inter-American Development Bank (30 percent). The PRDUV has proposed to invest the equivalent of US\$70,000,000 over five years (2007–2012) in the following items:

- *Urban rehabilitation:* This component’s objective is to improve the city’s urban environment to encourage productive and residential

¹⁷ See icomoschile.blogspot.com

investment within the VWHS. For this purpose, it invests in the upgrading of public spaces, roads, and buildings located in the VWHS. Moreover, it also invests in strategic services and amenities to ensure the good functioning of the city as a whole (waste management, citizen security).

- *Economic and socio-cultural development:* The aim of this component is to promote private investment through distinct forms of public-private collaboration, and to create capacities within the local area for restoring and diffusing the heritage and cultural identity of Valparaiso, as well as for strengthening communities and enhancing their self-management and networking capacities.
- *Institutional development of the Municipality of Valparaiso:* This component's aim is to contribute to the integral reorganization and strengthening of the Municipality of Valparaiso, with emphasis on its financial management and on urban heritage planning and management, so as to endow it with the capacity to lead the process of revitalization and urban development.
- *Communication and participation:* This component is designed to stimulate citizen participation in the definition of the program's actions and to disseminate information referring to the program and its benefits.

The PRDUV's area of operation takes in the VWHS, but covers a much wider space, which is broken down into seven Integral Heritage Environments (EPIs, or Entornos Patrimoniales Integrales).

PRDUV has 82 initiatives set in motion. However, 33 percent of the initiatives and investments fall outside of the EPIs, supporting a transversal improvement of urban conditions wholly indispensable for the city of Valparaiso.

Measurable Outcomes

This document is not intended as an assessment of PRDUV. It is therefore limited to a general review of its outcomes within the study area. For this purpose, budgetary executive information is employed, alongside the data

presented in the previous section on the inputs supplied by the PRDUV. The data allows for a general review of program outcomes but not for an assessment of impacts or results.¹⁸

Physical Environment

Among the general environmental improvements in the city, which are also noticeable in the VWHS, are the improvements in the sanitation and waste collection systems (including educational campaigns aimed at the community in general), the upgrading of the public lighting system, a new urban signage, and equipment in the public spaces. It is worth mentioning that a dog shelter has also been constructed, which houses stray dogs and offers services such as adoption, reclusion, and sterilization.

There have also been definite physical improvements in the VWHS, including the upgrading of listed heritage buildings and public spaces. This is the result of assigning 25 percent of PRDUV's budget to investments in the Financial Zone/Cerro Alegre EPI and 21 percent is assigned to the Port Quarter.

With regard to building conservation, as already stated the general level of deterioration is noticeable because maintenance has been inadequate. In fact, for the period 2003–2008, 56 percent of the buildings suffered a relative deterioration and only 24 percent of them conserved their optimum state of preservation. Public activity in this area has led to the acquisition of three emblematical buildings: the Tassara, the Subercaseaux, and the Luís Cousiño buildings. Until 2010, only the latter building had been sold (to the Catholic University), and at that time was undergoing an adaptive rehabilitation process designed to allow new uses (a training center) while retaining the features that contribute to enhance the urban heritage of Valparaíso. The other two are still waiting to be handed over to the private sector for subsequent restoration. The longer that this continues, the longer the funds employed in the acquisition of these buildings will remain frozen, thus hindering the

¹⁸Therefore, for example, the citizen security plan has been executed in its entirety, which means that CCTV surveillance cameras have been installed and the police have been given adequate means of transport. However, no impact assessment study has been undertaken, which would allow for an appreciation of the program's achievements, either in terms of crime reduction in the target areas or the population's perception regarding citizen security.

birth of the rotating fund that these resources were intended to generate. The Barburizza Palace, which was, until 1997, the seat of the Municipal Museum of Fine Arts, has undergone building restoration and recently opened its first exhibition galleries to the public.

The private sector has been responsible for the greatest activity in building conservation, in some instances with the support of state subsidies given by both the CORFO and the MINVU. This can be inferred from a study of both the building permit lists and the register of property transactions, as well as from the data concerning commercial licenses that bear witness to the changes in land use.

Economic Impact

The most noteworthy aspect here is the economic impulse that has affected the system of commerce and service provision oriented toward satisfying the demands of tourism in Cerro Alegre and Cerro Concepción. This question is reflected in the municipal licenses granted during the period; in the dynamism of the property market, according to the number and value of transactions registered in the period; and, to a lesser degree, in the number of building permits granted. A study of these variables confirms that the Financial Zone, in spite of its importance in terms of the urban functions it fulfills—reflected in the high values that land reaches in the area—does not display a dynamic economy or buoyant property market. According to informed observers from the real estate sector, it is a neighborhood that has become rather stagnant. In the Port Quarter's case, a low level of investment is set against a context of deterioration and stagnation.

The Social Impact and Mitigation of Gentrification

Available antecedents concerning the demographic dynamic confirm that there has been a decrease in the number of dwellings, and therefore a loss of population, as well as a change in the population in Cerro Alegre and Cerro Concepción, which concentrate the greatest proportion of the VWHS's population. Due to the nature of the changes and the property prices registered, it can be inferred that the new residents are principally from the higher-income quintile, which constitutes an unequivocal sign that a process of gentrification is underway. Economic success and the nonresidential activities

oriented toward tourism are counterbalanced, however, by the adverse effect on the quality of life of the residents still remaining in this neighborhood.

The Financial Zone has not been affected, as it is not a residential neighborhood. However, the Port Quarter has suffered a loss of population, without undergoing a process of gentrification, as a consequence of the deteriorated situation exacerbated by the explosion of the underground gas network in 2008, which signified the destruction of buildings and the subsequent evacuation of many families. The Port Quarter has never really recovered from this lamentable disaster.

A SENSE OF PLACE AND SOCIAL COMMITMENT

Citizen Participation in Urban Heritage Restoration

Valparaiso, like any other city, is alive and in an ongoing process of change. This takes in all the stages of the life cycle of an urban space, including the physical, social, functional, economic, and cultural transformations. Various projects, of varying scopes and scales, have been put forward in recent years, engendering reactions from the community's citizenry. Although there is quite a wide network of organizations that are very active in defending the city in general, as well as the VWHS in particular, there is a lack of efficient participation mechanisms that clearly express community movements of resistance and confrontation toward public- and private-sector investment initiatives and projects in the area, as well as toward proposals to modify territorial planning instruments.¹⁹ In the opinion of community organizations, the decision-making processes of state institutions have not been open to citizen participation. There is permanent criticism of the lack of citizen participation in decision-making on urban heritage aspects and, in general, about large-scale projects that affect the citizenry, even when these are neighborhood-upgrading works.

¹⁹ Many of the examples concerning active social organizations presented here were taken from the thesis of Sofía Vargas (2009).

The Expulsion of Residents

The significant loss of population that has taken place in the VWHS is a consequence of the real estate development dynamics, rather than of judicial eviction orders. As mentioned in the previous section, there is no social housing in the VWHS, and there never has been. The lower-income households began to arrive in the area as a consequence of the emigration of the households that had developed and occupied the area up until the 1920s, Valparaíso's boom period. However, the replacement of higher-income residents was never complete. Some buildings are still in the hands of the families that constructed them. In subsequent years, middle-income households occupied many of these buildings, and they now predominate in the more residential neighborhoods, especially in the Cerro Alegre and Cerro Concepción neighborhoods. Over time many buildings, often the largest ones, have been progressively sublet, first by sections and finally by room, to low-income individuals or households.

From the end of the 1990s, the area has undergone a property market revaluation, especially in Cerro Alegre and Cerro Concepción, a process that accelerated after the UNESCO World Heritage Site declaration. On one hand, this signified an increase in rent rates and subsequent repopulation by persons enjoying higher incomes. On the other, the property development dynamic has also signified the development of hotels, restaurants, bars, and cafés based on the recycling and functional adaptation of dwellings, which undoubtedly means that the population previously living in those dwellings, if there were any, would have had to leave the neighborhood. Also, from the residential perspective, although a building restoration subsidy scheme was implemented, it never signified the introduction of social housing development, nor was this ever its aim. Today, only households situated in the fifth income quintile can purchase most dwellings in the VWHS.

The buying and selling of existing properties within the VWHS has been high, especially in the Cerro Alegre and Cerro Concepción neighborhoods. These transactions also imply a change in the resident population, often because households acquire the dwellings as second residences, meaning that they will not be permanent residents of the area. Property transaction values are quite high, which means that they are only within the reach of higher-income Chilean homebuyers. The author is not aware of relocation programs

for the population forced to leave the area as a consequence of the property development dynamic and the subsequent gentrification process.

Stakeholder Perceptions and Opinions

Urban stakeholder perceptions were gathered from a series of interviews with four focus groups carried out in December 2009. The groups included community leaders, residents, and traders from the VWHS and municipal experts.²⁰ The opinions expressed on the principal problems facing the VWHS can be summarized as follows:

- *Economic situation during the last five years:* Residents and community leaders emphasize that the economic situation has worsened, giving rise, simultaneously to an influx of outside commercial actors. However, the municipal agents and business owners highlight the positive changes by indicating that the general situation has improved relatively, given that they have created better (albeit insufficient and not ideal) conditions for the development of tourism-oriented services and for the incipient property market. Development of the tourism sector, however, has taken place mainly in Cerro Alegre and Cerro Concepción, in detriment to the Port Quarter, which still struggles to offer the necessary conditions (and is, moreover, deemed an unsafe place).

The differences in opinion, nonetheless, express an inherent tension between different ways of understanding development of the VWHS. For the residents, community leaders, and business owners, urban heritage development should promote the active inclusion of the port dwellers themselves, the residents, and/or the small businesspeople in its projects and programs and, in general terms, in its benefits. For municipal agents, however, urban heritage development involves creating the necessary conditions that allow investment by private actors and establishes specific measures to support residents or small traders. As far as the municipality is concerned the more

²⁰ Work with the focus groups was carried out by the consultancy Territorio Sur – Cooperativa de Trabajo para el Desarrollo Sustentable.

opportunities and conditions for investment available, the greater the development of the VWHS.

- *Situation of the urban heritage listed buildings:* On this point, the opinion of the representatives of all four groups consulted formed a consensus and was also sharply critical. Most properties have not been upgraded and are currently in a state of deterioration or abandonment. The difficulty of intervening in the buildings for restoration purposes is related both to the scant resources available to government and to the obstacles imposed by the rules that regulate the VWHS. In this sense, private investment consortia have been mainly responsible for the restoration of urban heritage listed buildings that have been rehabilitated. On the other hand, the residents, the municipal agents, and community leaders all report the tremendous difficulties that hinder low-income residents from accessing the available public funds for the restoration of their dwellings.
- *The community's commitment:* Those interviewed in all groups recognize that the average port dweller is not aware of or does not understand the importance of having their city declared as a World Heritage Site, and thus they do not see the value of this declaration. All agree that it is necessary to take action to mitigate this situation. What stands out is the diversity of opinions regarding the role that the citizenry has played, or should play, in the destiny of the VWHS. For the residents, community leaders, and business holders, citizen participation is a fundamental component for improving the quality and relevance of interventions in the VWHS. This means including commercial actors and community leaders in negotiations and decision-making. The municipal agents, however, express no significant opinion about citizen participation. In fact, they perceive that the citizenry is unaware of, or misunderstands, the public policy of intervention in the VWHS.

In the opinion of all groups consulted, the most important player missing from the task of urban heritage conservation is the Valparaíso Port Company (Empresa Portuaria de Valparaíso). This is inexplicable, considering not only its immediate physical proximity to the VWHS, its size, and the profits it obtains, but also mainly given the urban impacts of all kinds that it generates in the VWHS and in the city as a whole.

- *Sustainability of the VWHS*: The sustainability discourse is, in general terms, shared by all those interviewed among the four groups. The creation of a new set of institutions and the approval of a specific Valparaiso Act to frame their actions emerge as concrete proposals. To transform the area into a more inclusive space, community leaders, residents, and business owners call for the notion of urban heritage to be widened and for the concept to be made more complex, meaning that all stakeholders (especially the citizens themselves) become partners in planning and decision-making, as well as beneficiaries of the public policies implemented for the VWHS.
- *Support for the revitalization of the VWHS*: On this subject, again there was consensus among those interviewed: the government (whether it be central or regional) has not significantly supported revitalization of the VWHS. It has acted without adequate planning and resources. This discourse becomes most pronounced and critical among community leaders and residents, who opine “the government hasn’t supported anything, and if it has, it has been to lend support to the big investors.” However, it is more moderate and qualified among businessowners and municipal agents who believe “the government does help, but too little, uncoordinated and slowly.” According to the aforementioned interviewees, the risk to the VWHS’s future is fundamentally institutional: the state must promote more and give better support to the area’s development.
- *In sum*: The discourses of interviewees belonging to all four groups yield two fundamental images. The first is that the UNESCO declaration seems to involve and intertwine such a quantity of political, social, economic, and normative elements that the situation has become far too complex and difficult for the actors interviewed to understand or tackle. This complexity becomes clear through their stories of the multiple problems, deficiencies, and difficulties that end up, in the long term, impeding fulfillment of the objective of effective development for the VWHS.

In effect, the difficulties mentioned by the interviewees are of a varied nature: some are structural (loss of commercial structure within the city);

political (lack of political willpower to support urban heritage development); institutional (normative difficulties, public institutions with scarce powers and resources, associated management problems, inadequate teams of professionals); economic (high unemployment levels in the city); and even cultural (low appreciation of urban heritage by the citizens themselves). What is interesting is that the complexity of the urban heritage problem is what makes all stakeholders interviewed call, in unison, for the state to make a greater act of presence so that it can, at least, begin to understand the difficulties.

The second image evokes the important differences in appraisals of urban heritage development expressed by the municipal agents vis-à-vis opinions expressed by the other actors interviewed. This difference expresses the need to reexamine both the original purpose of the UNESCO declaration and the actions that have so far been implemented, along with their medium-term consequences.

Therefore, whereas the municipal agents' discourse emphasizes investment promotion (in the tourism and property sectors) as the principal strategy for achieving urban heritage development, residents, community leaders, and businesspeople call for both the concept and the practice of urban heritage development to be widened to actively include all interested social and economic sectors, especially those who have, with some justification, previously resented such activity due to the lack of government support (such as retail traders and long-term residents, for example).

The challenge is gigantic. How can the VWHS overcome the contradiction between economic development and social well-being? How can economic development be achieved whilst including all stakeholders in its benefits—and costs—and not just favoring certain private interests? If these challenges are not confronted then there is a risk of social segregation and exclusion within the VWHS.

CONCLUSIONS AND RECOMMENDATIONS

The study of economic and social sustainability of the Valparaiso World Heritage Site records a rather dynamic process of transformation that is characterized by a loss of population, a loss of residential function, and a change

in land use in one-third of the properties. This is, in part, due to the development of commercial and service activities, shown by the data on changes of use, the granting of commercial licenses, and the transactions occurring in the residential property market that has increased the number of houses turned into second residences. The VWHS is located within a territory that shows precarious development indicators and with a municipality that experiences financial and management problems.

In general terms, the buildings located in the VWHS are found to be in a reasonable state of preservation; however, in the study period, a gradual process of deterioration has been detected, as well as, simultaneously—albeit to a lesser degree—a process of building recuperation and restoration, which is manifested with differing intensity in distinct sectors of the VWHS.

The available antecedents indicate that there are buildings that have suffered deterioration, reaching total destruction as a consequence of accidents, which has meant the practical duplication of the number of vacant lots during the study period. The explosion of an underground gas duct located on Calle Serrano in the Port Quarter is an extreme example based on the loss of human life, complete destruction of buildings, displacement of many households, and negative impact on the sector's vitality.

Among the public programs, the PRDUV is only in its incipient stage of implementation, but among those providing public incentives for urban heritage restoration, the CORFO program is worth mentioning. This has been very successful in promoting new economic activities that make use of restored listed buildings with heritage value.

There is still an outstanding debt with regard to the upgrading of public spaces. The majority of investment initiatives aimed at heritage restoration have come from the private sector in response to business opportunities offered by the tourism sector and the attractive real estate market, some of which have taken advantage of tax incentives for building restoration. Interviews with informed experts and the information arising from the focus groups indicate that there is a growing real estate interest for the properties located within the VWHS. This statement could be further supported by evidence of speculative real estate price increases, but has not been possible to demonstrate herein, owing to lack of access to relevant data.

The dynamic of development and transformation within the VWHS varies significantly according to sectors. The Financial Zone that forms part of the central business and commerce district of the city of Valparaiso is a sector with hardly any resident population, although with excellent accessibility that helps it to retain economic activities and develop new ones. A high proportion of the professional and commercial licenses granted in the municipality in the study period are concentrated here. The land values in the Financial Zone are among the highest in the municipality, consistent with the central function that it fulfills. It does not, however, show signs of a buoyant property market. A basic prerequisite for the vitalization of this sector would be to put in place an urban development strategy aimed at reinforcing its role as the central business and commerce district. This should deliberately include the port function and the Valparaiso Port Company in decision-making about the future of the sector, implementing incentive policies and direct actions that enhance its current attractiveness.

The Port Quarter also enjoys considerable location advantages. Its level of deterioration and the heavy burden of negative externalities, however, necessitate vigorous and decisive public intervention if the area is to be restored. Simultaneously, combined initiatives between the private sector and the local community are needed, although these are infrequent in Chile and the current legal institutional framework offers little flexibility for such ventures.

The most dynamic areas of the VWHS are, without doubt, the Cerro Alegre and Cerro Concepción neighborhoods. These have mainly residential functions, which have recently begun to give way to commercial activities and service provision for the tourism industry. In this area there is a vigorous property market operating, manifested in the acquisition and upgrading of existing dwellings, or their conversion for other uses. The territorial concentration of tourism-oriented service provision has reached a critical mass, making this quarter the obligatory place to visit within the VWHS.

The productive conversion of buildings has been, without doubt, a successful economic real estate phenomenon. However, it also constitutes a threat to the quality of life for the residents and to the intangible heritage. A process of gentrification has been identified in this case study, against which mitigation measures have still to be detected. The consensus among focus groups and

informed expert opinion is for the need to define policies, and to design tools and apply them in the VWHS to avoid the exodus of lower-income households.

The Conservation and Development Master Plan of the VWHS is currently being drafted. This is a necessary contribution toward establishing a clear and explicit vision of the objectives in the VWHS in terms of preservation. It should unify the current legislation to better guide public interventions and private initiatives; set out a route map; propose management mechanisms that permit more agile and decisive public intervention; undertake work in coordination with the local community to carry out project-by-project monitoring, and thereby avoid wasting time and resources due to conflict; encourage energies to be joined together for the purposes of a common objective; and set down clear rules for the private sector and for market operation. The delays in getting this Plan approved have created countless difficulties for the preservation of the VWHS.

The sustainability of the VWHS requires more clear and decisive public action that is open to joint ventures with the private sector, and especially with the local community. The historic inheritance of Valparaiso has an indisputable value that must be conserved for future generations as part of humanity's heritage.

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Part Two

European Experiences

Edinburgh, United Kingdom

Vincenzo Zappino



The Old Town of Edinburgh is a well-preserved place full of economic and residential activities.

Photo by Vincenzo Zappino

The city of Edinburgh is in the southeast of Scotland, United Kingdom. The heritage zone is composed by two distinct areas: the Old Town, dominated by a medieval fortress, and the neoclassical New Town, whose development from the 18th century onwards had a far-reaching influence on European urban planning.¹

The harmonious juxtaposition of these two contrasting historic areas, each with many important buildings, is what gives the city its unique character. The Edinburgh World Heritage Site (EWHS) includes both the Old Town and the New Town, for a total size of approximately 4.5 square kilometers.

The population of the EWHS is around 5 percent of the total Edinburgh population and recorded permanent growth in the last 20 years. In fact, between 1991 and 2008, its population grew by 30 percent, while the entire city grew by only 7.3 percent (Table 1). In addition, the population is younger compared to 20 years ago, and the group that includes people between the ages of 16 and 44 grew the fastest between 1991 and 2008, from 56.4 percent to 63.1 percent (Table 2).

MAIN PROBLEMS AFFECTING THE EWHS

The development model applied by Edinburgh's government has transformed the New and Old Towns over the last 40 years into dynamic centers that have faced and solved important problems. Today, there are new critical challenges to face.

TABLE 1 | Population Growth in Edinburgh versus the Edinburgh World Heritage Site, 1991–2008

Area	1991		2001		2008		Diff. 91–08
Edinburgh	439,660	100.0%	449,020	100.0%	471,650	100.0%	7.3%
EWHS	17,131	3.9%	20,576	4.6%	22,269	4.7%	30.0%

Source: Edinburgh Census 1991, 2001, and City of Edinburgh Council's Web site: <http://www.edinburgh.gov.uk/>.

¹Although the original idea was that the New Town should be a purely residential suburb, it quickly proved to be attractive to businesses and government agencies and drew these segments away from the Old Town.

TABLE 2 | Population by Age of the EWHS, 1991–2008

Age	1991	%	2001	%	2008	%	Diff. 1991–2008
All ages	17,131	100%	20,576	100%	22,269	100%	30%
0–15	1,382	8%	1,598	8%	1,786	8%	29%
16–24	3,125	18%	4,853	24%	4,836	22%	55%
25–34	4,127	24%	5,336	26%	6,022	27%	46%
35–44	2,382	14%	2,837	14%	3,167	14%	33%
45–54	1,776	10%	2,221	11%	2,235	10%	26%
55–64	1,613	9%	1,587	8%	2,061	9%	28%
65	2,726	16%	2,144	10%	2,162	10%	-21%

Source: Elaborated by the Consultant with data GRO(S) SAPE 2008; Census 1991, 2001.

Rehabilitation and Revitalization Process

To understand the challenges of the EWHS, it is important to look at how the situation has changed since the 1950s. Despite various measures adopted by the government and influenced by the wholesale redevelopment envisaged by the 1949 Abercrombie Plan, in the 1950s the historical center of Edinburgh (especially the Old Town) entered a period of decline.

As in many dynamic historic cities, development pressures to accommodate growth resulted in demolition and encroachment on the urban heritage in Edinburgh. Some districts of the New Town and Old Town of Edinburgh were demolished, especially during the 1960s and 1970s, because of poor urban planning. In addition, an idea to transform Princes Street Gardens into an arterial road was proposed, but luckily a new movement created by the local population to preserve the historical center came into play and the idea was abandoned.

General view of the Grassmarket area at the foot of the Castle.

Photo from Edinburgh World Heritage Trust



BOX 1

Value of the EWHS

The World Heritage Committee adopted the following statement (32 COM 8B.100) during its 32nd session (Quebec City, Canada, July 2008):^a

The remarkable juxtaposition of two clearly articulated urban planning phenomena. The contrast between the organic medieval Old Town and the planned Georgian New Town provides a clarity of urban structure unrivalled in Europe. The juxtaposition of these two distinctive townscapes, each of exceptional historic and architectural interest, which are linked across the landscape divide, the “great area” of Sir Walter Scott’s Waverley Valley, by the urban viaduct, North Bridge, and by the Mound, creates the outstanding urban landscape.

The Old Town stretches along a high ridge from the Castle on its dramatically situated rock down to the Palace of Holyrood. Its form reflects the burgh plots of the Canongate, founded as an “abbatial burgh” dependent on the Abbey of Holyrood, and the national tradition of building tall on the narrow “tofts” or plots separated by lanes or “closes” which created some of the world’s tallest buildings of their age, the dramatic, robust, and distinctive tenement buildings. It contains many 16th and 17th century merchants’ and nobles’ houses such as the early 17th century restored mansion house of Gladstone’s Land which rises to six storeys, and important early public buildings such as the Canongate Tolbooth and St Giles Cathedral.

The Old Town is characterized by the survival of the little-altered medieval “fishbone” street pattern of narrow closes, wynds, and courts leading off the spine formed by the High Street, the broadest, longest street in the Old Town, with a sense of enclosed space derived from its width, the height of the buildings lining it, and the small scale of any breaks between them.

The New Town, constructed between 1767 and 1890 as a collection of seven new towns on the glacial plain to the north of the Old Town, is framed and articulated by an uncommonly high concentration of planned

By the late 1960s, concern about the threats to the preservation of Edinburgh’s urban heritage—and in particular the Georgian New Town—were widespread (Organization of World Heritage Cities, 1991). This concern was due to the quality of repairs made to area buildings, which had not stood up well to the demands of over a century and a half of use. In particular,

ensembles of ashlar-faced, world-class, neo-classical buildings, associated with renowned architects, including John and Robert Adam, Sir William Chambers, and William Playfair. Contained and integrated with the townscape are gardens, designed to take full advantage of the topography, while forming an extensive system of private and public open spaces. The New Town is integrated with large green spaces. It covers a very large area, is consistent to an unrivalled degree, and survives virtually intact.

Some of the finest public and commercial monuments of the New-classical revival in Europe survive in the city, reflecting its continuing status as the capital of Scotland since 1437, and a major center of thought and learning in the 18th century Age of Enlightenment, with its close cultural and political links with mainland Europe.

The successive planned extensions from the first New Town, and the high quality of the architecture, set standards for Scotland and beyond, and exerted a major influence on the development of urban architecture and town planning throughout Europe.

The dramatic topography of the Old Town combined with the planned alignments of key buildings in both the Old and the New Town, results in spectacular views and panoramas and an iconic skyline.

The renewal and revival of the Old Town in the late 19th century and the adaptation of the distinctive Baronial style of building for use in an urban environment influenced the development of conservation policies for urban environments. Edinburgh retains most of its significant buildings and spaces in better condition than most other historic cities of comparable value.

^a The World Heritage Committee adopted the statement after having examined the following documents: WHC-08/32.COM/8B.Add and WHC-08/32.COM/INF.8B1.Add (Evaluation of Cultural Properties).

BOX 1 (continued) Value of the EWHS

Source: World Heritage Committee documents: WHC-08/32.COM/8B.Add and WHC-08/32.COM/INF.8B1.Add (Evaluation of Cultural Properties).

chimneys, cornices, columns, balusters, string courses, window architraves, pediments—indeed all decorative elements—often carved from stone softer than the durable Craighleith stone used for walls, had severely deteriorated. Repairs carried out in cement were not durable and increased the pace of deterioration.

There was also concern for threats to the clarity and coherence of the Georgian ensemble. Increasing retail activity led to the development of single-story shops in front of classical facades along major commercial streets. Increased traffic volumes gave rise to vibration and pollution risks for buildings and also caused a reduction in public amenities, as pressure to provide parking spaces grew. In other words, both the Old Town and New Town of Edinburgh suffered structural and environmental problems arising from gap sites and derelict properties, which in turn pointed to the need for a broader range of investments and innovative renewal approaches.

Confronted with these multiple threats, the various authorities and interest groups organized a Conference on the Conservation of Georgian Edinburgh (The New Town) in 1970. This conference confirmed the international importance of Edinburgh and stimulated the creation of the Edinburgh New Town Conservation Committee. From 1970 onward, local stakeholders recognized the importance of facing the problems with a more sympathetic approach to restoration and rehabilitation.

In particular, in the 1970s, action was focused on rehabilitation of the historical buildings located around the most important cultural sites in the New Town. Continuing on this approach, the Old Town became the new focus of the rehabilitation process in the 1980s.² During this new phase, the rehabilitation model became more integrated, and it not only addressed to the rehabilitation of buildings and empty spaces, but also included specific activities addressed to strengthen the local population and stimulate their investments in the historical center. The repopulation of the vacant sites was a priority during these years, and local stakeholders considered community participation in the development process as strategic. Local communities organized themselves into associations to make their participation in the rehabilitation and revitalization process of the Old and New Towns of Edinburgh easier.³

The conservation and repair program, which began around 20 years before, was well advanced, and many urgent cases were tackled. In the 1990s,

²The population of the Old Town reached its lowest point at the time of the 1981 census.

³The community members organized themselves autonomously into associations. Usually, the associations arose in relation to a specific threat to their area. The government has taken advantage of this attitude of local communities and strengthened them through awareness campaigns and specific supporting activities.

local stakeholders addressed the rehabilitation and social-economic revitalization activities for both the Old Town and the New Town. The main objective of the stakeholders was to consolidate the rehabilitation process, and especially to strengthen the socioeconomic development of the historical center, with a focus on both public and private buildings and public spaces. During this decade—in 1994—the Old Town and New Town of Edinburgh were nominated together as a World Heritage Site (WHS). The nomination recognized the work that had been done to repair these areas. The advisory body noted in the nomination text specifically:

“Edinburgh’s unique coupling of medieval Old Town and classical New Town, each of enormous distinction in its own right, has created a town of extraordinary richness and diversity, without parallel anywhere in the world. Its aesthetic qualities are high, it had a profound influence on town planning in Europe and beyond in the 18th and 19th centuries, and it is generally recognized as a major centre of thought and learning. Moreover, Edinburgh retains most of its significant buildings and spaces in better condition than most other historic cities of comparable value”(World Heritage Committee, document: WHC-08/32.COM/8B.Add).

In 1995, the International Council on Monuments and Sites (ICOMOS) reviewed the nomination, and later the 19th session of the World Heritage Committee (which took place in Berlin, Germany in December 1995) decided to inscribe this property on the basis of criteria (ii) and (iv) as it represents a remarkable blend of the two urban phenomena: the organic medieval growth and 18th- and 19th-century town planning.

- *Criterion (ii)*: The successive planned expansions of the New Town and the high quality of its architecture set standards for Scotland and beyond, and exerted a major influence on the development of urban architecture and town planning throughout Europe in the 18th and 19th centuries.
- *Criterion (iv)*: The Old Town and New Town together form a dramatic reflection of significant changes in European urban planning—from the

inward-looking, defensive medieval city of royal palaces, abbeys, and organically developed small burgage plots in the Old Town, through the expansive format of enlightenment planning of the 18th and 19th centuries in the New Town, to the 19th century rediscovery and revival of the Old Town with its adaptation of a distinctive Baronial style of architecture in an urban setting.

From 2000 onward, the focus has changed based on the new needs of the EWHS. The main activities implemented by the stakeholders have been to restore monuments, research the right materials to be used for the restoration, and make the old buildings located in the EWHS more energy efficient.

New Challenges

The development process that started in the 1970s has certainly contributed to preserving and revitalizing the EWHS. It is now considered the heart and soul of the city and the most important social, commercial, and entertainment area for residents and tourists. However, there are new situations—in part as a consequence of the economic development of the EWHS—that are threatening the preservation process. These situations can be summarized as follows:

- A part of the resident population is unsatisfied because the area is considered overused for economic and, especially, entertainment activities. For this part of the resident population, the EWHS is surely sustainable from the economic point of view, but it is not considered sustainable from the social point of view. This group does not support the present land use (entertainment at night, the rehabilitation and revitalization process on Princess Street, etc.), nor do they support the organization of the amount of cultural events in the city center. Since the 1970s, there has been a strong demand for business offices, hotels, and clubs in the EWHS. The entertainment industry is dominating the area and recently it has negatively impacted the quality of life of the local residents.
- Local residents are conscious of the importance of preserving the EWHS, but both the national tax legislation (for instance, VAT applied



William Street in the New Town is an active commercial area.

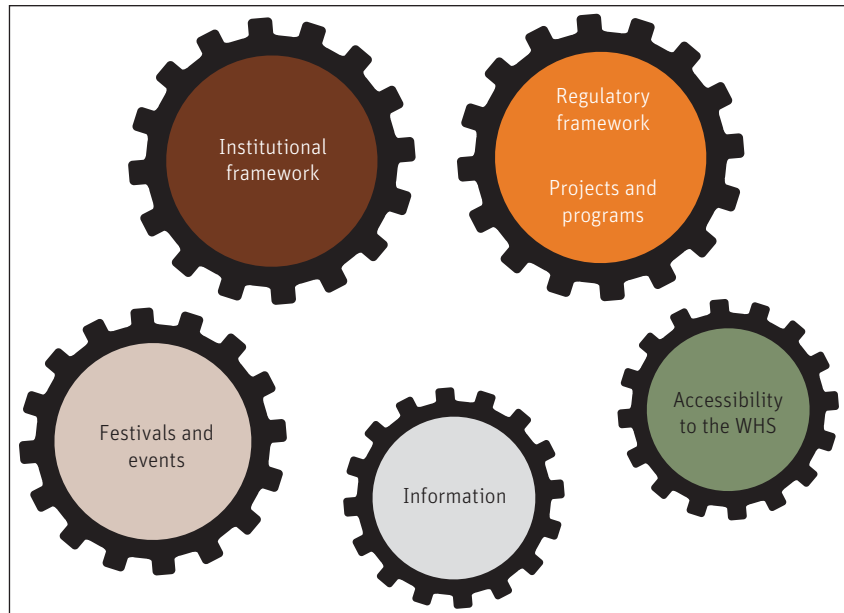
Photo from Edinburgh World Heritage Trust

to rehabilitation works and not to new buildings) and the recent economic and financial world crisis are affecting their attitude to preserving old buildings. When it is possible, the local population prefers to invest in new buildings.

- Because of the increasing cost of energy, local residents of the EWHS have high heating and cooling expenditures, especially those living in old and traditional buildings. This fact could reduce the interest of the local population to live in historical houses, and encourage them to move to new buildings or other districts of the city.

Present Situation: An Overview

The development model of the historical center is the consequence of the cooperation of all local stakeholders. They have been able to organize a management model where in general all interests are represented and taken into consideration, especially those interests of the private sector and local residents.

FIGURE 1 | Key Elements of the EWHS Development Model

Source: Author's elaboration based on data from the tourism secretariat.

In particular, the development model is composed of five key elements: collaboration (institutional partnership and community association, etc.); legislation and planning (regulatory framework, projects, and programs); accessibility; awareness and communication; and entertainment (festivals and events), which allowed the EWHS to become the cultural and economic center of the city.

Community Associations

This is a bottom-up approach and has been possible through the organization of the resident population into community and resident associations. There are six main community associations in the EWHS. They are composed of residents and their purpose is to promote the preservation, revitalization, and valorization of the cultural heritage and traditions of the EWHS. All of them are quite active and in permanent contact with the public institutions and other organizations involved in the EWHS. They also collaborate

with the Edinburgh World Heritage Trust (EWHT) in its promotional and information campaigns. In addition, these associations promote and cofinance preservation and revitalization projects submitted to the City of Edinburgh Council (CEC) or to the EWHT. Institutional stakeholders (the CEC, EWHT, and Historic Scotland [HS]) also consult these associations to design preservation and revitalization policies, strategies, and projects to be implemented in the EWHS.

In addition to these six main associations, there are many other community associations. They are mainly resident associations for each street or district (street associations), most of which were created in the 1970s when the CEC gave them special funds to rehabilitate and revitalize the buildings located on their streets or in their districts (the rehabilitation approach of the CEC was by street or district and not by individual building).

Management Organization of the EWHS

The HS, CEC, and EWHT are the three key players at the institutional level involved in the management of the EWHS.

- *Historic Scotland*: The part of the Scottish government that is responsible for the identification and protection of buildings, monuments, and archaeological remains of historic (and architectural) interest across Scotland. In terms of the EWHS, it acts as the state party in Scotland, as heritage is a matter devolved to Scottish Ministers from Her Majesty's Government (HMG) in London (HMG being the signatory to the World Heritage Convention).⁴ The HS has special responsibility

⁴Decisions on whether to inscribe sites on the World Heritage List are taken by the World Heritage Committee at its annual meeting each July. The committee oversees the implementation of the World Heritage Convention. It is made up of 21 of the member states of the convention, each elected for a six-year term. HS attends the annual meeting of the committee, when appropriate, as part of the UK delegation. Scottish Ministers put forward sites for nomination and are responsible for ensuring compliance with the convention in relation to sites in Scotland. HS carries out these roles for cultural sites on their behalf. The Department for Culture, Media, and Sport is responsible for the UK's general compliance with the convention, and for nominating sites in England. It acts as the state party on behalf of all the devolved administrations.

in managing changes to A-listed buildings (subject to the highest conservation regulations) and in guiding heritage policy.⁵

- *City of Edinburgh Council*: The planning department of the CEC oversees applications for Planning Permission, Listed Building Consent (LBC), and Conservation Area Consent (CAC), LBC and CAC being the main forms of protection of the historic environment. It is responsible for many of the day-to-day actions that affect the character and servicing of the EWHS.
- *The Edinburgh World Heritage Trust*: An independent charity (nonprofit) set up by CEC and HS to oversee the implementation of the management plan. It was formed in 1999 by the merger of the Edinburgh New Town Conservation Committee and the Edinburgh Old Town Renewal Trust and is mostly funded by the CEC and the HS, although the current economic situation will affect the balance of funding.

The main remit of EWH can be summarized as follows:

- To stimulate and coordinate action for the conservation and repair of historic buildings in the EWHS.
- To promote the preservation and enhancement of the character of the site and develop and maintain an action plan.
- To advise Scottish ministers and the local authority on major policy and development issues and comment on other planning issues as necessary.
- To monitor the EWHS on behalf of the Scottish ministers and inform and advise organizations involved in the management of Edinburgh City Center.
- To initiate projects and attract funding for the preservation and enhancement of the EWHS.

⁵Listed buildings are statutorily protected buildings of special architectural or historic interest. The term “building” is defined broadly and one entry on the list may include several addresses. Permission must be sought for development or alterations that would affect the historic or architectural character of the building, including the interior. Listed buildings are grouped into three categories that reflect their degree of interest: i) Category A – buildings of national importance; ii) Category B – buildings of regional importance; and iii) Category C – buildings of local importance. There are 1,676 listed buildings in the EWHS that are designated by HS on behalf of Scottish Ministers.

- To promote the EWHS through education, exhibitions, conferences, and examples of skill and good practice.

The EWHT focuses on three core areas:

- **Influence and Monitor**⁶
 - influence policy, planning, and development
 - monitor change within the EWHS
 - ensure social inclusion
- **Conserve and Enhance**⁷
 - administer the Conservation Funding Program to conserve the EWHS
 - identify projects to enhance the EWHS
 - the conservation and repair of buildings and monuments in (and around) the EWHS through grant programs is worth around US\$1.7 million per year, and includes a system of refundable grants for private owners
- **Promote and Educate**⁸
 - make the work of EWHT more visible

⁶ Two examples of activities are the Organization of World Heritage Cities regional conference that took place in May 2006, which included a keynote speech from the HRH Prince Charles, Duke of Rothesay, and the formation of the World Heritage Steering Group in November of 2007, which brought together the key stakeholders involved in the management of the EWHS.

⁷ Two examples of these activities are the awarding of a US\$2,308,576 million grant to restore Category A-listed Well Court in February 2007 and the launching of the Twelve Monuments Restoration Project in partnership with the CEC to restore some of the city's most famous statues and monuments.

⁸ One example is the Door Open Day in September 2006, during which over 1,500 people visited the EWH No.5 Charlotte Square to learn more about the New Town. Another example is the interpretation and promotion strategy for the EWHS that was developed in December 2007 to increase the awareness and understanding of its key historic values. The strategy was developed through the World Heritage Site Promotions Group, with representatives from the CEC, HS, and Visit Scotland. It provides a framework for increasing awareness and understanding of the key historic values of the EWHS, by focusing on interpretive themes, identifying the target audiences, and assessing suitable media.

- promote understanding and appreciation of the EWHS
- promote conservation standards within the EWHS
- educate the community on issues concerning the efficient use of energy.

Public–Private Partnerships

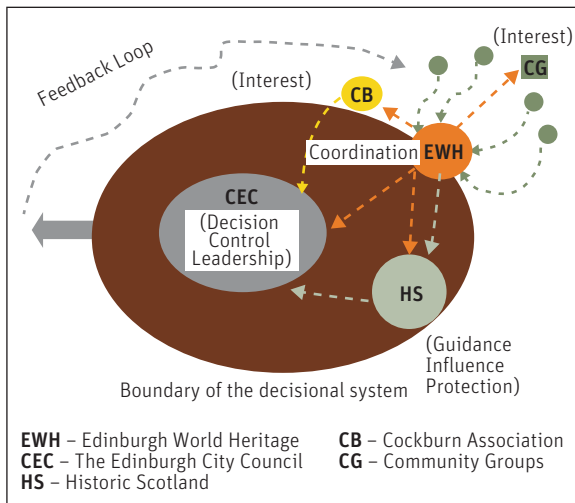
The CEC, HS, Edinburgh City Center Management Company, the Scottish enterprise Edinburgh and Lothian, and Edinburgh World Heritage have created a partnership to manage and safeguard the special character of the EWHS. In particular, the members of this group (see Figure 2) signed a statement of intent to work together to conserve and enhance the EWHS.

The three bodies (EWHT, CEC, and HS) relate to one another formally through the WHS Steering Group and informally through day-to-day officer contact (e.g., CEC’s World Heritage officer works from the EWHT office one day per week). When areas of tension arise, the relationship is mature enough to ensure a formal discussion and the implementation of measures to reduce the opportunity for these tensions to arise again in the future. An example

of this is the protocol worked up in relation to the way EWHT comments on planning, listed buildings, and conservation area applications to ensure the advice of EWHT is viewed in the right context.

The Edinburgh World Heritage Trust occupies the ground between government and community. Its key interest is the outstanding universal value of the EWHS, which takes into account all the different pressures from the vastly different aspects of the community (from residents, to business, to the politicians) and works with them. Historic Scotland is more concerned with the regulatory framework for the historic environment, while the City of Edinburgh Council

FIGURE 2 | Edinburgh WHS Management Model



Source: Elaborated by Mr. Krzysztof Chuchra, EWHT.

engages with the wider public through the democratic process.

Finally, the inscription as a WHS brings no additional statutory powers. However, in terms of UNESCO's criteria, the conservation and protection of the WHS are paramount issues. Inscription commits all those involved with the development and management of the site to ensure measures are taken to protect and enhance the area for future generations.

Rehabilitation and Revitalization Plans and Programs

Over the years, a dedicated regulatory framework and various development plans and programs—which represent the gears of the EWHS development model—have supported the rehabilitation and revitalization process of the heritage site. From the regulatory framework point of view, the EWHS has no buffer zone. However, as written in the “33rd Report of the UNESCO-ICOMOS Reactive Monitoring Mission,” there are 39 conservation areas that cover not only the EWHS but also nearly all adjacent land, which enhances conservation efforts.⁹ The zoning ordinances are included in various local, national, and regional plans and planning policies, the most important of which are i) The Edinburgh City Local Plan; ii) National Planning Policy Guidance; iii) National Planning Framework for Scotland; and iv) The New Planning Act, 2006.

In addition, in 2005, a management plan and action program for the EWHS was created through the public-private partnership previously mentioned. The management plan offers a positive approach in which conservation and development are not mutually exclusive objectives but part of



The local community actively participates in the conservation of the heritage area.

Photo from Edinburgh World Heritage Trust

⁹The UNESCO-ICOMO mission recommended that the discussion on the establishment of a buffer zone could be linked to the update of the management plan (2010).

a single process. The plan also provides a framework for the conservation of cultural heritage within the site and encompasses preservation and enhancement of its architectural and archaeological landscape, including natural assets and their setting. In addition, conservation areas cover almost all of the EWHS. The EWHT is coordinating the implementation of the management plan, as well as the development of an appropriate regulatory framework. As previously mentioned, private sector and local communities have been involved mainly through the organization of development projects and programs, which include the following:

- The Conservation Funding Program, which is the most important rehabilitation program used for the EWHS. It was developed in the 1970s and has been changed several times.
- The Private Sector Housing Grant, which is an additional fund that could be used by the local population of Edinburgh, including the residents living in the EWHS.
- Other special programs implemented since the nomination of the WHS in Edinburgh, including the Twelve Monuments Restoration Project and the Energy Heritage Project, which are based on the new priorities of the rehabilitation process.

UNESCO's nomination of the EWHS recognized the work that had been done to repair both the Old and New Town. It helped the CEC and other stakeholders to organize an appropriate regulatory framework with transparent guidelines, to coordinate the activities, and to identify roles.

Financial Resources

The rehabilitation and revitalization model carried out by local stakeholders has been based on both public and private investments. In particular, the main public funds used in the last 10 years to develop the EWHS are summarized in Table 3.

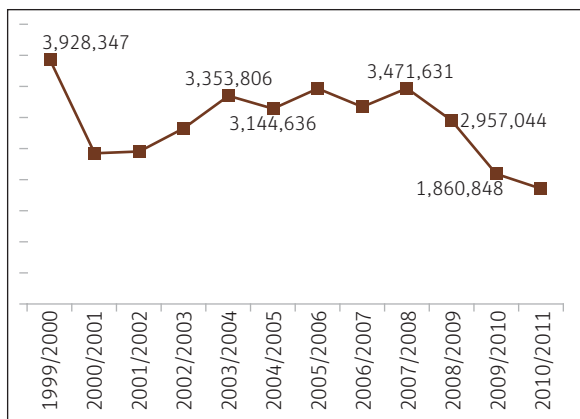
It is not possible to estimate the amount of private sector investment, as people can repair historical buildings whenever they feel like it, without necessarily having to notify the authorities (only if it involves significant changes to

TABLE 3 | Awarded Public Funds, 2000–2007 (million US\$)

Fund typology	2000– 2001	2001– 2002	2002– 2003	2003– 2004	2004– 2005	2005– 2006	2006– 2007	2007– 2008	Subtotal
Conservation funding awarded by EWH	1.75	1.23	3.40	2.60	1.96	2.15	2.76	2.7	18.55
Funds awarded by Historic Scotland	n.a.	n.a.	n.a.	n.a.	21.05	24.50	n.a.	n.a.	45.55
Edinburgh Capital Streets Programme	Program launched between 2003 and 2008 for the rehabilitation of Grass Market, Ross Band Stand, George Street, and a number of other streets/public spaces.								28.30
City of Edinburgh Council (road tolls and transport infrastructure investment)	CEC is proceeding with the base transport strategy involving the expenditure of around US\$768.33 million between 2006 and 2026.					768.33			768.33

Source: Data provided to the author by EWHT in February 2010.

the building). In addition, the partnership among the CEC, HS, and EWHT has been supported by an annual contribution provided by HS and the CEC. Since 1999, these contributions have financed more than US\$34.6 million for the rehabilitation and revitalization of the EWHS. The EWHT manages the projects, programs, and funds involved in this process, which historically had a grants-based approach to providing assistance to homeowners. This approach has been an important element of the development model adopted by EWHT; however, it has become increasingly difficult to sustain as institutional donors have progressively reduced their funding of the Trust. As shown in Figure 3, contributions have declined by around 10 percent per year over the last three years, and the present financial crisis could reduce the budget annually allocated to the EWHS even more. This reduction in the expenditure on grants is similar to reductions throughout the entire city. For instance, the Private Sector

FIGURE 3 | Annual Contributions to EWHT (values in \$US)

Source: Data provided to the author by EWHT in June 2010.

Housing Grant has declined from US\$76.4 million in 1988/1989 to US\$2.3 million in 2002/2003.¹⁰ In response, the CEC is investigating a range of innovative options to make these limited resources go further.

Low-Income Families

The rehabilitation, preservation, and revitalization activities carried out by the private and public sector since the 1970s have surely increased the cost of living in the EWHS and, in particular, housing costs. Based on the interviews with local stakeholders, the author estimates that there are more upper-class residents compared to 20 years ago, however, as written in the “Ward 11 – Area Profile: Community Planning (2006),” the EWHS as a whole has a mixture of social classes. It can be safely said that the rehabilitation process is not evicting local residents.

Land Use and Development Pressure

Since the 1970s, when the rehabilitation process started, the EWHS has experienced significant economic development, which has been particularly intense in the last 20 years. The EWHS has become an attractive place to live, as well as to do business. Based on the Annual Monitoring Reports (2001–2007), an average of 700 applications per year have been approved by the EWHT for rehabilitation of heritage buildings in the EWHS.¹¹

Based on CEC data there are 11,348 residential properties, which represent 62.6 percent of total properties in the EWHS and provide housing for more than 22,000 people (around 30 percent more than in 1991, and housing about 5 percent of total Edinburgh population). About 71 percent of the residents in the EWHS are less than 45 years old, and based on the employment analysis, most residents have qualified jobs and around 66 percent are managers or professionals.

¹⁰ This fund is made available through Communities Scotland to provide technical assistance to homeowners.

¹¹ The number of historical buildings rehabilitated over the years in the EWHS is really difficult to estimate, as homeowners repair them whenever they feel like it, without necessarily having to notify the authorities (only if it involves significant change to the building).

TABLE 4 | Number of Properties by Typology in the WHS, 2010

Typology	Number	%
Residential *	11,348	63%
Commercial uses	5,200	29%
Institutional government	—	0%
Institutional others	254	1%
Tourism	510	3%
Sports, recreation, and entertainment	131	1%
Parking lots and parking structures	457	3%
Public spaces	34	0%
Vacant	—	0%
Others	190	1%
Total	18,124	100%

Source: Data provided by the Planning Information, City Development Department, The City of Edinburgh Council.

* Refers to the total number of lots and structures.

Due to the increasing cost of housing in the city center, a consequence of the rehabilitation process, some low-income families prefer to move to other districts of the city (this area has some of the highest prices per square foot in Scotland, which are normally 20 to 25 percent higher than the Residential Rental Price Index of the whole city). And, despite the efforts of the CEC and local stakeholders to maintain social housing in the EWHS, based on the data provided, there was a reduction of 201 social housing units (-21.7 percent) in the EWHS between 2001 and 2010, decreasing from 925 to 724 units.¹² Presently, social housing represents 5.2 percent of the total housing in the EWHS, while it is only 2 percent in the city of Edinburgh. Most of the social houses are flats (98.5 percent).

Business properties represent around 35 percent of total properties in the EWHS and are mainly for commercial uses (28.7 percent), parking (2.5 percent), institutional uses (1.4 percent), and tourism (2.8 percent) (see Table 4). The shopping centers and business activities along George Street, St. James, and Princes Street registered the most important growth among

¹²Data provided by Council Department of Strategy & Investment (Services for Communities).

TABLE 5 | Office Development in Edinburgh, 2003–2008

Location	City Center (sq.m.)					
	2003	2004	2005	2006	2007	2008
Under construction	32,827	55,943	98,094	41,363	57,442	42,665
Planning permission	193,768	187,913	131,068	209,621	184,600	109,679
Completed floorspace	30,498	16,977	32,074	32,540	32,544	2,668
Awaiting determination	14,845	34,886	52,033	17,805	75,939	11,317
Total “city center”	271,938	295,719	313,269	301,329	350,525	166,329
Var. (%)		8.00%	5.60%	-4.00%	14.00%	-110.70%
Total “rest of the city”	974,853	1,044,383	1,038,255	886,476	807,184	905,971
Var. (%)		6.70%	-0.60%	-17.10%	-9.8%	10.90%
Total Edinburgh	1,246,791	1,340,102	1,351,524	1,187,805	1,157,709	1,072,300
Var. (%)		7.00%	0.80%	-13.80%	-2.60%	-8.00%

Source: Edinburgh Office Schedule, 2003–2008.

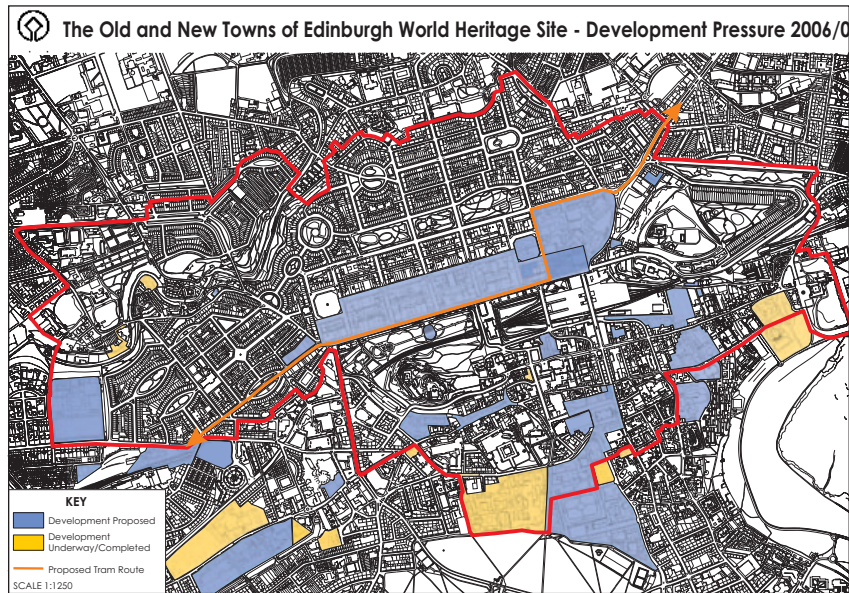
areas in the EWHS. Based on the data provided by CEC, around 78,000 people work in the EWHS on a daily basis. The third sector (services) is the most important employment generator, with around 71 percent of total jobs (45 percent are related to the financial and banking sector, while almost 26 percent are related to tourism and entertainment).¹³ The public sector employs more than 17 percent of total workers in the EWHS. Finally, there was a decrease in total workers in the EWHS by 6.8 percent between 2006 and 2008. Due to the international financial crisis, the banking and finance sector has suffered more than other sectors.

Based on the “Edinburgh Office Schedules 2003–2008,” the Edinburgh city center had an annual average development of around 280,000 square meters of office floor space during the last 10 years, representing more than 23 percent of total office development pressure generated in the entire city.¹⁴ In terms of office demand, based on “Edinburgh’s City Vision, 2003,” 70 percent of office demand in Edinburgh is for space in the city center (see Table 5).

¹³ Edinburgh contains 10 of the top 20 financial firms in the UK and 30,000 jobs in the financial sector.

¹⁴ These are development monitoring annual reports published by the CEC.

FIGURE 4 | The Old and New Towns of EWHS—Development Pressure, 2006–2007



Source: Edinburgh WHS: Annual Monitoring Report 2006–07, Appendix III.

Due to the recent financial crisis, the EWHS recorded the lowest development in terms of square meters of office space, and in 2008 office supply decreased by 110.7 percent compared to 2007. This reduction in the office development pressure is characterizing the entire city as stated by the Edinburgh Development Schedule 2008:

Since 2000 a trend has developed where many traditional townhouse buildings used as offices, particularly in secondary locations, have been converted back into their original residential role or to other uses such as hotels. This trend reflects the growing residential capital value, as well as a preference within the investor and occupier market for an institutional standard large floor plate, open plan office.

Figure 4 shows the development pressure of business spaces in the EWHS. It is evident how the business space development in 2007 (blue areas) was much stronger than in 2006 (yellow areas).

TABLE 6 | Number of Buildings at Risk in the WHS, 2001–2009

Types of buildings	2001	2002	2003	2005	2008	2009
Listed buildings (A+B+Cs)	50	64	62	71	67	76
Unlisted + unknown	19	25	28	27	34	42
Total	69	89	90	98	101	118

Source: EWHT (2009).

TABLE 7 | Number of Buildings by Risk Level, 2001–2009

Risk level	2001	2002	2003	2005	2008	2009
A + High level	3	9	10	7	2	0
A + Medium level	7	7	6	3	3	7
A + Low level	8	8	8	10	11	12
A + Monitor	0	4	5	9	10	12
B + High level	4	5	5	5	6	6
B + Medium level	6	8	8	9	7	6
B + Low level	11	9	7	8	12	16
B + Monitor	2	4	2	9	8	8
C(s) + High level	0	2	2	1	1	1
C(s) + Medium level	4	3	5	4	4	2
C(s) + Low level	5	5	4	1	2	2
C(s) + Monitor	0	0	0	5	1	4
Unlisted + High level	1	5	5	5	10	8
Unlisted + Medium level	5	4	7	5	3	12
Unlisted + Low level	6	7	6	4	12	8
Unlisted + Monitor	3	4	2	7	5	9
Unknown + High level	0	0	1	0	0	0
Unknown + Medium level	1	4	5	5	3	3
Unknown + Low Level	3	1	2	1	1	1
Unkown + Monitor	0	0	0	0	0	1
Total	69	89	90	98	101	118
<i>Removed</i>	<i>0</i>	<i>5</i>	<i>10</i>	<i>9</i>	<i>46</i>	<i>28</i>

Source: EWHT (2009).

Preservation Level of the EWHS

The general level of preservation of the buildings in the EWHS is considered quite good. Based on the official data provided by EWHT, around 97 percent of the classified buildings in the EWHS are in good condition, while 1.5 percent have minor problems (low-monitor risk level), 1 percent have major problems (high-medium risk level), and only 0.5 percent are considered ruins.¹⁵ At present, the preservation level continues to be good. In addition, considering both classified and unclassified buildings in the EWHS, the data show that only 118 buildings have some minor or major problems and only 64 percent of them are listed buildings.

The number of classified buildings considered at the high-medium risk level has decreased or remained the same over recent years, while buildings at the low-moderate level have increased. Finally, the increase in number of buildings at risk is essentially due to the number of unlisted and unknown buildings, which increased by 120 percent between 2001 and 2009.

Access to the WHS

Both residents and workers that use the EWHS believe that, in addition to the rehabilitation process, the good connectivity of the heritage area with the other city areas makes it more attractive to businesses and residents.¹⁶ The city center is considered of core importance in sustaining and developing the city's economy as well as showcasing the city's heritage. For this reason, especially during the last two decades, the CEC has carried out a set of initiatives to improve the accessibility to the city center via public transportation and to reduce access for private vehicles that increase congestion. The EWHS has a wide range of public transport services, including buses, trains, and park-and-ride services. In particular, the EWHS is well served by an extensive

¹⁵ There are 1,676 classified buildings out of a total of around 4,500 buildings in the EWHS.

¹⁶ The agenda for the city center is set in the Edinburgh City Center Strategy and Action Plan, developed by the partners supporting the Edinburgh City Center Management Company (ECCMC). The strategy incorporates public realm, accessibility, and environmental management strands that are particularly relevant to the Local Transport Strategy. It is complementary to the World Heritage Management Plan developed by the EWHT.

TABLE 8 | Parking within the EWHS

Locations	Central controlled zone 1993		WHS 2001		WHS 2004	
On-street public	3,610	37%	3,634	34%	3,592	33%
On-street residential	2,130	22%	4,218	40%	4,400	40%
Off-street multi-storey car parks	1,820	19%	2,778	26%	3,032	28%
Off-street surface car parks	2,145	22%				
Total parking spaces	9,705	100%	10,630	100%	11,024	100%

Sources: 1993 and 2001 EWH; 2004 EWH Monitoring Report.

network of bus services, by Waverley Railway Station, and by the Edinburgh Bus Station.¹⁷ In the future, it will benefit from trams as part of an integrated transport network.¹⁸ Based on the data provided by the CEC, 83 percent of the total population in Edinburgh can arrive to the city center in less than 20 minutes by public transportation (and this percentage increases to 93 percent for those people that arrive by car).

The area also includes key traffic routes and junctions and, as already mentioned, extensive parking provision. Princes Street is the dominant public transport route through the city center and, based on Edinburgh's government Web site, almost one million vehicles enter central Edinburgh every week.¹⁹

Over the past 20 years, the number of parking spaces has increased by only 33 percent because since the late 1980s it has been Edinburgh's policy to restrain the supply of parking spaces. It is the CEC's current policy to retain this supply in the central area at the same level to help inhibit the growth of

¹⁷ Edinburgh Waverley is the main Network Rail station serving the city. Located in a ravine, it is in the heart of the city center close to Princes Street Gardens, and serves over 14 million passenger journeys per year. It is a principal station on the East Coast Main Line between London and Aberdeen, and is the terminus as well as start point for many rail services within Scotland.

¹⁸ The entire tram project is causing some problems for the CEC. The implementation of the tramline is suffering some delay (around two or three years delay are estimated). In addition, the tram project has the legal power to introduce road diversions as it sees fit for the construction of the tram. This is resulting in some poor decision-making over which the CEC has no power. The CEC declared that a city center transport strategy would be identified when full details of the tramline construction and design are finalized.

¹⁹ Source: http://www.edinburgh.gov.uk/internet/transport/parking/parking%20in%20edinburgh/cec_on-street_parking

vehicular traffic and to adhere to environmental standards. Within this policy, during the last decade the CEC has been encouraging more off-street parking.

Awareness and Educational Campaign

The development process of the EWHS is also continuously supported by awareness and education campaigns promoted by local stakeholders. The EWHT organizes important education and awareness programs to inform and educate all target groups (residents, local population, private and public sector, visitors, and tourists) of the importance of the EWHS, including its rich history and traditions. The most important tools used for this purpose are i) Internet; ii) press; iii) publications; iv) brochures (they concern tourist attractions, as well as information about specific programs promoted by the EWHT and the local government); v) maps (around 50,000 maps are printed every year); and vi) workshops and educational tours (especially for schools). In addition, World Heritage Day, which is celebrated on April 18 each year, is one of the most important education and communication events organized by the EWHT.

In November 2009, the EWHT launched a new program, with the assistance of the city's libraries, to help residents uncover the history of their houses. Talks, displays, and in-depth analyses have been held to help researchers find their way through thousands of historic manuscripts, maps, and books in the search for clues about their homes. Finally, special podcasts have also been created, detailing the case studies of some of the people who have already uncovered unlikely tales about their buildings.

The EWHT also publishes several technical documents addressed to residents and investors for the rehabilitation activities (e.g., *Historic Home Guides*, *Renewable Heritage: A Guide to Microgeneration in Traditional and Historic Homes*, and *Energy Heritage: A Guide to Energy Efficiency in Traditional and Historic Homes*, among others).

Organization of Cultural and Social Events in the EWHS

The physical element of the EWHS is surely important; however, the intangible heritage is a key part of the local culture and contributes to increase the

value of the city center. It includes domains such as oral traditions and expressions (Edinburgh was the first UNESCO City of Literature, and it is home to the world's largest book festival); performing arts (such as the Edinburgh Fringe Festival and Edinburgh International Festival, which includes more than 2,000 shows and turns the whole city into the arts party capital of the world during the month of August); social practices; rituals and festive events; and traditional craftsmanship.

All events, festivals, and social life activities in the EWHS are organized with the purpose of involving residents, local population, tourists, and visitors. In addition, there are many cultural and social events organized directly by local residents and financed by the EWHT. These events are considered important elements of the development model adopted by local stakeholders, especially for the contribution that cultural activities make to regeneration and economic development. The most important festivals and cultural events organized in Edinburgh are illustrated in Table 9.

Based on the experience of the most important Edinburgh's festivals (organized since the late 1940s and early 1950s), the CEC and all other stakeholders organized several additional events and festivals with the purpose of promoting the valorization and preservation of cultural identity, as well as economic and social development during the implementation of the rehabilitation activities that have characterized the city center since the 1970s. During the rehabilitation and revitalization process, the number of festivals and cultural events has quadrupled. Together, these festivals attract almost 3.3 million visitors per year, and the Edinburgh Fringe Festival is responsible for almost half of the total. The estimated economic impact generated by these events is around US\$257.4 million per year.

These cultural events are very important for tourism development too. The tourism sector is greatly contributing to the economic development of Edinburgh's city center, and, based on the official statistics, there are around 4 million tourists per year (3.2 million are national tourists and 0.8 million are international) for a total income generated by the tourism sector of about US\$1.56 billion. The attractions located in the world heritage area (e.g., National Galleries of Scotland and the Edinburgh Castle) are the most visited in Edinburgh and Scotland.

TABLE 9 | Festivals and Cultural Events in Edinburgh (by year established)

Festivals/Events	Year (first edition)
Edinburgh Fringe Festival	1947
Edinburgh International Festival	1947
Edinburgh International Film Festival	1947
Edinburgh Military Tattoo	1950
Edinburgh Festival Cavalcade	1955
Media-Guardian Edinburgh International Television Festival	1976
Edinburgh International Jazz and Blues Festival	1978
Edinburgh International Book Festival	1983
Edinburgh Children's International Theatre Festival	1988
Scottish International Storytelling Festival	1989
Edinburgh International Science Festival	1989
Edinburgh's Hogmanay	1992
Edinburgh Mela	1995
Edinburgh International Internet Festival	1999
Edinburgh's Christmas	2000
Edinburgh Interactive Festival	2003
Ceilidh Culture	2003
Festival of Politics	2005
Festival of Spirituality and Peace	2005
iFest	2007
Edinburgh Comedy Festival	2008

Source: Edinburgh by Numbers (The City of Edinburgh Council's Economic Development service), 2007.

LOOKING FORWARD

CEC and local stakeholders activated a successful rehabilitation and revitalization model based mainly on the following elements:

- *Participation of local residents and communities in the decision-making and control process:* There are six main community associations in the EWHS and many other resident street associations.

- *Cooperation and collaboration among public stakeholders:* The CEC, HS, and EWHT are the key actors jointly involved in the rehabilitation of the EWHS. In addition, they work in close collaboration with all other private and public stakeholders interested to in the development of the EWHS.
- *Public grant approach:* Public stakeholders have provided more than US\$85 million since 2001 for the rehabilitation and revitalization process of the EWHS.
- *Information system:* The entire process activated by the CEC, HS, and EWH has been supported by a detailed information system aimed to guarantee transparency in the rehabilitation process and provide all useful information to public and private investors interested in the EWHS.

This model has certainly contributed to the development of the EWHS; however, there is the need for an intricate balance between providing opportunities for additional growth and necessary public benefits, while also maintaining and preserving the historical and cultural values that have been maintained so far. In particular, the rehabilitation processes activated by local stakeholders have had excellent results, and today only 22 classified buildings have some major problems (high-medium risk level), corresponding to around 0.5 percent of total buildings in the EWHS. The EWHS is considered the most important business and cultural area and the “soul” of the city. It is attracting private and public investments and 63 percent of total properties are for residential uses, while 70 percent of total office space demand in Edinburgh is supplied by the EWHS. However, the analysis showed that the EWHS development model, especially in the last decade, has been excessively addressed to stimulate its economic viability, instead of guaranteeing its social sustainability.

The economic activities and the organization of cultural events in the EWHS has undergone an important expansion since the 1970s, but at the cost of congestion and noise that have worsened the quality of life of local residents. As a result, a portion of the population is unsatisfied and is hindering the present development policies and strategies adopted by the government. For instance, the development of the tramline and the rehabilitation of Princes Street are two important projects where the population is particularly sensitive and the government is having some conflicts with local residents.

In this case, the bottom-up approach implemented by the government has to continue to be improved. The intention to extend the duties of the EWHS to social cohesion is necessary to promote better management by solving conflicts and reaching agreements among different user groups.

Improved sustainable land use implies that those who use the EWHS should take part in the planning process. They are mainly local residents, but even people living in other districts in Edinburgh should be considered land users. Thus land use planning can only be relevant and successful when all crucial stakeholders are involved. This requires a thorough understanding of the land users (stakeholders) and an understanding of the decision-making processes in land use. This focus on users implies that user needs, priorities, constraints, and possibilities need to be considered in planning.

It is also important to demonstrate to local residents that economic development and preservation are compatible. New communication programs addressed to local residents should be implemented in the short term to inform local communities how economic development or urban rehabilitation can increase the value of their properties in the EWHS.

The larger portion of the EWHS could be designated as a pedestrian area, increasing public transport services and limiting the number of car parking spaces in the city center, while increasing those just outside. Also, the government should stimulate the organization of new festivals and cultural events throughout the rest of the city of Edinburgh to reduce the pressure generated over the EWHS by their implementation and to stimulate economic development based on entertainment activities even outside the center.

In addition to the increasing pressure generated by the economic activities in the EWHS, the 2008 world financial crisis is an issue that could have negative impacts on the EWHS development model adopted by the government. In this case, two different problems should be considered. The first one is related to the progressive reduction of public funds annually assigned to the EWHS and to homeowners in general. For instance, the contribution assigned to the EWHS has been reduced by 10 percent per year during the last three years, while the need for investments remains the same.

The supply of funding via the public grant-based approach used by the government and other stakeholders no longer meets the demand and needs to be reorganized to incorporate private contributions. The second problem

is related to the increasing costs for the maintenance and administration of traditional housing that could stimulate the local population to invest in new buildings or in other districts of the city. The lower-income families are the most affected by this problem and, despite the efforts provided by local government to maintain affordable units in the EWHS, they are progressively moving out of the city center.

An EWHS development cluster should be organized with the participation of the public/private sector, local residents, civil society, and all other stakeholders. The aim is to join public and private efforts to identify/implement common development policies, strategies, and investments for the EWHS. The new system should be developed for the EWHS to collect important information for investors and decision-makers. In particular, a Social Return of Investment (SROI)²⁰ approach is suggested for the following reasons:²¹

- The SROI approach helps institutions and organizations understand what social value an activity creates so they can better manage their activities and relationships to maximize their values.
- The process opens up a dialogue with stakeholders, helping to assess the degree to which activities are meeting their needs and expectations.
- SROI puts social impact into the language of “return on investment,” which is widely understood by investors, commissioners, and lenders. There is increasing interest in SROI as a way to demonstrate or measure the social value of investment, beyond the standard financial measurement.
- Where it is not being used already, SROI may be helpful in showing potential customers (e.g., public bodies or other large purchasers) that

²⁰ SROI is an outcomes-based measurement tool that helps organizations to understand and quantify the social, environmental, and economic values they are creating. Developed from traditional cost-benefit analysis and social accounting, SROI is a participative approach that is able to capture in monetized form the value of a wide range of outcomes, whether these already have a financial value or not. SROI analyses produce a narrative of how an organization creates and destroys value in the course of making change in the world, and a ratio that states how much social value (in £) is created for every £1 of investment.

²¹ Source: <http://www.sroi-uk.org/>.

they can develop new ways to define what they want out of contracts by taking account of social and environmental impacts.

- SROI can also be used in strategic management. SROI indicators can help management analyze what might happen if they change their strategy, as well as allow them to evaluate the suitability of that strategy in generating social returns, or whether there may be better means of using their resources.

Finally, due to the success of the recent energy efficiency pilot project implemented by EWHT and the increasing energy costs related to the heritage buildings in the EWHS, it would be beneficial to transform this pilot project into a permanent program involving all local stakeholders. Similarly, the present VAT legislation should be changed to stimulate the rehabilitation of traditional and historical buildings.

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Oporto, Portugal

Ana Tarrafa Silva



General view
of the historic
center of
Oporto.

*Photo by
Eduardo Rojas*



A general view of Oporto with the Clérigos Tower, designed by the Italian architect Niccolò Nasoni.

Managing urban development is a major challenge in this era of globalization and competitiveness (UNESCO, 2005). Cities around the world have been facing unprecedented urban growth: it has been estimated that by the end of the 21st century, 75 percent of the world's population will be living in urban settlements. The trend, however, is for the population to concentrate not in gigantic cities, but rather in interconnected mid-sized cities, which tend to form metropolitan areas (UNESCO, 2008).

Meanwhile, historic cities, particularly the historic centers of those cities, have been facing the opposite problem: abandonment and deterioration. Around the world, historic centers have been registering a progressive loss of some segments of the population. According to recent studies, this phenomenon is connected with urban decay and, in certain cases, with gentrification. Often low-income residents are the most affected (UNESCO, 2008).

According to UNESCO (2008), “every revitalization operation must take into account the right of citizens to live in the city and in their usual environment,” a concept that often results in a conflict between original inhabitants claiming integration and newcomers that have difficulty integrating into the social and cultural mix of these areas. The solution must start with acceptance of the principle that an integrated revitalization approach should combine preservation with development, a fundamental condition for strengthening local identity, attracting investment, and retaining communities in historic centers (Beatley and Manning, 1997; Nasser, 2003). As well, the “role of political will and the need to preserve tangible and intangible heritage, cultural diversity, and social cohesion are the very elements which lead cities to attain

their dual aim—equitable economic competitiveness and harmonious development” (UNESCO, 2008).

The concept of sustainable development is an integral part of this approach—it is a central concern to meet “the needs of the present generation without compromising the ability of future generations to meet their own needs” (WCED, 1987). In addition, the concept of sustainable development entails balancing the social, environmental, and economic dimensions (Stilwell, 2000). Indeed, the social dimension needs the people and their desires, beliefs, heritage, and culture, as well as their economy.

Early on, the local authorities of Oporto were aware of the exceptional value of the historic core of the city and the need to preserve it. The development of preservation policies, implemented by several institutions starting in the 1960s, to manage the built heritage of the city took into consideration the strong concern of the residents for the preservation of both the material and intangible heritage. Those institutions included the Municipality of Oporto, the Commissariat for Urban Renewal of the Ribeira-Barredo Area (CRUARB, or *Comissariado para a Recuperação da Ribeira-Barredo*), the Institute of Urban Housing and Rehabilitation (IHRU, or *Instituto da Habitação e da Reabilitação Urbana*), and the Porto Vivo Society for Urban Rehabilitation (SRU, or *Sociedade de Reabilitação Urbana*).

These preservation policies are widely credited with the considerable improvements occurring in the Historic Center of Oporto (HCO) in housing conditions and better provision of key facilities and services, which have significantly improved residents’ living conditions. Nonetheless, the HCO’s population is still decreasing and the area is still facing social and economic problems. Consequently, the solutions that have been implemented to stop this urban abandonment must consider new challenges, such as gentrification and the eviction of traditional residents.

The Oporto authorities currently face the challenge of revitalizing the HCO to make it attractive for investors, without compromising the permanence of the traditional residents and their integration with new ones. This study discusses the effects and sustainability of the rehabilitation and revitalization efforts and examines how local authorities can prevent gentrification and the expulsion of the original residents, actions that could drive authorities to jeopardize the outstanding universal value of the HCO.

THE CITY OF OPORTO

Oporto is the second largest city in Portugal, following Lisbon; its population is estimated at 210,558 inhabitants (INE, 2009). Oporto is one of the few examples of a Portuguese city that coincides with the territory of the municipal area (4,150 hectares). It is also the head of the second Portuguese metropolitan area, the Metropolitan Area of Oporto (MAO, or *Área Metropolitana do Porto*), which includes 16 municipalities and 1,684,901 inhabitants (INE, 2009). This case study will consider just the data for Greater Oporto, which includes the municipalities with jurisdiction on the urban area of Oporto.¹

Oporto is recognized around the world mainly for its wine industry (including the famous Port wine), the inclusion of its historic center in UNESCO's World Heritage List (WHL), and for being the European Capital of Culture in 2001. In 1997, the Government of Portugal classified the Historic Center of Oporto as a Built Area of Public Interest.² It covers an area of 102 hectares corresponding to 2.5 percent of city territory (Sousa, Magalhães, and Oliveira, 2005). The previous year, part of this area (referred to here as the World Heritage HCO) was classified as a World Heritage Site. As of 2008 there were 7,000 residents in the area, which covered 62.9 hectares, corresponding to 1.5 percent of the city's area (Opium, 2008).³ The HCO includes parts of four of the 15 parishes of the Oporto municipality that are included in the area classified as the Critical Area of Urban Recovery and Rehabilitation of Downtown Oporto (ACRRU, or *Área Crítica de Recuperação e Reconversão*

¹ Portugal is divided into seven territorial regions (North, Central, Lisbon, Alentejo, Algarve, and the autonomous regions of Azores and Madeira), which in turn are divided in subregions. The MAO is included in the North region and its municipalities belong to three different subregions: Grande Porto (Gondomar, Espinho, Maia, Matosinhos, Porto, Póvoa de Varzim, Valongo, Vila do Conde, Vila Nova de Gaia), Ave (Santo Tirso, Trofa), and Entre Douro and Vouga (Arouca, Oliveira de Azemeis, Santa Maria da Feira, San João da Madeira, Vale de Cambra) (INE, 2010).

² (IIP 51) Decree Law 67/1997, DR 301, Dec. 31, 1997; Portaria 975/2006, May 19, 2006, DR – II Série, No.113, June 12.

³ Because insufficient data were available for the world heritage classified area, the author was obliged to use data for the HCO classified as IIP 51. Where applicable, the author has identified data for the world heritage area as World Heritage HCO, and for IIP 51 as HCO.

Urbanística) (Porto Vivo SRU, 2008a). These parishes are as follows: most of Sé Parish, all of San Nicolau Parish, and half of Vitória and Miragaia parishes.

The inclusion of the historic center on the WHL was justified by criterion IV, under which the World Heritage Committee stated that the “site is of outstanding universal value as the urban fabric and its many historic buildings bear remarkable testimony to the development over the past thousand years of a European city that looks outward to the west for its cultural and commercial links” (UNESCO, 1996). The listed area includes the medieval urban fabric within the Fernandine Wall (14th century), including Clérigos Tower and Church; São João Theatre; the former building of the civil government; the quarter bordered by Rua 31 de Janeiro, Praça da Batalha, and Rua da Madeira; and the quarter made up of Rua da Barbosa de Castro, Passeio das Virtudes, and Rua Dr. António Sousa Macedo (Porto Vivo SRU, 2008a).⁴

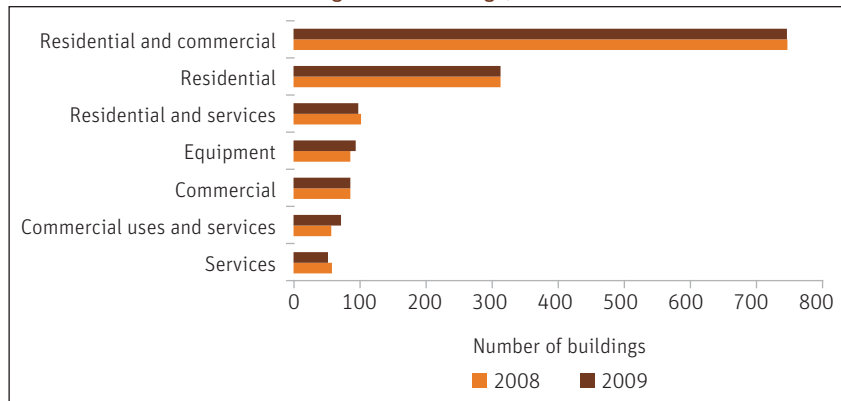
PRESERVATION LEVEL AND INSTITUTIONAL SETTING OF THE HISTORIC CENTER

In 2009, the Porto Vivo SRU identified 3,097 buildings (comprising 7,482 dwelling units) in the HCO and 1,796 within the World Heritage HCO (comprising 3,873 dwelling units or accommodations). Within the World Heritage HCO, 48 percent of these buildings are being used in their entirety, 33 percent are partly in use, and 16 percent are vacant (Porto Vivo SRU, 2009). A Porto Vivo study indicated in 2009 that more than 17 percent of the buildings included in the World Heritage Site were exclusively residential, in contrast to the 74 percent registered in 2001 within the HCO boundaries (Figure 1) (FEUP, 2004).

Comparing the data from 2008 and 2009, there was a decrease in the number of buildings containing service activities—shared or not with residential functions. In spite of the continuous dominance of residential use and the increasing presence of buildings with mixed uses (residential plus

⁴ The classified area also includes the D. Luis I Bridge and the Monastery of Senhora do Pilar, both in Vila Nova de Gaia, which are not part of this study.

FIGURE 1 | Use of World Heritage HCO Buildings, 2008 and 2009



Source: Porto Vivo SRU (2009).

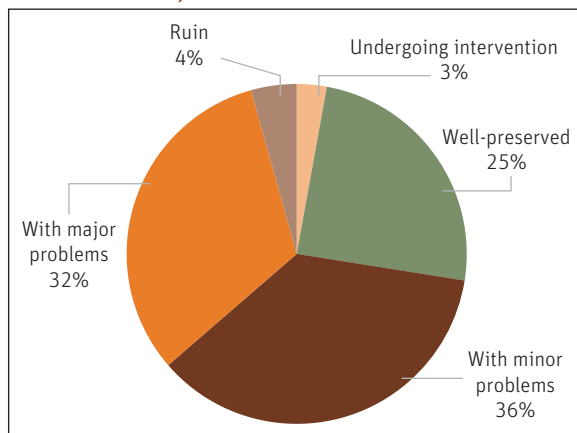
commercial; 47 percent), the total number of occupied buildings decreased for all other registered functions.

Data on the preservation level of World Heritage HCO buildings (Figure 2) indicate that 68 percent of them need intervention, 4 percent are in ruins, and 25 percent are well preserved. Currently, 51 buildings (3 percent) are receiving intervention (Porto Vivo SRU, 2009). The direct observations made for this

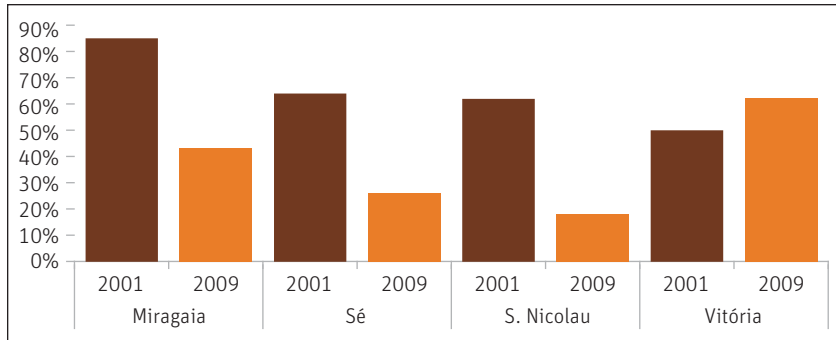
study indicate that most of the conservation work is concentrated on buildings on the main streets, but there are still many buildings in ruins, as well as vacant houses and buildings, on secondary streets.

The data collected for parishes that constitute the HCO allowed the analysis of the evolution of the preservation level of buildings during the past decade (Figure 3). Overall, between 2001 and 2009, the number of buildings with low preservation levels decreased significantly: in 2001 more than 50 percent of HCO buildings were poorly preserved, but by 2009 this figure was only 7 percent. These improvements are due to the fact

FIGURE 2 | Preservation Level in the World Heritage HCO, 2009



Source: Porto Vivo SRU (2009).

FIGURE 3 | Buildings in Bad Condition

Sources: FEUP (2004); Porto Vivo SRU (2009).

that rehabilitation increased by 30 percent during this period (FEUP, 2004; Porto Vivo SRU, 2009). These improvements are not evenly distributed; however, the figures for Vitória Parish indicate that its built stock has been decaying, and the number of buildings in poor condition there increased by 10 percent.

LAND REGULATIONS AND BUILDING CODES

Protected Zones

The different zones of the historic area are protected by different regulations, each with different purposes. The ACRRU currently covers 1,050 hectares (one-fourth of the Oporto municipal area), which covers the Porto Vivo SRU intervention area. This area includes other delimitations, such as the recently created Urban Rehabilitation Area (URA; formerly the Zone of Priority Intervention), which covers an area of 1,000 hectares (95 percent of the ACRRU area); the area classified as IIP 51; and the World Heritage—classified area and the respective buffer zone (300 hectares), which includes the Vila Nova de Gaia territory (UNESCO, 2006). The World Heritage buffer zone includes isolated classified buildings and the respective protected zones, as well as the areas of priority intervention (Porto Vivo SRU, 2008a). This constitutes a contradiction in Portuguese law, which distinguishes singular buildings even in the same classified zone.

Plans and Regulations

The World Heritage HCO, included in the protected zones (ACRRU, URA, and World Heritage buffer zone), is under the protection of several plans and regulations, which, according to their objectives, are mandatory or optional. For example, at the international and national level UNESCO's World Heritage Convention (1972) and the Portuguese Heritage Law (Decree Law No. 107/2001) (Diário da República, 2001), respectively apply. Because the HCO is included in the World Heritage buffer zone, it is also under the protection of the World Heritage Convention (UNESCO, 1972).

At the local level, several planning tools regulate interventions in the HCO. The Oporto Municipal Master Plan (2007) states the rules for the occupation, use, and land development of the Municipality of Oporto, as well as rules related to rehabilitation and revitalization interventions within the ACRRU. According to this plan, all the interventions are subject to the opinion of the Institute for Management of Architectural and Archeological Heritage (Instituto de Gestão do Património Arquitectónico e Arqueológico) (CMP, 2006). The plan also states that demolitions within the HCO are allowed only for safety or strategic reasons; it also permits a reduction of 50 percent in parking requirements in the historic area (Sousa, Magalhães, and Oliveira, 2005). The Municipal Regulatory Code of the City of Oporto (2009) is the most important regulatory document and legislation of the municipality. It includes the building code, which states, among other things, that demolition licenses are to be used only in special situations, such as for public safety or to safeguard urban heritage (CMP, 2009).

In relation to rehabilitation operations, the local government designed SIM-Porto, a multi-criteria information and analysis system, to assist in implementing the regulation of the urban operations promoted by the Porto Vivo SRU in the ACRRU.⁵ According to this plan, all operations for the

⁵ The following are excluded: new construction, complete demolitions, separate rehabilitation work on building exteriors, and separate installation or improvement of fire detection systems.

preservation of urban heritage must take into consideration the protection of low-income residents' rights (through the allocation of a minimum of 10 percent of housing for controlled-cost housing within the poorest neighborhoods). Also, the operations should maintain the buildings' functional purposes and contribute to the valorization of the area. Furthermore, urban preservation operations are subject to a feasibility assessment before licenses and construction permits are granted (CMP, 2007).⁶

The Master Plan (2005) guides urban operations within the URA. Among other proposals, the plan contains an intervention manual for the URA that uses SIM-Porto, the analysis matrix to regulate the granting of permits for interventions. In addition, this manual includes the procedures for inspection and certification of work done. The Master Plan has jurisdiction over public and private spaces, intervention units, parcels, and their subdivision; the plan regulates all new construction, rehabilitation, and restoration actions. According to this document, interventions within the city should focus on housing; business development and promotion; revitalization of commerce, tourism, culture, and recreation; and improvement of public spaces in the downtown area (Porto Vivo SRU, 2005a).

Since 2008 the Management Plan has been the main monitoring tool for the World Heritage HCO; it specifies how properties should be preserved. The plan serves as a “guide for good practices in rehabilitation and possible enhancement, which is capable of evolving and improving upon annual action plans” and involves the following stages (Porto Vivo SRU, 2008a):

- Planning (understanding the context to identify strategic goals, inputs, and processes)
- Action (action plan drafting and implementation)
- Review (monitoring of the area through periodic reports to evaluate the implemented actions)

⁶ The parameters used for this assessment include a quantified analysis of the social and physical reality of the area, accomplished through a structural inspection and a quantified analysis of the proposal.

INCENTIVES FOR INVESTMENT IN HERITAGE BUILDINGS

There are three kinds of incentives for people to invest in heritage buildings—that is, all the buildings within the World Heritage property or the ACRRU, under several conditions: government funds that are available to support rehabilitation, financial benefits of restoration, and municipal benefits of restoration. Part of the financial benefit is that all interventions within the World Heritage HCO, as a national monument, are free of specific taxes, or have taxes discounted, if the interventions are the responsibility of local entities, if they are within the ACRRU, or if the works are directly financed by the IHRU.

The IHRU is a governmental institution responsible for urbanism and housing in Portugal. To support rehabilitation and promote residential activities, this organization has programs such as the Special Regulation of Grants and Founding for the Recovery of Urban Buildings within the Framework of Horizontal Property,⁷ the Special Regulation of Grants for Rehabilitation of Leased Buildings,⁸ Solidarity Program to Support the Rehabilitation of Permanent Housing⁹ (Porto Vivo SRU, 2008c), the Real Estate Investment Funds for Rental Housing,¹⁰ and the Real Estate Investment Companies for Rental Housing,¹¹ which promote investment in restoration of buildings for residential use (Porto Vivo SRU, 2011). Adherence to these programs implies commitment from owners to preserve the residential function of restored buildings, with the benefit of exemption from certain taxes. Also, the Portuguese government provides other programs that directly fund actions related to building rehabilitation (Sousa, Magalhães, and Oliveira, 2005):

- The Special Regulation of Grants for Rehabilitation of Leased Buildings benefits the investors (owners or tenants) with grants for 75 percent of the total cost of the intervention.

⁷ Regime Especial de Comparticipação e Financiamento da Recuperação de Prédios Urbanos em Regime de Propriedade Horizontal.

⁸ Regime Especial de Comparticipação na Recuperação de Imóveis Arrendados.

⁹ Programa de Solidariedade de Apoio à Recuperação de Habitação.

¹⁰ Fundos de investimento imobiliário para arrendamento habitacional.

¹¹ Sociedades de investimento imobiliário para arrendamento habitacional.

- Under the Special Regulation of Grants and Founding for the Recovery of Urban Buildings within the Framework of Horizontal Property, grants can reach 20 percent of the total cost of intervention (60 percent from the government, and 20 percent from other sources).
- The Solidarity Program to Support the Rehabilitation of Permanent Housing helps provide permanent housing through interest-free loans to people with limited incomes.

The Municipality of Oporto and the Porto Vivo SRU sponsor other benefits, such as the SIM-Porto and Viv'a Baixa programs (grants to owners, landlords, and tenants of buildings in the URA to facilitate the purchase at reduced cost of services, building materials, equipment, and other components to use on building rehabilitation projects). Also, the Porto Vivo SRU establishes cooperation agreements with some banks in the area to provide funding for housing investments within the URA (Porto Vivo SRU, 2008c).

There are, in addition, penalties for those who contribute to the decay of the heritage area, such as an additional 30 percent municipal property tax, assessed when building conditions represent a danger to people or goods (Sousa, Magalhães, and Oliveira, 2005).

Management Organization for the Rehabilitation of the Heritage Area

Currently, the Porto Vivo SRU, a society for urban rehabilitation created in 2004, is responsible for the management of the URA and everything in it. It has replaced, in some instances, the former Commissariat for Urban Renewal of the Ribeira-Barredo Area (CRUARB), which, from 1971 to 2003, worked to rehabilitate an area with serious physical and social degeneration problems (the Ribeira-Barredo neighborhoods). In 1975, its intervention area was declared a “decayed zone” and one of “urgent public utility.” This allowed CRUARB to start an expropriation process, enabling the acquisition of a significant number of heritage properties that, after being recovered, could trigger the transformation of the image and social condition of the area. One of the first actions was the displacement of the resident

population into new social housing neighborhoods, contributing to the decrease in the number of residents within the Oporto central zone (Sousa, Magalhães, and Oliveira, 2005). CRUARB's intervention began with the expropriation and relocation project, with direct administration by the government.

In 1983, CRUARB's intervention area was extended to include the entire area within the HCO. Further, in 1990, CRUARB expanded its intervention capacity, creating a partnership with the Foundation for the Development of the Historic Area of Oporto, the main promoter of urban recovery and social reintegration in the HCO. Since the 1980s, the direct public funding (from the national government) that had been supporting all these actions has decreased and the cost of expropriations has increased. The acquisition of buildings through expropriation has also become more difficult: owners and residents have started to aggressively claim the property of rehabilitated buildings.

In 2003, a restructuring of the Oporto municipal government led to the dissolution of CRUARB; its functions were taken over by the Municipal Division for Conservation of the Historic Center of Oporto (Porto Vivo SRU, 2008a). During its 30 years of operations, CRUARB rehabilitated 300 of the 7,482 homes in the HCO (Sousa, Magalhães, and Oliveira, 2005).

In 2004, the Municipality of Oporto and IHRU created the Porto Vivo SRU to manage the areas declared as the ACRRU, and more specifically the URAs. The Porto Vivo SRU's main objectives are to guide the rehabilitation process, prepare an intervention strategy, and mediate all involved parties (investors, owners, and tenants) in the process. Other objectives include:

- Selecting investors
- Executing all agreements related to the rehabilitation process
- Inspecting projects
- Ensuring high levels of mobility and security for residents and properties
- Reducing the cost and time required to obtain licenses
- Proposing special fiscal policies
- Licensing and authorizing urban operations

- Acquiring by eminent domain properties and associated rights for urban rehabilitation and constituting administrative processes for the same purposes
- Managing relocations (both voluntary and temporary)

The Porto Vivo SRU's priority actions therefore include creating strategies to attract new residents to the HCO (rehousing); developing and promoting business; revitalizing commerce; stimulating the dynamics of tourism, culture, and recreation activities; and converting public spaces into livable and socially integrating assets (Porto Vivo SRU, 2008a). Owing to the size of the intervention area, activities were divided into six priority areas and three special action areas, for which the intervention units defined specific rehabilitation programs.

Within the Porto Vivo framework, the Unit of Urban Area Management, (UGAU, or Unidade da Gestão da Área Urbana) is responsible for supporting entrepreneurship and local commerce, managing institutional arrangements for buying and selling buildings, and integrating the population into the rehabilitation process, creating a relationship between the people and public institutions (Porto Vivo SRU, 2005a).

Rehabilitation Plans and Programs

The Porto Vivo SRU is the main promoter of the rehabilitation and rehousing in the ACRRU. This company bases its actions on the Master Plan, the basic document for URA interventions, which has the physical rehabilitation and the economic and social revitalization of the zone as its main objectives. The plan enables authorities to identify strategies and actions to tackle problems and identify development opportunities.

The intervention process takes about 48 months, starting with the identification of the intervention unit. Next, a strategic document is drafted that, in addition to rehousing actions, describes the features of the area where the intervention is to take place, describes the intervention expected, lists strategies to attract tourists and business investors capable of taking advantage of the unique features of the area, and indicates the advantages of investing in the specific area.

The document is also used to support public discussion of the proposal and to attract private partners interested in collaborating in the rehabilitation efforts and partnering with the owners. This collaboration could result in a formal cooperation contract or in acquisition of the building through eminent domain (if the owner does not want to cooperate).

Even though this strategic document takes time to prepare, once it is ready for implementation it represents the will and consensus of all involved parties. The last two steps of the project are licensing by the Municipality of Oporto and regular inspections while the work is being completed to ensure the goals drafted in the strategic document are achieved (Porto Vivo SRU, 2005a).

The implementation of the strategy requires the establishment of partnerships between the owners, Porto Vivo, and the investors, as well as the fiscal, financial, and public incentives (essentially through funding programs such as the Special Regulation of Grants for the Rehabilitation of Leased Buildings and Viv'a Baixa, described previously) that are fundamental to attracting new investors and holding the owners' interest. Currently, two rehabilitation programs are being implemented in the World Heritage HCO area: the Rehabilitation Program for Morro da Sé (within the Priority Intervention Area of Sé/Vitória) and the Rehabilitation Program for the Mouzinho da Silveira/Flores Area, which currently runs 10 operations and 83 intervention units. Within this framework, one operation is completed (Ribeira-Barredo), two are in development (Mouzinho/Flores and Sé), and the others are in the beginning stages (Porto Vivo SRU, 2008c). Two of the operations are outlined below.

Rehabilitation Program for Morro da Sé

Currently at the first stage of intervention for the World Heritage HCO, this program aims to revitalize Sé Parish. The program proposes the rehabilitation of public and private spaces, either in use or vacant, accompanied by the revitalization of residential, commercial, and touristic activities. The objectives are to reverse physical decay, the loss of population, and loss of property value and to turn this zone into a key axis for city development. The target area is 6 hectares and is organized into 11 intervention units. In this operation, the

Porto Vivo SRU partners with planning agencies, such as the Municipality of Oporto, and private investors, such as NOVOPCA Imobiliária,¹² Associação Porto Digital,¹³ and Widescreen.¹⁴

In sum, the actions proposed for this area aim to:

- Enhance the quality of life of current residents (e.g., by expanding the retirement home, increasing the value of homes, and making homes more energy efficient)
- Implement the UGAU strategy (finished) and the Entrepreneurship Project (finished)
- Promote self-esteem through family and community stories and workshops (under execution)
- Create a documentary film
- Install a technical framework to support the Coordination Unit of the Action Program¹⁵
- Develop a communications plan (under execution)
- Build a student residence and a visitor center

This program started in 2008 with the signing of the funding protocol and should be completed in July 2012. The budget for the program is about €15.5 million, of which €7 million is reimbursable grants from the National Strategic Reference Framework (QREN, or Quadro de Referência Estratégico Nacional), which uses European Community funds. In addition, the public

¹²NOVOPCA Imobiliária is a real estate company, an anonymous society, and part of the NOVOPCA group, which includes other construction companies (<http://www.imobiliaria.novopca.pt/>).

¹³The Associação Porto Digital, created in 2003, integrates all promoters of Porto Digital project. This project appears within the national initiative “Portugal Digital,” which aims to stimulate creativity and create conditions to construct a technologically evolved and emancipated society (<http://www.portodigital.pt/index.php?artigo=1>).

¹⁴Widescreen is a design and production company from Oporto (<http://www.widescreen.pt/nova/>).

¹⁵This task is performed by an expert, which has as responsibilities: to support the project recipients into the preparation of application packs and into the applications payment; remain updated the framework of physical and financial execution of the action program; periodically draft execution reports and execute the communication program.

sector will invest €8 million and the private sector €15 million (Porto Vivo SRU, 2006).

Rehabilitation Program for Mouzinho da Silveira/Flores

This intervention unit is part of the Priority Intervention Area of Sé/Vitória (and includes the rehabilitation action for Morro da Sé described above) and the operation area of Mouzinho da Silveira/Flores, for which nine strategic documents were drafted, one for each intervention unit identified. The intervention in Mouzinho da Silveira/Flores was finished in 2006 (Schreck, 2010) and had as key objectives the creation of conditions to attract new residents and activities to this area.

Toward this aim, the strategic document proposed the enhancement of the quality of life of the residents, addressing functionality, security, and aesthetic condition of the buildings, and the development of commercial, service, and residential activities. The interventions were executed over an area that included eight buildings, one of which was in good condition, two of which needed slight or moderate intervention, and four of which were in poor condition (Porto Vivo SRU, 2008b).

ECONOMIC SUSTAINABILITY

Socioeconomic Profile of Resident Population

In contrast to the Greater Oporto area, the Municipality of Oporto has registered a significant decrease in population. The trend is especially notable in the Historic Center of Oporto, which during the past 10 years has lost about 46.2 percent of its residents: the population dropped from 13,000 in 2001 to 7,000 in 2009.¹⁶ The trend emerged from the move in the 1970s to construct social housing neighborhoods outside the HCO to solve the problem of

¹⁶In 2001, the population of the HCO represented 5 percent of the city's population (Sousa, Magalhães, and Oliveira, 2005).

overcrowding in the HCO.¹⁷ Today, the movement of younger people to other parts of the city continues, resulting in the aging of the resident population of the HCO (INE, 2010). Nevertheless, the population density remains high, near 130 inhabitants per square kilometer, resulting from the fact that most buildings have three or more stories (Sousa, Magalhães, and Oliveira, 2005).

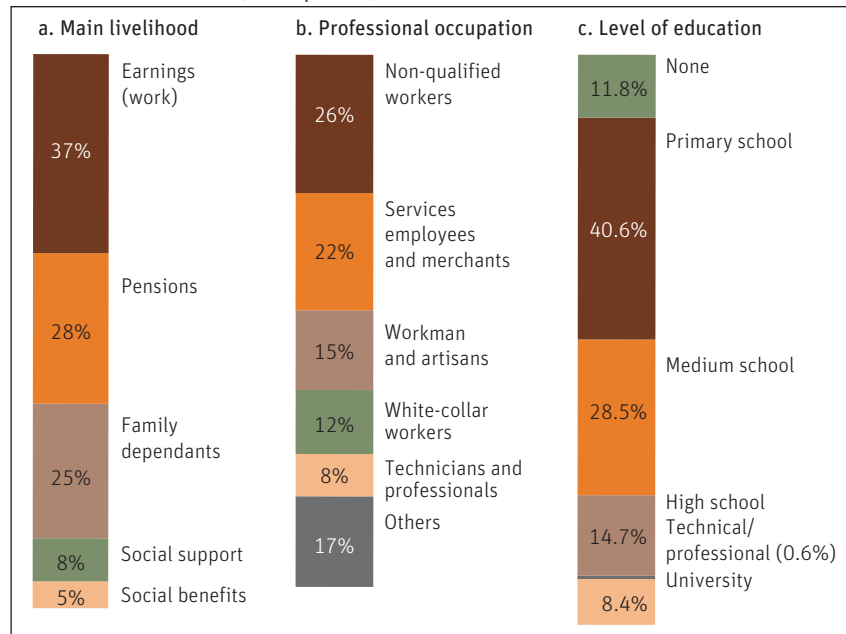
According to the latest census (2001), more than 24 percent of the population of the HCO was over 65 years old, corresponding to an aging ratio of 203 percent (Opium, 2008)¹⁸; the average age of residents was 43 years (in 1991 the average was 38 years). Also, single-parent families became characteristic of the HCO, making up 59 percent of resident families in 2001, 8 percent more than in 1991 (FEUP, 2004). According to the 2001 census, the economically active population represented 64 percent of the HCO's population, 43 percent of residents were employed, and 15.6 percent were unemployed, representing 8.1 percent of the employment values and 43.1 percent of unemployment values registered for the municipality as a whole (the unemployment figure represents 10 percent of the national total). Less than 37 percent of the population in the HCO depends on employment income (Figure 4a), while 66 percent depend on other sources, including retirement benefits and pensions (28 percent), subsidies, social integration incomes, disability benefits, and unemployment benefits (5 percent).

Regarding professional occupation (Figure 4b), based on the lower education levels of much of the population (Figure 4c), there is a much larger percentage of nonqualified workers in the HCO than there is workers with technical training or professional degrees (8 percent). Most of the nonqualified residents have jobs in retail, repair work, or industry, which employs 50 percent of the HCO's economically active population (Opium, 2008). The percentage of residents who work in hotels and restaurants in the HCO is high compared with the percentage for the whole municipality.

Among other conclusions, analysis of education level reflects the aging population: more than 40 percent of the HCO population has completed only

¹⁷ CURRBA consultants had considered overcrowding to be one of the main problems of the city center, along with poor living conditions.

¹⁸ The aging ratio is the relation between the number of elderly and young population. It is usually expressed by the number of residents that are over 65 years old by 100 residents that are younger than 15 years old.

FIGURE 4 | Livelihood, Occupation, and Education of Residents in the HCO

Source: Opium (2008).

primary school, corresponding to the minimum education level that was mandatory until 30 years ago. Nonetheless, in spite of increasing the period of compulsory education to age 15 (the last year before high school), the education level continues to be lower in this part of the city: just 4 percent of residents have a university graduation, 0.6 percent have attended technical or professional schools, and just 15 percent have completed high school. About 29 percent have completed compulsory education (middle school), and 7 percent are illiterate.

Home Occupancy Structure

In 2008, occupancy structure in the HCO was characterized by the dominance of the rental system (84 percent), followed by home ownership at 11 percent and subletting at 5 percent (Figure 5). Comparing these figure with data from 2001 shows that home ownership decreased 6 percent while renting and subletting rose 6 and 3 percent, respectively (FEUP, 2004; Opium, 2008).

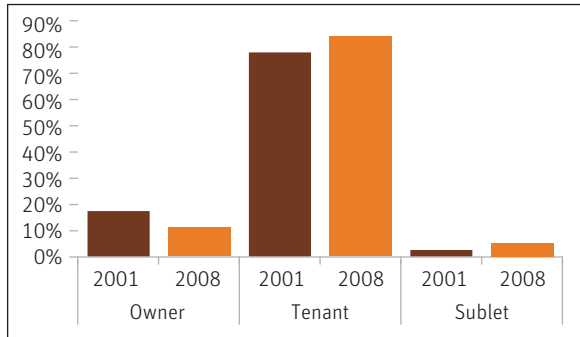
In 2001, the largest group of residents (36 percent) paid rents of more than €100 per month; 26 percent paid less than €35, 10 percent paid between €35 and €75, and 26 percent paid between €75 and €100 (Figure 6).

The dominance of renting and subletting over home ownership is linked to the cost of renting. According to data obtained for the HCO civil parishes, the monthly cost of a mortgage in 2001 averaged €232 and monthly rent averaged €79 (Figure 7).

Housing Conditions

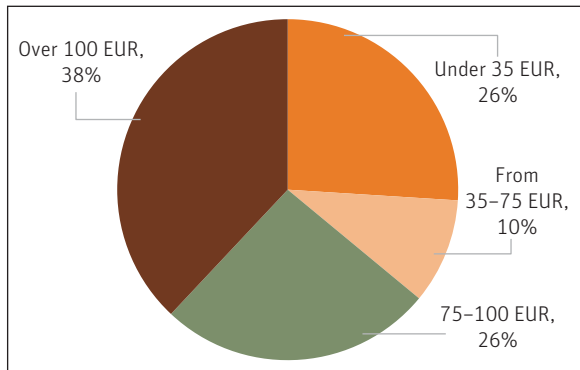
The Historic Center of Oporto faces serious problems with housing conditions. Those conditions are reflected, for instance, in the overcrowding that affects between 33 and 42 percent of the dwellings. This problem is a consequence of the difficulties that low-income residents face

FIGURE 5 | Percentage of Home Ownership in the HCO



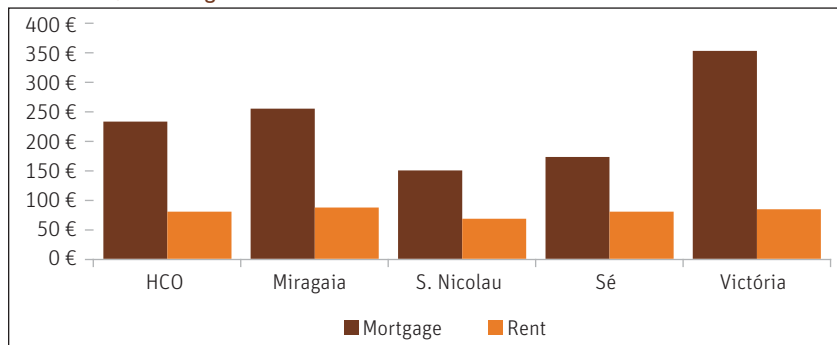
Sources: FEUP (2004); Opium (2008).

FIGURE 6 | Rent Amounts

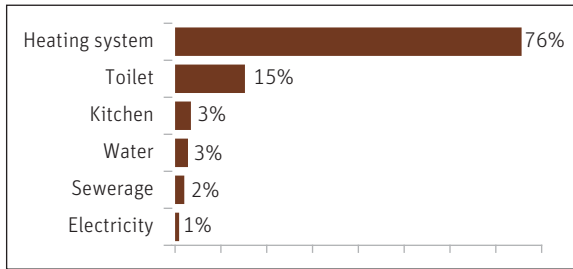


Source: FEUP (2004).

FIGURE 7 | Housing Costs



Source: FEUP (2004).

FIGURE 8 | Dwellings Lacking Basic Infrastructure

Source: Porto Vivo SRU (2005).

in obtaining homes of their own (even renting or subletting) with suitable conditions; thus, they continue to live in overcrowded conditions (Martins et al., 2008a). As for income levels, a 2006 estimate (Martins et al., 2008a) concluded that 60 percent of the economically active population have incomes below €400 per month, corresponding, most likely, to the segment of the population that depends on social

benefits (66 percent of the HCO's economically active population), those who work only part time, or those who receive the minimal salary established by the Portuguese government in 2008 (€426 per month).

In 2001, there were 3,629 dwellings in the HCO that had serious problems with basic infrastructure, such as a lack of sewage service in 2 percent of dwellings, lack of water in 3 percent, and lack of electricity in 1 percent (Figure 8). The widespread lack of heating systems (71 percent) reflects the number of dwellings that have not been rehabilitated recently (Porto Vivo SRU, 2005a). Indeed, the fact that many buildings in the HCO are over 75 years old explains their poor condition and lack of amenities.

Another problem relates to residents with special needs (especially the aging population): the HCO is not prepared for them. The absence of elevators and ramps is a serious problem in an area where the majority of the population is over age 65.

ECONOMIC ACTIVITY

Residential Growth

The territory of the Municipality of Oporto represents 6 percent of the population of northern Portugal, with the parish of San Nicolau (part of the HCO) having the highest concentration (Opium, 2008). Since the 1940s and 1950s, the demographic evolution of the HCO has been characterized by a steady decline in population. The parishes in the HCO registered the greatest decreases, losing

35 percent of their residents (68 percent since 1940). The phenomenon also affects the rest of the city: during the period between the last two censuses (1991 and 2001), the city lost 8 percent of its population. In 2008, the HCO housed 5 percent of the municipal population.

Local authorities have highlighted several causes, such as the relocation programs implemented in 1975 and migration.¹⁹ The deterioration of the buildings and public spaces and the shortage of amenities that characterize the HCO contribute to the inability of the area to attract new residents, resulting in the decrease in population and the replacement of younger residents with elderly residents (Opium, 2008).

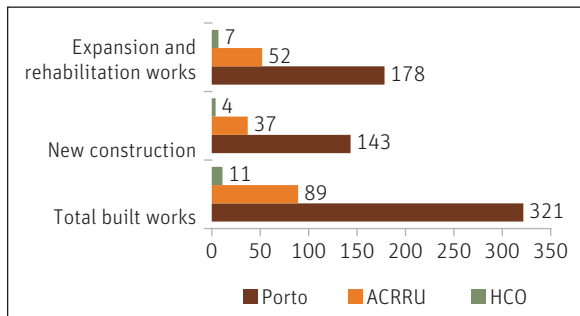
This demographic evolution could also be one of the explanations for the 16 percent of the World Heritage HCO's buildings that were vacant as of 2008; 79 percent of these vacant buildings were private property (owned by firms or individuals) and 11.7 percent were publically owned (Opium, 2008).

As for investment in the HCO, the number of licenses for new buildings, expansions, or rehabilitations indicates a low volume of real estate investment flowing to the HCO. According to data collected by Porto Vivo in 2007, of the approved building licenses for city land, just 3.4 percent were for the HCO. Of those, 36 percent were for new construction and 64 percent were for expansion and rehabilitation work (Figure 9).

Commercial Activities

Commercial activities have been changing in the HCO, with some decaying and others emerging and expanding, but not with equal force.²⁰ A recent study

FIGURE 9 | Real Estate Investment, 2007



Source: Porto Vivo SRU (2009).

¹⁹ A catalyst of the current situation was the politics of the 1970s, which aimed to solve the overcrowding of the HCO and implemented major relocations from the HCO to new social housing on the outskirts of the historic area.

²⁰ During the 1960s, some infrastructure connected with the river trade closed (the port,

by UGAU (2008a) divides the business structure of the HCO into several retail and wholesale commercial categories. The study concludes that most businesses are small, family-managed enterprises, with very restricted or specific areas of activity, such as restaurants or shops selling personal articles or domestic goods. An estimated 71.7 percent of costumers are between 21 and 60 years old and are self-employed, business people, or employees. The same study concludes that the percentage of foreign costumers is significant, resulting from tourism, with a heavy flow of visitors from Spain. However, the period during which retail businesses may open is restricted (9 a.m. to 8 p.m.) and is not convenient for customers from outside the area that can only access the specialized shops in the area after working hours (UGAU, 2008a).

In 2003, 1,427 companies (629 of them shops) were identified in the HCO, which is 7 percent less than there were in 1996. According to the merchants, the key factors in this decrease were the abandonment and decay of the buildings and the difficulties related to traffic and parking. Nonetheless, the merchants believe that increasing investment in their businesses is a good way to change this trend: between 2006 and 2007, 71 percent of merchants made investments in their businesses. The survey concluded that 39 percent of respondents were able to invest as much as €5,000 and 11 percent invested more than €40,000 (Opium, 2008).

Of these investments, 27 percent were for furniture, 27 percent for building repairs, 19 percent for better equipment, 13 percent for marketing, and 12 percent for the creation of Web sites. More recently, arts and crafts establishments have started to appear in the HCO. In 2003, there were 145 establishments directly connected with the arts, such as handcraft shops, bars and restaurants, design and architecture ateliers, event organization, galleries, and others (Opium, 2008).

Finally, it is important to mention that although there has been a decrease in commerce, the majority of which is traditional, “alternative” shops related to artistic and design areas have been emerging—and attracting new customers. Local authorities have been studying the extension of the Cluster of

Estiva Quay, the customs house, and Ferreira Borges market), causing the disappearance of a type of commerce characteristic of this zone.

Creative Industries Miguel Bombarda (created during Oporto 2001: European Capital of Culture) to HCO streets.

Institutional Diversity

The HCO is home to diverse institutions that provide services in areas such as education (institutes for higher and professional education), social care (e.g., professional education and support for the unemployed, home health care, support for the elderly, facilities and activities for children, legal and psychological support), and programs that support economic and cultural activities, sports and recreation, tourism, traditional arts, health-care services, professional associations, and others.

About 40 percent of the institutions within the HCO focus on social care, which reflects the social profile of the population. These institutions are essential to support the quality of life and integration of the population, working to reduce exclusion and, consequently, to prevent further abandonment of the area. Most of the organizations—88 percent—are nonprofit and independent and have a mission to serve the public. They also have limited resources (mainly state subsidies, funding for specific projects, and donations). Most have sufficient infrastructure and have offices in their own buildings, although they face problems with space availability and inadequate equipment, especially for sports activities. Both trained professionals and volunteers provide human resources. The majority of the problems these organizations face are financial, in part due to lack of communication and dissemination of their activities, which has a significant influence on the population's acknowledgement of their work, initiatives, and services, as well as on their ability to attract public resources (UGAU, 2008b).

Government and public institutions continue to have a significant presence in the heritage area because of its history and central position in the city. These institutions cover several sectors, such as culture, education, social care, and security and include parish councils: the Municipal Directorate of Culture; the Municipal Department of Archives; Casa do Infante; the Municipal Department of Education and Youth; the Porto Vivo SRU; and the Porto Digital Association. The cultural sector has a strong presence through the Portuguese Center of Photography, the Archives of the Oporto District, the

Hard Club in the Ferreira Borges Market, and the São João National Theatre. The justice and security sectors are represented by the Justice Palace, Criminal Court, Forensic Institute, Institute for Sea Rescue, Regional Traffic Authority, Traffic Detachment of the National Guard, and the Metropolitan Command of the Traffic Division of the Police. There are also institutions related to agriculture, such as the Regional Directorate of Agriculture, Douro and Oporto Wine Institute, and the Commission for Viticulture of the Vinho Verde Region. Finally, in the health sector, important institutions include the Delegation of Ricardo Jorge Institute, the Santo António Hospital, and the António Sérgio Institute (GEP, 2009).

Sports, Culture, and Recreation Activities

The HCO is a significant cultural hub in the city, housing an archaeological site, several museums, two archives, five churches, and others cultural sites, such as the São Bento da Vitória Monastery, the Palácio da Bolsa, and the cultural institutions listed above (Opium, 2008). There are, however, no sports facilities, and residents must go to neighborhood parishes to find these centers. In 2003, there were 311 associations (cultural, sports, and recreation) in Oporto, and it is estimated that the HCO had the highest number of associations per 1,000 inhabitants (the ratio is influenced by the high population density) (Martins et al., 2008a).

Investment in the Historic Center

Between 1995 and 2007 there were 27 new building permits issued for construction and 213 for building intervention in the HCO, among which 61 were for residential use (Porto Vivo SRU, 2009). According to estimates made on the basis of the budget for the Rehabilitation Program of Morro da Sé, expected public investment is half of that expected from the private sector. This confirms the information gathered in focus groups, which concludes that private investments have been stronger than public support (coming from public programs such as the Special Regulation of Grants for Recovery of Rented Buildings or through QREN's reimbursable grants, which continue

to represent the majority of the projects, with about 60 percent of the investment).

Currently, the municipality does not want to acquire more properties and wants to reduce public investment in rehabilitation (Sousa, Magalhães, and Oliveira, 2005). The situation was the opposite 10 years ago, when the government and municipal sectors were the main investors in public and private buildings. Today, with political and economic changes, the private sector is more involved, essentially because of the programs and incentives developed by the Porto Vivo SRU to attract new private investors to the HCO.

Accessibility of the Historic Center

The medieval urban structure of the HCO, with narrow streets and a scarcity of public spaces, results in a serious problem in terms of traffic circulation. Despite the dominance of private transportation in the city, there is a wide range of public transportation services in the HCO, including buses (the Society of Collective Transportation of Oporto; SCTP), trains (São Bento



The center area of the city blocks are used for parking and new open spaces for residents and visitors.

Photo by Eduardo Rojas

Station), a funicular railway (Funicular dos Guindais), and a subway/metro. The introduction of the metro in 2001 was a major improvement in transportation to and from the HCO. It is possible to travel to the HCO in 10 to 20 minutes via metro from most areas of the city and in an hour from the airport and another from the MAO counties. According to data obtained from the Oporto Metro Web site, in 2009, the occupancy rate for the metro was 26.3 percent (annual average) and 66.8 percent between 8:00 p.m. and 9:00 p.m. for the São Bento and Aliados circuit (Metro do Porto, 2010).

In terms of private transportation, an estimate from 2007 concluded that about 14,000 automobiles entered the HCO per day, more than double the number of cars belonging to people living there (Oliveira, Neves, and Gomes, 2007). In 2008, there were 10,277 parking spaces in the HCO within seven parking facilities located in and on the outskirts of the core. Residents pay a discount tariff in the lots (CMP, 2010).

There is pedestrian access throughout the HCO to the tourist, residential, and service zones, although the use of automobiles is allowed on 80 percent of the streets. Therefore, traffic continues to constitute a serious problem for both residents and commuters; the latter face problems with commuting times and the scarcity of parking spaces, and the former are challenged by finding solutions to everyday residential needs without jeopardizing the street designs and consequently their intrinsic heritage values.

Attractiveness of the Historic Center

The HCO has always attracted tourists, not only for its intrinsic value and history but also because it is often the site of important cultural, recreation, and sports events. For instance, some of the events for Porto 2001: European Capital of Culture occurred in the HCO, as does the annual Red Bull Air Race, which draws thousands of visitors every year. Moreover, cultural institutions such as museums and churches, plus the fact that the HCO is a UNESCO World Heritage Site, create a strong cultural appeal. The quality of the bars and restaurants in the HCO, as well as its cuisine, make it a top destination for travelers in Europe.

Nevertheless, the HCO has been experiencing a progressive economic downturn. The shops have been disappearing and a significant number of

administrative functions have moved to other parts of the city. In turn, local authorities have been introducing initiatives to bring these activities back to the historic center, trying to counterbalance the pull of the new hubs emerging in the rest of the metropolitan area. In general, it is younger people that are engaged in these new activities in the HCO; they recognize that the HCO is one of the most suitable areas to develop their work, much of which is related to the performing arts. Indeed, local authorities foresee the extension of the cluster of creative industries created on Rua Miguel Bombarda (near the HCO), integrating the HCO into the global art market.

In conclusion, potential business owners and residents agree that the attractiveness of the HCO depends of its rehabilitation. The abandonment of buildings and the decayed public spaces are, in the opinion of most, the main cause of the unattractiveness of the area. The cultural and historic value of the HCO entices residents to remain living there and tourists to continue visiting (Opium, 2008).

SOCIAL SUSTAINABILITY

Living and Working in the Historic Center

The social profile of the HCO indicates that about 60 percent of residents are in low-income households. These low-income residents include people who live on social support, such as elderly residents with low pensions, the unemployed, those with serious social problems, and employed people without higher education likely earning less than €600 per month. They live in poorly maintained residential buildings and suffer from overcrowding and lack of basic infrastructure. Since the 1940s, the number of social housing units in the City of Oporto has been increasing, but most of these houses are outside the HCO. Between 1960 and 1980, more than 6,000 dwellings were built and a significant number of families were relocated to them—some from the Barredo neighborhood of the HCO—because there were living in deplorable conditions. Today there are 48 social housing neighborhoods comprising 13,095 dwellings and housing 18 percent of the Oporto population, none within the limits of the HCO (Martins et al., 2008b).



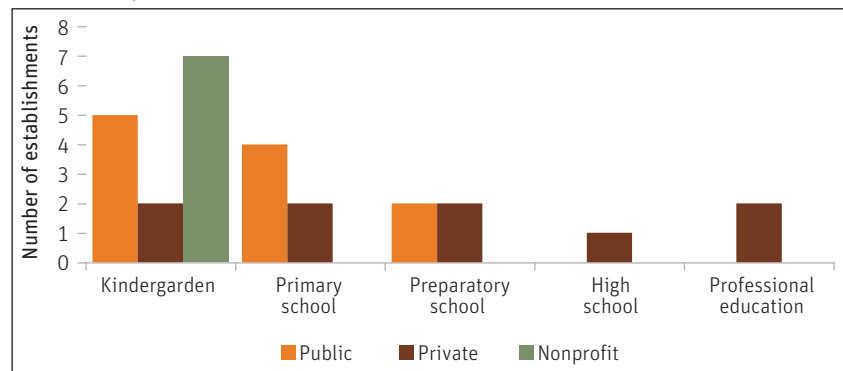
These historic buildings have been rehabilitated and are now used for residential and commercial purposes.

Photo by Eduardo Rojas

In spite of the fact that there is no social or subsidized housing within the HCO, there are services for those with economic and social needs, such as community kitchens and bathhouses. In addition, social solidarity work done by public and private institutions is fundamental to providing education, professional orientation services, low-cost food, and clothing to help these families meet their daily needs.

The HCO has a range of private, public, and nonprofit institutions that offer health, education, and recreation services. The historic center has education facilities at all levels, from kindergarten to university level (Figure 10). Kindergarten education is provided not only by private and public institutions, but also by nonprofit institutions (which constitute the majority). Both public and private institutions provide primary and preparatory education, while high school and professional education is offered only through private institutions. There are

FIGURE 10 | Education Services in the HCO



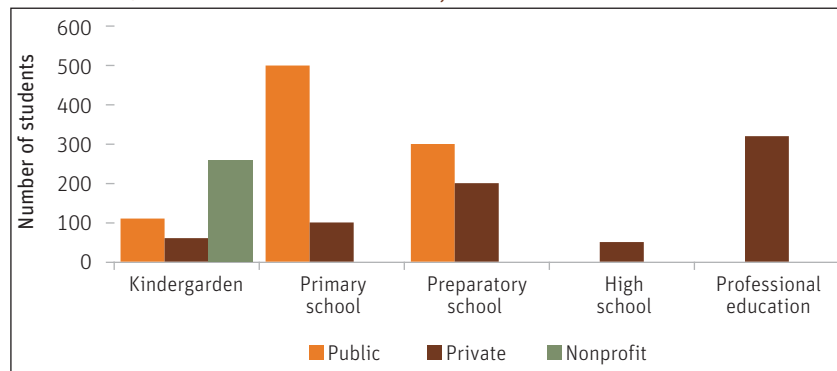
Source: Martins et al. (2008b).

four institutions of higher education: Oporto University (two campuses), the Lusófona University of Oporto, and the Escola Superior Artística do Porto. It is not clear how many available spaces each facility has; thus it is not possible to calculate occupancy rates. However, based on the number of students in 2007, it is possible to conclude that there is sufficient space for the student population (Figure 11).

Health services are also well represented in the HCO, with one public hospital—Hospital de S. António—and four private hospitals. There are also two health centers—São João and Bonfim/Batalha, which serve residents outside the HCO too—and two extensions of these centers (Martins et al., 2008b).

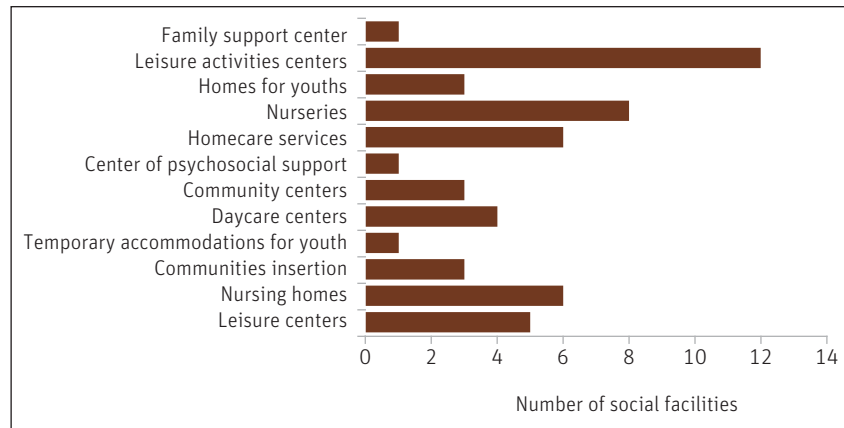
Regarding social services, the HCO has 57 facilities that support people with special needs, including disabled adults, the elderly, marginalized adults, and children. Social Insertion Communities (3) have a vital importance in this part of the city, as they respond to the social need for integration of the different vulnerable groups, targeting the social insertion of a variety of target groups, that are in a situation of exclusion or/and social marginalization (DGSSS, 2004). There are three community centers for disabled adults, one temporary accommodation center for at-risk youth, and another center that offers psychosocial support (the only one in the municipality). To serve the elderly and disabled adults in particular, the HCO has four social centers, four daycare centers, six institutions that provide homecare services, five leisure centers oriented to the elderly, and six nursing homes

FIGURE 11 | Number of Enrolled Students, 2007



Source: Martins et al. (2008b).

FIGURE 12 | Social Services



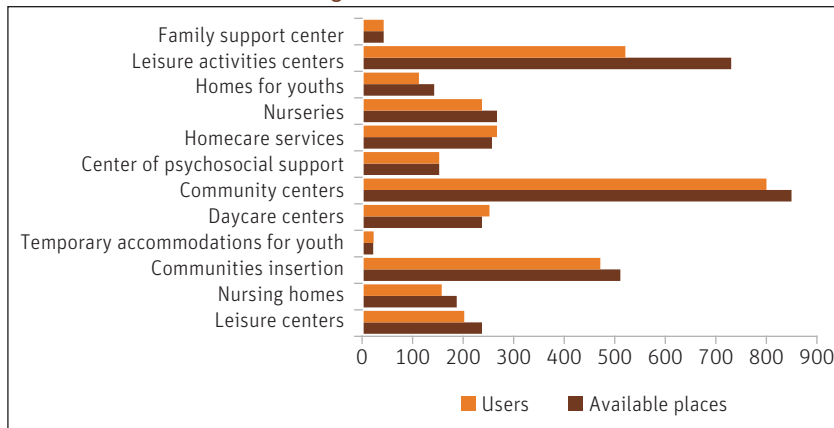
Source: Martins et al. (2008b).

(Figure 12). There are also some facilities that cater to children, such as the nurseries, the Leisure Activity Centers (institutions where the children are oriented and entertained, after and before the school hours, by a social educational team), and the Homes for Childhood and Youths (for orphans or children at risk).

The problem is that more than 50 percent of these centers have more users than they can support. The same problem is observed in child and youth facilities, such as daycare centers, recreation centers, centers for children and youth at risk, and family support centers, which are all significantly overcrowded. In summary, the number of overcrowded facilities and services indicates that the HCO does not have enough social services and facilities to meet residents' needs (Figure 13).

Citizen Security

In 2006, the average crime rate in the City of Oporto was 60.3 percent, which is a value significantly higher than the national average (36.9 percent). The highest rates are found in Sé and Vitória parishes, which registered an average of 111 crimes per 1,000 inhabitants, in 2006 (Martins et al., 2008a). Analysis by type of crime indicates that crimes against people are the most frequent in the HCO (17–28 per 1,000 inhabitants), but there are also a large

FIGURE 13 | Social Service Usage Rates

Source: Martins et al. (2008b).

number of crimes against property. These data confirm the opinion of the residents, who stated that insecurity and criminal activities were the most negatives aspects of life in Oporto.²¹ Curiously, regarding the social problems affecting the city, residents of the HCO selected decayed buildings as the most serious problem, in contrast to residents from the rest of the city, who selected crime most often.

Thus, there are data that indicate that the HCO continues to be an insecure place, mainly during the evening and night when the majority of businesses are closed (excluding the bars near the river) and the streets are empty (information gathered from direct observation). The presence of serious social problems, such as drug trafficking and prostitution, mainly in Sé Parish, contributes to the poor image that nonresidents have of the historic center.

Engagement and Sense of Place

The Foundation for the Development of the Historic Area of Oporto (FDZHP, or Fundação para o Desenvolvimento da Zona Histórica do Porto) was created in 1990 but dissolved in 2007. It was a private nonprofit institution for

²¹ The options were crime, drug trafficking and use, unemployment, housing decay, and lack of community spirit.

public purposes that participated in the urban rehabilitation process by creating the conditions to improve local development and the residents' living conditions. Working in partnership with other private and public institutions, this foundation was fundamental in accomplishing the education, cultural, social, employment, economic, and local development goals the government set for the area. The foundation also managed community facilities, such as community kitchens and bathhouses, as well as 86 municipal buildings in the HCO where more than 130 people were living in 2007 (Sousa, Magalhães, and Oliveira, 2005).

To continue the work of the FDZHP, the UGAU was recently created within the Porto Vivo SRU structure; its first project is the Priority Intervention Area of Sé/Vitória. By implementing actions that promote economic activities, public safety, and urban culture, this organization has been fundamental to promoting the involvement of residents, institutions, and economic forces in the urban rehabilitation process, as well as in enhancing the community's sense of belonging to the historic center. For instance, the UGAU has organized several activities in which local residents are the key participants (Motivation and Self-esteem Stories; Storytellers). Through these activities, the UGAU hopes to promote the attachment of residents to the zone and to the rehabilitation process, which in turn will improve their self-esteem and increase their involvement in preservation efforts, and to increase the availability of recreational activities in the area. These activities have been implemented in partnership with different institutional partners, such as the FDZHP,²² the Sé Parish Council, the Social Center of the Sé Cathedral of Oporto, the Social Insertion Community for Single Mothers *Eng. Paulo Valado*, Widescreen, Porto Tours, Porto Digital, and the Youth Foundation (Porto Vivo SRU, 2010).

Citizen Involvement in Urban Heritage Rehabilitation Decisions

Many buildings in the HCO are privately owned, with their management being the exclusive responsibility of their owners (Porto Vivo SRU, 2008a). The responsibility of the Municipality of Oporto and the diverse organizations that

²² While the FDZHP was officially extinct in 2003, its dissolution process took more time due to the wide range of areas in which each institution worked.

constitute the Porto Vivo SRU is to identify the intervention units, define the strategies and programs for urban rehabilitation, contact the owners, and mediate among owners, investors, and construction companies. Thus, the involvement of the citizens, mainly the property owners, is fundamental for the definition and implementation of those rehabilitation programs.

During the assessment stage, which takes place after the identification stage, the citizens (residents, owners, merchants, and investors) are briefed on the situation and the needs of the residents and customers. Also, while drafting the strategic documents, owners, tenants, and other stakeholders can state their ideas in public discussions, especially if the intervention will affect public spaces. “Public space” is owned by the community and is a key component of its heritage.

Moreover, promoters of the rehabilitation process have attempted to involve citizens in the urban rehabilitation process, at least in terms of improving knowledge of the intangible value of the HCO. Rehabilitation initiatives can also work as an opportunity to promote and enrich the intangible heritage of the HCO, based on the people and their daily lives. The spirit of a village, where everybody is known and welcome and where the doors and windows are always open, is what the people of the HCO would like to preserve.

Gentrification

The rehabilitation processes must always deal with problems related to the permanence of the local population. For the HCO, this problem has been one of the main concerns of the program’s promoters: abandonment of this area by its original residents has been a sustained process since the 1940s. This migration is the result of two factors: the poor living conditions in the deteriorated houses and the increase in rents after buildings are rehabilitated, which forces some families to move to other parts of the city where social housing is available.

During the CURRBA action, the problem of increasing rents was somewhat resolved through policies that acquired properties by eminent domain, a strategy that facilitated the rehabilitation process and prevented the increase of land prices. Policies pertaining to the rental market continue to be an obstacle, largely because of the higher percentage of private investors involved

in the rehabilitation process and because residents and program promoters cannot interfere with the increases in rents imposed by the owners after restoration work is finished.

CONCLUSIONS AND RECOMMENDATIONS

The Historic Center of Oporto faces serious problems in maintaining its vitality. The continuous loss of its population and its central functions has made it more of a museum area, where cultural spaces proliferate. Despite the problems and difficult issues that persist in the area, local authorities are aware of the importance of the HCO and the issues affecting its sustainable preservation. The proposals contained in the Oporto Master Plan concerning the HCO are proof of this awareness and of efforts to find sustainable solutions to the problems. At the very least, the objectives and strategies proposed match the strategies defined by UNESCO concerning the sustainable revitalization of economic districts (UNESCO, 2008). These approaches include:

- Securing political will
- Increasing connectivity with the rest of the city or region
- Ensuring revitalization is socially sustainable and economically viable
- Enhancing public spaces while protecting cultural and natural resources
- Creating social links by improving inhabitants' living conditions
- Responding to current needs while maintaining the city's identity and enhancing traditional knowledge
- Supporting creativity and cultural diversity
- Developing cultural tourism and controlling this development within several sectors of activity
- Protecting listed urban heritage areas

Early on, different stakeholders, including residents and others users, agreed that urban rehabilitation was the best solution. They believed that a well-built environment and suitable public spaces would increase the attractiveness of the HCO for tourists, residents, and investors. However, despite the efforts of CURRBA and the Porto Vivo SRU to reach this goal, the problems persist. The

HCO's resident population continues to decrease, the economic spaces activities are disappearing, the built environment continues to decay, and there has been no significant improvement in the housing conditions of long-time residents. Regarding residential issues, the problem with Oporto is not real estate speculation, but rather the retention by owners of unimproved properties in the deteriorated parts of the HCO, in spite of the low rents they fetch.

In spite of the continuous presence of a few government institutions—mostly from the cultural sector and lately increasingly from the service sector—the HCO has been undergoing a progressive loss of dynamic economic and social activities. Commercial activity is also decreasing, in spite of the emergence of new businesses focused on the performing arts, which have not yet grown enough in number to reverse this trend.

Local authorities have been trying to solve these problems for many years. In the first stage, they tried to improve housing conditions, relocating some residents to new neighborhoods with social housing, but this contributed to the decrease in population in the HCO.

Today, one of the solutions devised by promoters of the rehabilitation process is to attract new residents, which, on one hand, could enhance the image and economic status of the historic center, but on the other, could provoke gentrification. Indeed, the preservation of the residential function of the HCO is clearly a key factor to increase its attractiveness, a factor considered in all the plans guiding public interventions in the area (SIM Porto, FIIAH, and SIIAH).

Other solutions could be to decrease the pressure to build rental properties and promote home ownership and to increase investment in the rehabilitation of existing buildings, rather than focusing on new construction (the current trend).²³ Furthermore, sustainable rehabilitation requires the attraction of new residents and a balance between the demand for rentals and owner-occupied housing.

Regarding the economic sector, furthering the current emphasis on the performing arts, promoters of the rehabilitation process are looking to

²³Just 5.6 percent of activity in the Portuguese construction industry is for urban rehabilitation, compared with an average of 33 percent in Europe as a whole and 22.5 percent in Spain (Sousa, Magalhães, and Oliveira, 2005).

develop the creative industries in the area and encourage the opening of more galleries, design shops, architecture ateliers, and events companies, among other business (some of which would attract tourists). However, this type of development can be sustainable only if these businesses bring an intangible value to the area and do not replace businesses that are indispensable for residents' daily activities, such as grocery stores, cafés, bakeries, butcher shops, and pharmacies. At the same time, specialized commerce should be maintained and supported.

The permanence of the long-time residents has also been understood by local authorities as a key factor in preserving the value of the HCO. The UGAU is responsible for researching, registering, and promoting the cultural traits that characterize this historic area, integrating the residents into the entire process. Indeed, this process itself works to keep residents, making them feel like a fundamental part of the process, while at the same time promoting their values and traditions.

This study attempts to reveal and understand the current condition and consequences of the rehabilitation policies applied in the HCO. The current situation seems to be a changing context in which the population and the local authorities are more conscious of their territory and their needs and in which they finally feel able to intervene in a sustainable way. Perhaps the residents still need to be more active, but this is something that must be worked on and has been a focus for the UGAU. Any conclusions regarding the consequences of this revitalization program are still premature, as it is only within the first few years of implementation. Hopefully this study serves as a basis document in which context meets strategy.

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Siracusa, Italy

Sergio Stumpo



The main square at the historic center; a meeting place in use for more than two millennia.

*Photo by
Eduardo Rojas*

The City of Siracusa (or Syracuse, as it is often called in English) is in the southeastern part of Sicily, an island in the south of Italy. The city is the capital of the Province of Syracuse, which borders the Province of Catania on the north and the Province of Ragusa on the west. Catania is the most advanced industrial and economic hub in Sicily, and Ragusa is a cultural and archeological site of great historic value.

SICILY AND ITS PROVINCES

Sicily's low level of economic development—partially determined by historic and political factors—is evident in the region's economic indicators, which are within the average ranges for Mezzogiorno (Southern Italy). Overall unemployment is at 13.8 percent of the active population (Istat, 2008), compared with a national average of 6.74 percent, while unemployment among those aged 15 to 24 is 38.5 percent (Confartigianato, March 2010). Sicily is the largest producer of oranges in Italy—producing half of the national crop—with most of the crop coming from Palermo and Catania. It is also a leading producer of other agricultural products, such as grapes, olives, eggplant, zucchini, and other vegetables. Ragusa (at the foot of the Iblei Mountains) is a highly concentrated agricultural zone. The grapes grown there are largely used

for direct consumption (table grapes), while the wine made from these grapes is used mainly as *vino da taglio* (a wine with high alcohol levels that is added in tiny quantities to adjust the characteristics of other wines during production). However, some grapes are also harvested to make high-quality wines, such as Duca di Salaparuta Corvo. Marsala, a fortified wine from the City of Marsala—in the extreme west of Sicily near Trapani—is well known internationally.

Sicily also has a strong fishing industry. The fish caught there represent more

FIGURE 1 | The Provinces of Sicily



than 25 percent of Italy's total catch. Sicily's traditional catch consists of tuna (caught in the past with archaic methods) and swordfish. The amount of shellfish collected in Sicily is particularly high. The principal fishing port on the island, and possibly in all of Italy, is Mazara del Vallo, in the Province of Trapani, with ships that also work in distant waters.

THE CITY OF SIRACUSA

Its Greek origins, incomparable monumental and archeological patrimony, and natural beauty make Siracusa—and the ancient island of Ortigia in particular—a fascinating and expressive urban and territorial reality.¹ However, the history of the city has seen periods characterized by the devastation of its historic and cultural resources, the abandonment of Ortigia, and the uncontrolled—and often contrary to the public good—growth of the suburbs and peri-urban area. These factors are at the root of the city's “disorderly urban growth” and the decaying of its monumental and historic resources.

Following World War II, there was an uncontrolled expansion of the city on mainland Siracusa, which ignored the value of the archeological, historic, and environmental assets of the area and accelerated a depopulation of Ortigia that began at the beginning of the 20th century. The “Cabianca” plan, drawn up in the 1950s, called for a slowing of urban development, the formation of a system of archeological parks, and the controlled development of the city toward the South; however, the plan was never approved. In the 1960s, the city transformed through the urbanization of the surrounding territory. This growth continued in the 1970s and spread toward the north to areas such as Epoli—toward Santa Panagia—along the coast to the east, and to the west reaching Belvedere. The Acradina, Tica, and Neapoli quarters, characterized by hilly terrain and monuments, were covered with new buildings. The same thing happened in the undeveloped areas, which extended from the Roman forum of Siracusa to the Temenite hills. Buildings surrounded archeological treasures such as the Greek and Roman amphitheaters, the Altar

¹Ortigia was the name given by the Greeks to the island south of the city of Siracusa, the greatest city in the Greek Empire after its capture in 415BC.



Rehabilitated houses in the historic center.

Photo by Eduardo Rojas

of Ierone, and the Latomia del Paradiso (quarry).

In the 1980s, the city appeared “with all its unhealed wounds: illegal building on the coast, expansion to the west, absence of reliable rules for the most ancient parts” (Agnello, 2001). At the end of the 1990s, the City Administration took a new course to radically change the city’s growth pattern. In a setting characterized by chaotic urban growth over a territory with complex land delimitations (due to the presence of the historic reserves and the archeological zone), the administration’s plan put forward three objectives: limiting urban expansion, requalifying the existing city, and evaluating the city’s historic center.

This triggered a series of interventions and special laws (and ad hoc financial instruments—mostly public funds transferred as grants—which made it possible to introduce radical interventions to restore buildings, monuments, residential structures, and public spaces, and brought back the lost splendor of the once-Hellenic city on the island of Ortigia).

SIRACUSA, WORLD HERITAGE SITE

Thanks to the profound restoration and healing of the city between the late 1990s and 2005, the city qualified for consideration by UNESCO to be added to the World Heritage List (WHL) in February 2004. On July 15, 2005, Siracusa and the rocky Necropolis of Pantalica (in the Cassaro, Ferla, and Sortino areas) were added to the list, which may be considered official recognition of the beauty, the uniqueness, and the historic, artistic, architectonic,

and natural heritage of the city's sites. Siracusa was added to the WHL for four specific reasons:

- Its archeological sites and monuments constitute a unique accumulation, through the ages and in the same space, of remarkable testimonies to Mediterranean culture.
- Through their remarkable cultural diversity, the sites and monuments are an exceptional testimony to the development of civilization over more than three millennia.
- Taken as a group, the monuments and sites are the finest example of outstanding architectural creation spanning several cultural aspects (Greek, Roman, and Baroque).
- Ancient Siracusa was directly linked to events, ideas, and literary works of outstanding universal significance (UNESCO, 2005).

Siracusa is the 40th Italian site added to the WHL—the fifth in Sicily. Three years earlier (June 26, 2002), the late Baroque towns of the Val di Noto were added, including Caltagirone, Militello Val di Catania, Catania, Modica, Noto, Palazzolo, Ragusa, and Scicli. Of these eight cities, two are in the Province of Siracusa: Noto and Palazzolo. The eight towns were added to the WHL mainly because of the exceptional quality and exuberant genius of the late Baroque art and architecture, which flowered after the disastrous earthquake of 1693. The towns also need care and conservation because of the constant threat to their urban form, which stems from the area's seismic nature and its nearness to Mount Etna.

UNESCO recognition certainly gives Siracusa an element of prestige on an international level, and one of pride within the local community. Above all, it indicates a clear responsibility for all those involved—from the public

FIGURE 2 | Siracusa, UNESCO World Heritage Site



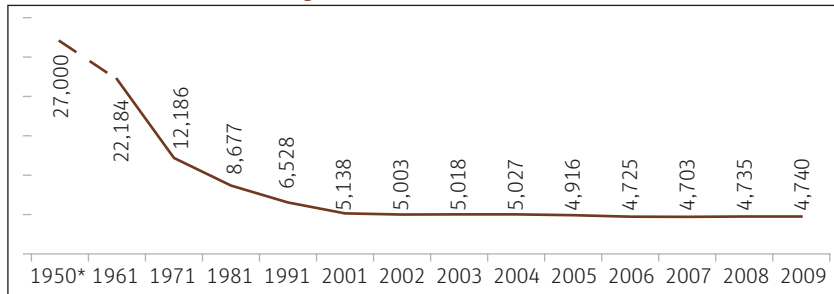
administration at different government levels to the informal groups that live and work in the area—to preserve, improve, and strengthen the uniqueness of the area so that present and future generations may enjoy a city that stimulates the consolidation of their cultural roots and heritage, as well as their creativity and well-being.

The City and Province of Siracusa have an extraordinary variety of cultural assets. Even in the very rich Sicilian context, Siracusa presents a strong and consistent cultural identity, inserting first-class monuments of *Magna Graecia* and an urban network of important buildings and spaces from the Baroque period into its own harmonious landscape. These monuments and buildings can be found within a grid of cultural activity that ranges from the classics to contemporary creativity, demonstrating Sicilians’ ability to use the cultural patrimony of the past as a foundation for the elaboration and realization of today’s creative and cultural activities. The internationally relevant cultural activities are expressive, productive, and rife with archeological, artistic, and architectonic patrimony—all within a high-quality environment—which makes Siracusa a quintessential cultural pole in which the opportunities appear as high as the risks, and the challenges require responsibility and awareness. If UNESCO recognition is the conclusion of a cultural trail (effectively stratified in time), Siracusa must then develop a strategy to ensure sustainability and compatibility in the next decades, while facing the urban demands of the future. In this context, the following analysis encompasses the entire historic center of Siracusa (HCS), which is the entire island of Ortigia. The development of Ortigia was controlled by the urban regulations derived from the Detailed Plan for Ortigia (PPO, or Piano Particolareggiato per Ortigia).²

The Island of Ortigia

When the PPO was approved, the island of Ortigia was in a state of physical and social decay. Next to fascinating archeological and architectonic

² The PPO was realized by Regional Law no.70 of 1976, “Protection of the historic centers and special norms for the Ortigia Quarter and for the historic center of Agrigento,” approved by the Region of Sicily in 1990 after a long and difficult procedure.

FIGURE 3 | Residents in Ortigia, Siracusa

Source: Author's elaboration

structures were equally bad examples of dwellings, an environment worsened by the scantiness of public areas, which had been occupied over time during the building craze. These conditions progressively led to the area being abandoned by residents who moved to the rapidly growing suburbs. According to the PPO, Ortigia's "rebirth" could rest on the quality of the urban structure and the stock of the ancient monuments and other buildings. These assets could be reconverted, after suitable studies, to house "dwellings, tourism, cultural, administrative, and educational activities" (Pagnano, 1989). Seventeen years after the PPO was approved, Ortigia is an urban reality in evolution. Today, spread throughout 45 hectares, there are 4,725 inhabitants, compared with 6,528 in 1991, 12,186 in 1970, and 27,000 in 1950.

In the urban area, there is an imbalance between the areas recovered—mainly near monuments, near archeological remains, and along the sea—and the zones that form pockets of physical decay and social isolation in the inner part of Ortigia. Also, access and traffic flow are still unresolved problems in an area characterized by a narrow network of roads connected by only three bridges to the mainland. In recent years, various programs have worked in Ortigia, including PRU (Urban Recovery Program), URBAN,³ PIT (Integrated Territorial Project), PRUSST (Programs of Urban Retraining and Sustainable Development of the Territory), URBACT (European Union program targeted at urban and metropolitan regions), and Plan for Environmental

³ URBAN is a community initiative program sponsored by the EU that unites restoration and conservation investments with measures to strengthen the social and economic structure of the area.

Restoration (Piano di risanamento ambientale). The protagonists of the recovery have been private individuals and groups, the municipality, and other institutions like IACP (Public Housing Autonomous Institute), the Ministry for Public Works, the Ministry for Infrastructure and Transport, the regional Superintendency of Cultural Heritage, and the local universities.

The municipality allocated funding for the private sector in accordance with regional laws (Law no. 70 of 1976, Law no. 25 of 1993, and Law no. 34 of 1996), which provided funds to finance the restoration of facades, parts of the buildings held in common, and structures destined for commercial or artisan activities. Between 1990 and 2002, the city released about 900 licenses and concessions to the private sector, and of more than 2,000 applications for funding, just over 300 rehabilitation operations were financed. At the same time, about 40 private undertakings were financed by PRU.

Little was done in public housing, even though there were some very good projects in that field, such as the pilot housing rehabilitation projects in Graziella and Giudecca. The executing agency, IACP, acquired the buildings by eminent domain and rehabilitated them for public housing. However, IACP's work in these areas slowed down due to the difficulty in tracing the ownership of the buildings in an extremely fragmented tenure structure. The need to rehabilitate public spaces in the area was also an impediment to public housing initiatives. Pursuing one of the PPO's objectives—to promote higher education activities in Ortigia to attract students and related activities—four universities were located in rehabilitated buildings: the School of Architecture of Catania (1,000 students); some courses valid toward a degree from the School of Letters and Philosophy (1,000 students); Mathematical, Physical, and Natural Sciences of Catania (500 students); and the School for Foreign Students (36 students). Three nursery schools, two elementary schools, one intermediate school, and two secondary schools were also set up in rehabilitated buildings. In addition, a number of public administration offices needed space (such as the Office of the Historic Center, which has been in Ortigia for years), which in the past has guaranteed the survival of the island as the privileged center of the city, even though they create traffic issues because of the number of people who commute to work there.

Three bus lines currently serve the island. The administration is progressively turning the island into a pedestrian area, creating areas of limited

traffic, developing a system of public transportation on water, and increasing electric public transportation (with six electric mini-buses), financed by URBAN.

The administration has tended to focus mainly on promoting cultural activities and attracting tourists to the island. When the PPO was formulated, only two hotels existed on the island. Today, Ortigia has 15 hotels (one of which is a five-star luxury hotel) and 43 bed and breakfasts. There are 51 restaurants, 13 wine shops and bars, 14 tourist agencies, 23 commercial activities, and 28 artisan activities. There are also six museums on the island. URBAN promoted the use of vacant buildings for cultural activities, including the School of the International Institute of Ancient Drama, the International School for Papyrus Restoration, and the Center for Mediterranean Studies.

The administration is currently revising the PPO. Inspired by the principles of flexibility, teamwork, and strategic planning, the PPO seems destined to promote functioning systems of commerce and handicrafts that foster the area's cultural heritage.

EVALUATION OF THE IMPACTS

The information available only allows for a cursory analysis of the impact of the development policies implemented by the different organizations involved in the rehabilitation of Ortigia. Also, the sustainability of the conservation effort can be analyzed by assessing the evolution of less-quantifiable variables. It is difficult to assess the impact that the inclusion of Siracusa on the WHL has had on the conservation of the heritage site, as this is a process and not a turning point. However, Siracusa's inclusion has led to an "awakening" of the community and the authorities, stimulating the preservation efforts in Ortigia by acknowledging the progress made and organizing support to those under way (both private and public). While UNESCO recognition may appear to be already consolidated, in terms of urban development, it is still very recent (2006), and the rehabilitation of Ortigia still needs support and coordinated action by the various participants in its development.

SUSTAINABILITY OF THE SYSTEM

Over the decades, the HCS has attracted the attention of institutions belonging to different levels of government; an estimated €80 million has been allotted to Ortigia alone. This support—which seems advantageous considering most of the funds are nonrefundable grants for the preservation of the site’s infrastructure, public spaces, and buildings—has allowed for an acceleration of the urban development process. Preservation regulations are used throughout Italy for the protection of heritage. However, the Region of Sicily has enacted specific regulations in Ortigia because it is, for historic and cultural reasons, one of Italy’s semi-independent regions and therefore has autonomous regional regulations in the field of cultural heritage.

Two historic benchmark laws (and their successive modifications) are of significance: Law no. 1497 of 1939 and the first special laws of the Region of Sicily in 1976. Over time, laws concerning urban planning, such as the PPO, were added, which set the public objectives concerning the site in two main directives: first, a highly detailed planning document regarding the preservation of public spaces and other structures (not only monuments); and second, policies to promote the functional rehabilitation and development of the HCS, encouraging the installation of public service agencies and service activities for tourism and commerce. Having these strategic guidelines for the HCS’s preservation and development enhanced the city’s capacity to outbid other European cities to obtain resources from URBAN; the city was awarded about €22.5 million for urban rehabilitation and requalification of heritage assets.

The approval of Regional Law no. 34 in 1996—which followed the lead of the preceding law *Ortigia* of 1985 (referred to herein as the Special Law)—further stimulated the positive dynamics of urban renewal. Briefly, this law promoted private investment ventures by simplifying the licensing procedures for the rehabilitation of single-owner buildings (in structural and nonstructural terms). It recognized how special Ortigia is by setting up the Office of the Historic Center (UHC, or Ufficio Centro Storicoor) with specific technical functions. It also made it possible to bridge the traditional separation of the various technical and administrative sectors involved in developing a city (private construction, urban planning, public works, public budget and programming,

and financing policies). Furthermore, this law, which gives the HCS a role in developing the city, draws the residents' attention and encourages them to participate in the urban development, breaking the habit of seeing Ortigia as a decayed quarter on the outskirts of the city.

This model of centralizing local development policies, with an emphasis on Ortigia, has stimulated an integrated approach to rehabilitation and has brought together physical investments in infrastructure with investments in economic activities related to tourism and commerce. The economic stimulus policies implemented by this intervention model integrated the actions of public (university) and private sectors, drawing both to invest in Ortigia. The synergies between PRU, URBAN, and the decentralized administration of the UCS launched and propelled the rehabilitation process. This helped to integrate some strategic actions such as developing a tourism transportation terminal, hotels, commercial activities, and public spaces under the incentives of the Special Law, which also stimulated the rehabilitation of privately owned buildings. This urban development model, instilled on the logic of the investments' economic sustainability, has generated synergies between the regional Superintendency of Cultural Heritage (Sovrintendenza ai beni culturali ed artistici) and the Curia, and has produced tangible results in the policies and strategies of urban rehabilitation.

The strong collaboration between the various institutional levels involved—with the help of the UCS—integrated the efforts of the following:

- The City Administration, which is responsible for the PPO and, in general, for managing the rehabilitation process.
- The Region of Sicily, which is responsible for supplying the funds allocated by the Special Law, which has guaranteed the regular flow of financing.
- The regional Superintendency of Cultural Heritage, which actively participates in the control of restoration policies.
- Other participants, which include the state through PRU and the EU through URBAN—both special financial programs.

In practical terms, this collaboration has provided the financing for the rehabilitation of those parts of historic buildings held in common (facades,

roofs, and structures) in both private and public buildings. It has supported the planning system that pays for the studies and the preparation of projects and promotes the private sector's involvement. URBAN has generated interest in implementing large projects, such as the waterfront redevelopment, the rehabilitation of city squares, and the restoration of public buildings of symbolic value destined for cultural activities. These efforts have generated a concrete and visible increase in the rehabilitation activities that contribute to the new image of Ortigia. They also give public institutions at all levels of government, and private individuals and groups, an incentive to believe in and invest in the rehabilitation process.

CRITICISMS

The criticisms of the sustainability and economic impact of the rehabilitation efforts in Ortigia can be summarized in four keys aspects.

Bureaucracy

Even though the UCS has centralized the urban development policies, there are still long delays in approving and releasing funds. Available funding is used very sparingly and is decreasing due to investors' mistrust of the incentives and other promotion mechanisms. Also, the contract procedures are slow, which has held up some of the large projects that are of priority to the community.

Resources

Financing is concentrated on projects aimed at recovering the physical heritage—to the detriment of incentives to attract private resources—which is causing the slowdown of an otherwise successful policy. One example is the preservation of the heritage of the city's Giudecca and Graziella quarters. The slowdown of IACP investments and the lack of policies to promote private sector financing for the rehabilitation and reuse of properties—not only in patrimonial terms but also in terms of revenue—has stopped the recovery

process in these decayed quarters. The lack of a similar policy directed at commercial activities to help develop the community's economic fabric has strongly reduced the resources available for private investment and the necessary enticement to maintain the system begun in recent years.

Urban Politics

Political instability obstructs the process of rehabilitation, not only by slowing down the process of funding but also, because of the changes in the administration, by losing sight of the objectives and changes in priorities from time to time. This generates a contorted effect that works against past efforts and strongly dampens the existing possibilities for growth.

Nonrefundable Grants Mechanism

This source of financing, if used for a long period, may turn from an opportunity into a risk, by turning a policy of support into one of assistance. This means that the excessive use of public funding—if not managed in terms of promoting interest and stimulating the economy—can induce a wait-and-see attitude in the community and investors, which hinders development. The results of a poll taken among the stakeholders show fear, or uncertainty, regarding what will happen when the public subsidies end.

FLOW OF FINANCES

The restorations were implemented with funding from Assessorato Beni Culturali (Cultural Office), Programma Operativo Regionale (POR) Sicilia, Fondo Edifici di Culto (FEC), and Law no. 433 of 1991 between 1997 and 2009. The total funding was €1,262,044,228 in nonrefundable grants. Table 1 shows the programs that financed the recovery and development of the HCS through 2000.

As previously mentioned, URBAN is a community initiative program sponsored by the EU that unites restoration and conservation investments with measures to strengthen the social and economic structure of the area. It

TABLE 1 | Funding Allocated for the Recovery of the HCS, 1985–2000

Provision	Supplying entity	Millions of euros	Percent of total funds	Spending period
Special Law for Ortigia LR76/79 e LR34/85	Region of Sicily	35.1	44.60%	1985–2000
URBAN	EU, State Ministry of the Budget, Region of Sicily	22.5	28.59%	1997–2000
PRU	State Ministry of Public Works	9.2	11.69%	1997–2000
State Law no. 433 of 1991; provisions in favor of the zones hit by the earthquake of December 13, 1990	State	11.9	15.12%	1992–2000
Total		78.7	100	

Source: Author's elaboration.

is subdivided into five measures, each of which has a specific goal that affects the overall outcome of the project (Table 2).

Table 3 shows the allocation of the funds devoted to the restoration and rehabilitation of Ortigia's urban fabric, although not all funds have been definitively allocated or distributed. For example, the Superintendency office in Ortigia has reported that there have been 669 requests for funding for the rehabilitation of private buildings submitted between 2000 and 2009, but only 237 projects under Regional Law no. 34 of 1996 to private individuals

TABLE 2 | URBAN Measures

	Millions of euros
Measure 1. Startup of new economic activity; contribution to artisan, tourist, and commercial ventures	5.47
Measure 2. Formation and promotion of occupation	2.27
Measure 3. Social services, health, and public order	1.08
Measure 4. Infrastructure and environment	12.91
Measure 5. Actuation and diffusion of the results	0.77
Total	22.50

Source: Author's elaboration.

TABLE 3 | Allocation of Funds (in euros)

Destination	Assess. LL.PP.	Assess. Terr. Amb.	URBAN	PRU	Law no. 433 of 1991	Casa DDPP	exGescal
Public buildings	10,333,429	2,174,284	1,742,009	0	18,850,677	0	0
Residential buildings	15,850,936	0	0	7,684,879	0	0	4,389,884
Public spaces	1,730,131	1,965,635	5,432,610	1,497,725	6,197,483	387,343	0
Technical office of Ortigia	284,051	0	0	0	0	0	0
Studies/projects	1,239,497	0	0	0	0	0	0

Source: Author's elaboration.

and groups and only 25 projects under National Law no. 433 of 1991 for public buildings have been approved and disbursed. During this same period, other funding (from various sources) influenced the development of Siracusa, particularly in the tourism sector (though not always directly). See Table 4.

In the past decade, significant nonrefundable grant resources have been spent in Siracusa and its province. Certainly these resources have stimulated the general economy, supporting the implementation of policies directed at developing the city's natural and historic heritage, and giving strong incentives to develop tourism as the key to economic growth. According to some sources, the funding is also due to a favorable political climate at various levels of government, from the city to the province and all the way up to the EU. These bodies are sensitive to the needs of the area and are enacting direct interventions to stimulate the economic development of the area.

These funds, coming from organizations such as URBAN, PIT, PIR, and PRUST, are based on the partnership model—promoting the concerted action of the different stakeholders to intervene in the territory, not only in its physical structure but also in its human resources and organizational and financial capabilities. This attitude is one of consolidation and seems to bear positive fruits over time, as can be seen in the analysis of the city's management system and its movement toward an “integrative model.”

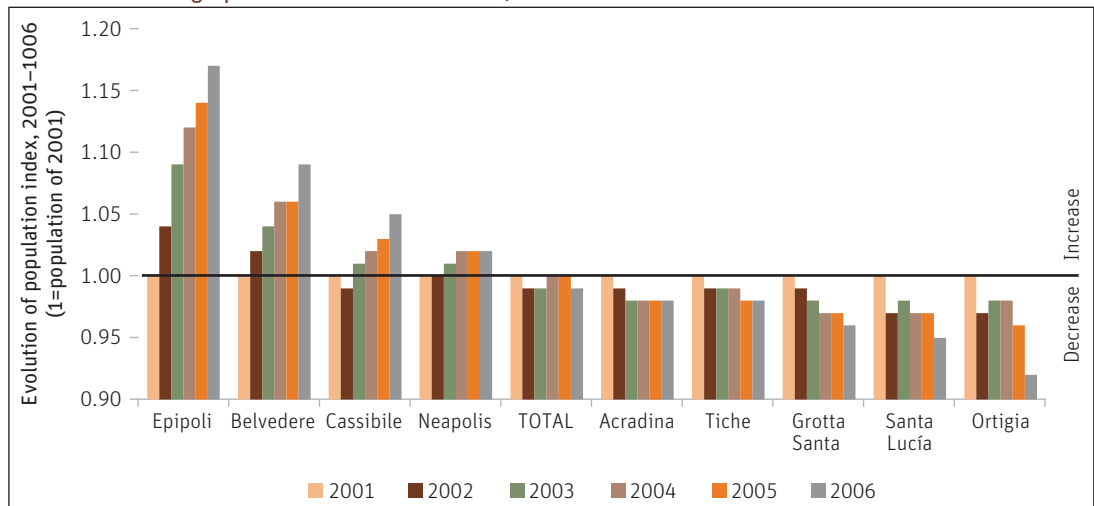
TABLE 4 | Other Funding Sources

Source of funding	Amount spent/allocated	Destination
PIT no. 9 “Ecomuseum of the Mediterranean”	Amount spent: about €27.8 million for 15 projects	Sections involved public structures for the tourism sector
PIT no. 28 “Hyblon-Tukles”	Funding: about €23.4 million	Sections involved public structures for the tourism sector; support for PMI (Public Ministry of the Interior) tourism sector, handicrafts, and a third sector
Measure 1.11 “Highly natural integrated systems”	Funding: about €2.5 million	Actions funded programming, planning, and implementation of ancillary structures for the use of the Natural Reserve (NOR) of Pantalica; restoration of the ex-stations of Pantalica and Giambra; restoration of the structure near the Anaktoron; pathways
Measure 1.4B POP Sicily 1994/99	Public funds distributed: about €9.0 million	Sections involved tourism and hotels
PIR (Integrated Regional Project) of the Sicilian Ecological Network (Natural integrated system of the Iblei Mountains)	Funding €840,000	Ventures during realization: restoration of the ex-station of Fusco, Villa delle Rose, Casello San Nicola, and Casello Bisanti (in the area of the RNO of Pantalica)
Agrarian Territorial Pact (Patto Territoriale Agricolo) of Val d’Anapo	Funding: about €7.4 million	Actions financed: system of aid for the PMI, strengthening tourism
Plan for Local Action “Leader Plus Hyblon-Tukles”	Funding: about €2.6 million	Actions in favor of the completion of the cognitive outline of the values, goods, products, and services that function toward the exploitation of the RES and the reallocation of the people of Hyblon and Tukles

Source: Author’s elaboration.

DEMOGRAPHIC SITUATION

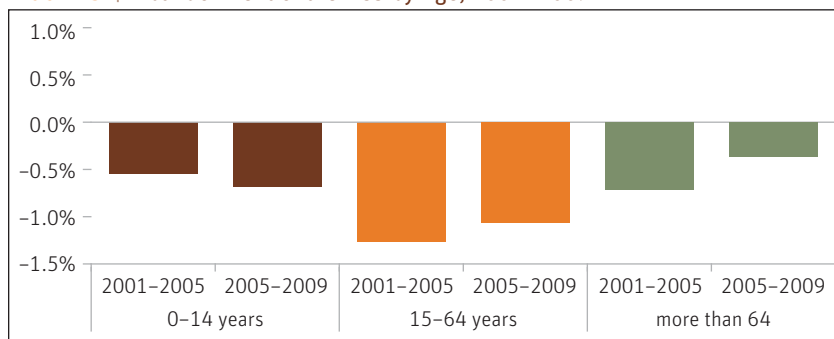
In terms of the effects generated by the strategies discussed, it is possible to analyze the recent demographic dynamics in Siracusa. The city’s overall population, as shown in Figure 4, marginally decreased between 2001 and 2006. During this period, the district with the greatest decrease in population was Ortigia, while the districts of Acradina, Belveder, Grotta Santa, and Neapolis grew at a constant rate. However, since 2006 there has been little fluctuation in Ortigia’s population, which is now around 4,700. The areas that tend

FIGURE 4 | Demographic Fluctuation in Siracusa, 2001–2006

Source: Author's elaboration.

to attract more people are those on the outskirts of Siracusa, where, beyond a large concentration of housing, there are new centralities around the large shopping centers such as Auchon and Carrefour.

A study of the demographic variables in Ortigia shows that residents between 15 and 64 years old, the age level that corresponds to the economically active population (EAP), are leaving the area at the fastest rate, most likely to seek better employment opportunities elsewhere in Siracusa (Figure 5).

FIGURE 5 | Abandonment of the HCS by Age, 2001–2009

Source: Author's elaboration.

Conversely, the elderly and families with children up to 14 years old are leaving at a slower rate; the assumption is that families want to maintain a stable residence when their children are young so they remain in Ortigia. Nonetheless, this must be weighed against the low birthrate in Italy in general.

INVESTMENTS IN TOURISM IN ORTIGIA

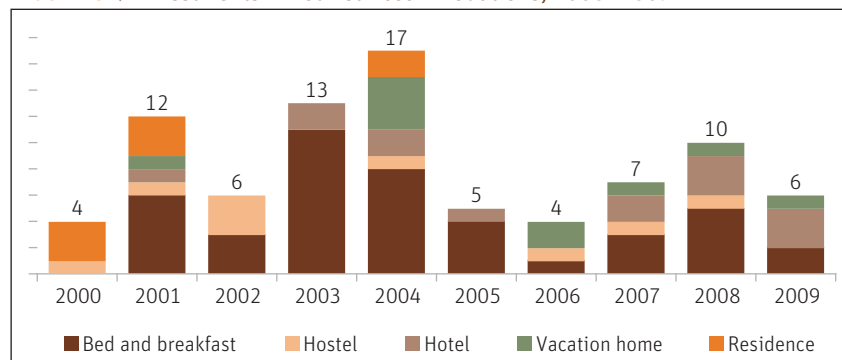
Out of a total of 214 tourist accommodations in the province, Ortigia alone lists 84, which includes a mixture of hotels, boarding houses, and bed and breakfast lodgings. This is the result of the support of POR Sicilia (1994 to 2000) and URBAN (closed in 2000), which helped to establish a new trend in terms of lodging, favoring the development of bed and breakfast lodgings and new hotels.

Recently, there has been an increase in investments in food services in Ortigia, with the opening (release of licenses) of restaurants and bars in particular, because tourism is becoming a significant and growing source of income for the city.

Tourism in Ortigia

Overall, the strategic choice to bet on tourism has been a winning one, and the increase in visitors, both Italian and foreign, to Siracusa in recent years

FIGURE 6 | Investments in Tourist Accommodations, 2000–2009

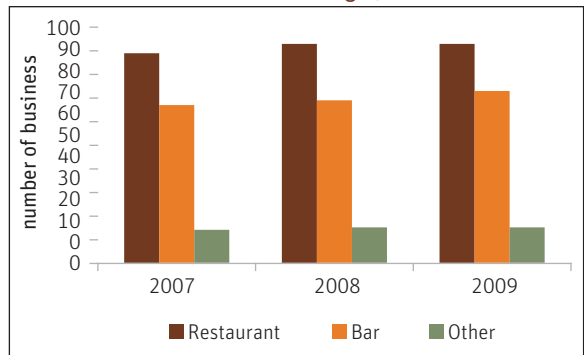


Source: Author's elaboration.

is proof (Figure 8). Of course there have been downturns in the tourism industry throughout Europe, but these can mostly be attributed to outside factors, such as the SARS epidemic and the events of 9/11. Also, the Italian national policy on tourism has become less competitive in recent years, with obviously negative results.

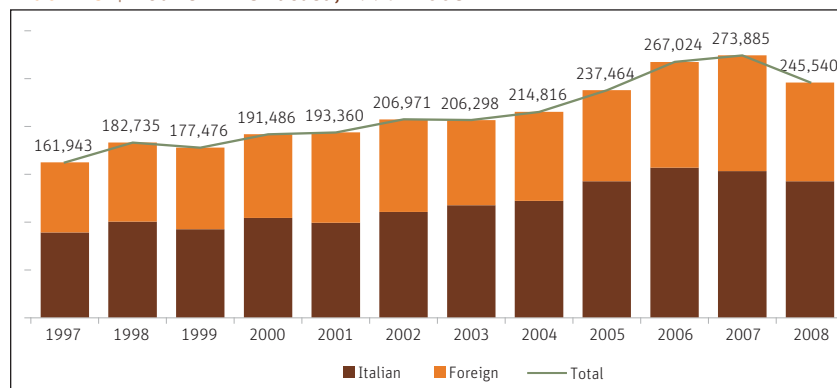
As mentioned, the flow of tourists into the area has been increasing and projections for the future are optimistic. The opening of the final section of the highway that connects Catania and Siracusa has facilitated the use of the Catania Airport for international arrivals to Siracusa; it also offers residents of Catania the chance to spend an evening in Ortigia (as they can now reach the city in less than an hour). However, limited data has been collected on tourists, which affects projections. There are no data on excursions to nearby tourist areas, such as Catania, Taormina, Modica, or Agrigento, which include side trips to Siracusa in their package tours.

FIGURE 7 | Food Services in Ortigia, 2007–2009



Source: Author's elaboration.

FIGURE 8 | Tourism in Siracusa, 1997–2008



Source: Author's elaboration.

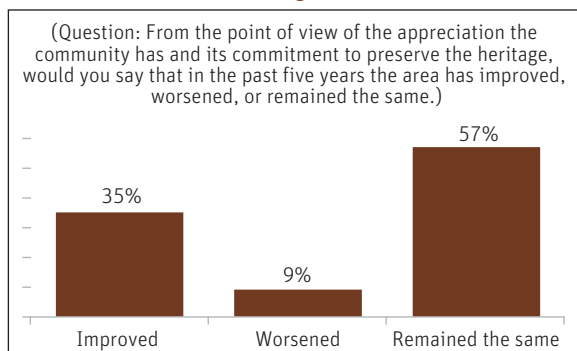
TABLE 5 | Stakeholders Surveyed

Stakeholders	Number of people interviewed
Business owners in the historic core	3
Local elected officials	4
Professional-Lawyer	1
Professional-Architect	1
Professional-Engineer	1
Professional-Journalist	1
Professional-Geologist	1
Property owners in the historic core	3
Residents of the historic core	2
Community leaders	3
Professional staff of municipality	3
Total	23

Source: Author's elaboration.

of the stakeholder groups in Syracuse but not of the population as a whole. There are contrasting views by residents about the rehabilitation process, as shown by their answers. It is interesting to see how interviewees view their community's commitment to preserving the heritage of Ortigia.

FIGURE 9 | Interview Question: The Community's Efforts in Heritage Preservation



Source: Author's elaboration.

IMPACT ON THE POPULATION

To deepen the studies of Siracusa's population, and as a substitute for information that is not directly available for the HCS, a survey was conducted via personal interviews on a sample of the population to verify the social impact of the rehabilitation process. To complete this level of analysis, the consultant held separate interviews with the stakeholder groups shown in Table 5. Following UNESCO guidelines, 23 people were interviewed. Table 5 shows the number of people interviewed in each stakeholder group.

Interviews were held during April and May of 2010. Both IDB and UNESCO believe that this survey is representative

Figure 9 provides a sample of their varied responses.

Clearly there was a tendency to report an improvement in this area, but also an observation of the permanence of the status quo, even though the interviewees noted an overall improvement in the physical conditions of the city's buildings (Figure 10).

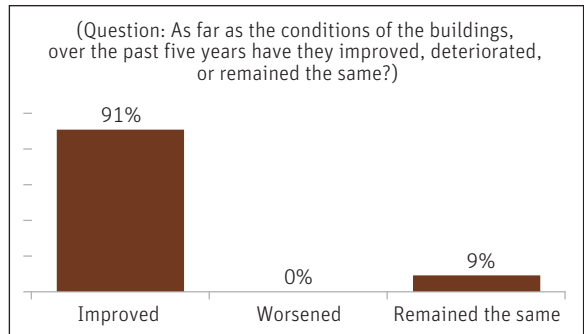
The respondents gave contrasting responses when questioned about the possibility of sustaining the city's heritage in the future (Figure 11).

Among the categories that were answered negatively, one in particular reflected the lost hope of tradesmen, who did not believe there could be significant improvements in a short time. The professionals surveyed blame the non-sustainability on an insufficient ability to organize. The functionaries and public employees associate the nonsustainability with a strong dependency on funds, which they feel will diminish. Based on the data, it is apparent that many residents do not believe that the conditions of the HCS are economically sustainable (Figure 12).

The justifications given by those interviewed who answered no or not certain were the insufficient ability of the administrators, the insufficient use of strategies to incentivize private investors, the hardships of the economic crisis, and difficulties in finding other sources of public funding.

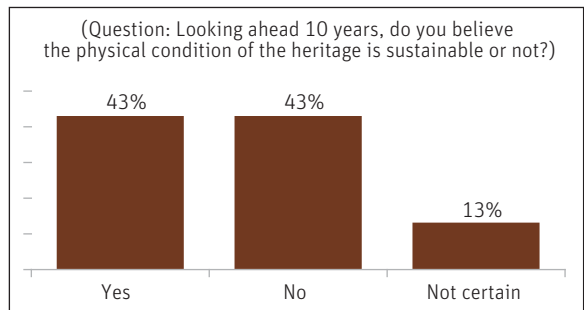
Another interview question had to do with the quality of life in the HCS (Figure 13). The results show clearly that it is seen as a good place to live, work, and relax and it is a safe place; however, it is not easy to reach. The respondents did not identify a leader in the rehabilitation and management of the heritage listed by UNESCO. The majority of respondents feel that the local government does little to sustain the area—and the national government does even less—while

FIGURE 10 | Interview Question: Building Conditions in Ortigia



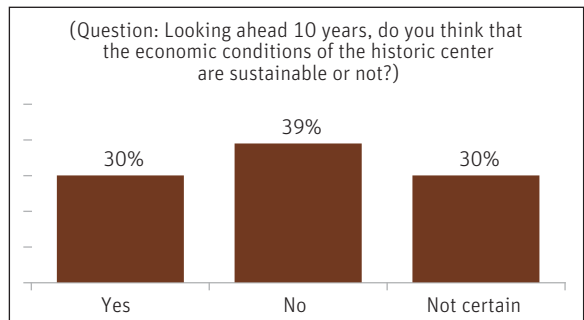
Source: Author's elaboration.

FIGURE 11 | Interview Question: The Sustainability of the Heritage



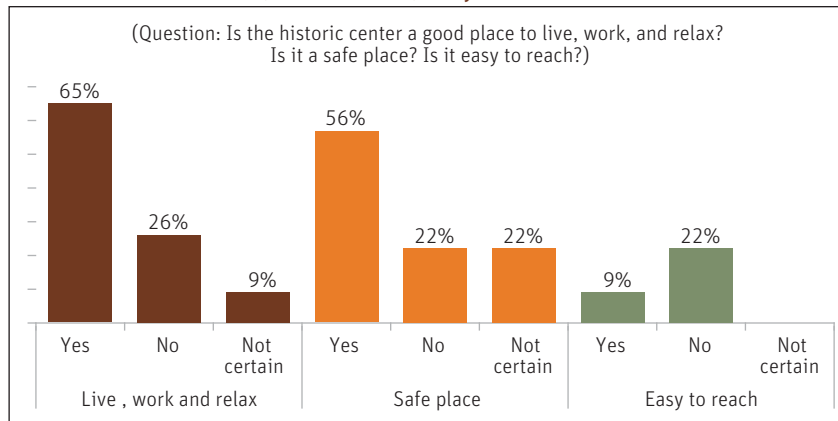
Source: Author's elaboration.

FIGURE 12 | Interview Question: The Sustainability of the Economic Conditions of the HCS



Source: Author's elaboration.

FIGURE 13 | Interview Question: The Quality of Life in the HCS



Source: Author's elaboration.

they do recognize a greater effort by the regional government. They did recognize that private individuals and groups support the HCS through investment in tourist activities and by sponsoring events.

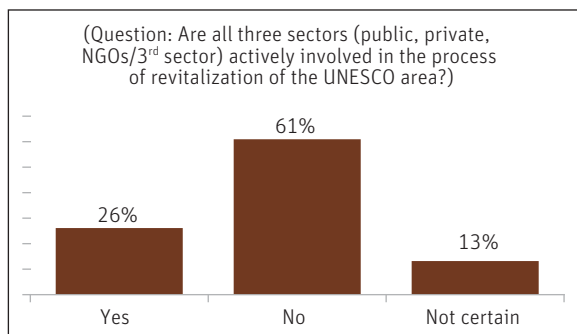
Another question had to do with the financial community's support for the rehabilitation efforts: the response was strongly negative. However, the local media strongly support the rehabilitation projects because they see Siracusa's inclusion on the WHL as an important resource for the city.

The views of those sampled show that there are no joint policies between the various participants in the rehabilitation and revitalization process of the

HCS. In terms of the respondents' knowledge of a system for monitoring economic changes in the territory, 65 percent of those interviewed responded that an auditing system capable of determining the impact does not exist. Lastly, the question regarding the existence of a policy that provides incentives for investing gave interesting results (Figure 15).

It is surprising, given the volume of funds used to revitalize the HCS, that more than 80 percent of those

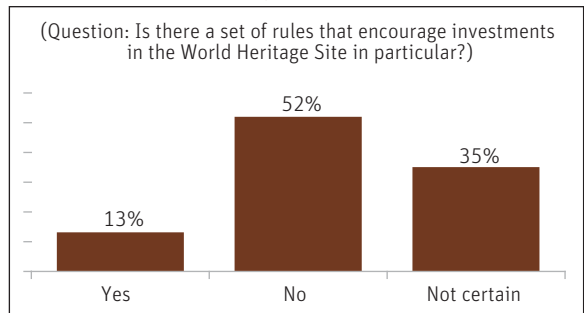
FIGURE 14 | Interview Question: Revitalization Efforts in the HCS



Source: Author's elaboration.

interviewed feel there is no real support system for its development. The greatest risk regarding the future of the HCS is, according to the sample, the lack of attention to, and the insufficient recognition of, the value of its inscription on the WHL (50 percent of those interviewed). Another risk is that there will no longer be funds and nonrefundable grants (25 percent) to support the preservation efforts. A few (15 percent) referred to risks beyond man's responsibilities (i.e., natural disasters). The remaining 10 percent answered that the risk lies in the inability to manage the change. In the end, however, almost all interviewees still recognize the value of the heritage area as a center for social activities (the Greek *agora*), declaring that the HCS is the privileged site for shows, protests, and other city-centered events.

FIGURE 15 | Interview Question: Investment Rules



Source: Author's elaboration.

CONCLUSIONS

The type of intervention adopted in Siracusa undoubtedly has permitted the achievement of the primary objective: starting the process of rehabilitation and, above all, the revitalization of the historic center, which reached a peak in 2006 with UNESCO's inclusion of the city on the WHL. The process, as shown previously, has stimulated—and continues to stimulate—economic and media interest that keeps the discussion about the territory alive (the active participation of the media in debates and discussions is proof). In fact, the model can be reproduced and transferred abroad (as Fontanari sustains) only—and exclusively—if the same fundamental steps are followed, thus allowing the same results to be obtained.

First, the creation of a central management office (the UCS in Ortigia) has made it possible to keep the management and strategic coordination of the process in the hands of technicians. This point presents some negative aspects in terms of the “democratization” of choices, which depend heavily

on the political process and can influence the deadlines for the completion of activities. In any reproduction of this model, one objective would be to place more attention on this aspect, with more emphasis on technical independence, thus reducing political pressure.

Second, a detailed urban development plan has been established for the historic area that defines three important elements: i) the limits of the intervention, or better, the geographical limits of authority, ii) the characteristics of the heritage site and the exact definition of the policies and criteria of the intervention; and iii) the functions compatible with the historic urban fabric in order to localize the large homogeneous areas of intervention under a single strategy.

Third, the use of pilot projects for the recovery of important historic buildings has proven to be a winning move. It gave a symbolic (but also functional) value to the restoration—on one hand, raising the city's image, and on the other, quickly stimulating the creation of economic ventures that revitalize the historic city.

Fourth, various types of funding have been used to avoid using only public funds. These funds are exclusively for the physical restoration of buildings, but attract and promote the development of productive activities.

Fifth, there has been a streamlining of the procedure for using and managing the funds (though the implementation of the law for the restoration of private property has suffered from bureaucratic slowdown), and the contribution of private capital—the so-called cofinancing—has helped reduce the dependency on nonrefundable grants.

There is still much to do to modify the model and mold it into the most suitable form to adapt to the local reality. The greatest risk—which was limited as much as possible by setting up offices and other types of tertiary activities—is that of turning Ortigia into a “theme park,” which is caused when an excessive use of policies focused on tourist development is not balanced with policies that make the area an attractive place to live and work for its citizens. Residents fear that the city and surrounding seaside towns have become a beach-resort destination and that this type of seasonal tourism will have a negative effect on residents. This could also distance the residents in favor of foreign investors (for years American and British residents have been buying up homes in Ortigia). However, while these investments could

make Ortigia an area of definite historic and architectonic value, it may lack the added value of local culture, which is part of the intangible elements of heritage.

Current Tendencies

In the current phase of reform, there is a new model that widens the spatial horizon of the intervention efforts. This is partially the result of the variety of historic and architectonic sites that exist in all of southeast Sicily, and partially of the EU's preference to address poles and strategies, promoting the creation of districts.

The Region of Sicily has recently created a line of financing for those territories that, for thematic reasons or for reasons of homogeneity, can be grouped together to form a district. In the case of Siracusa, authorities are thinking of creating a UNESCO cultural district, which would put together not only the existing heritage sites, but also all of the historic and architectonic resources of the region. This would strengthen the negotiating capacity for funds that will be spent in the next program, and it would help implement unambiguous policies of development, conservation, and requalification for the entire territory.

The new association that should cover the district is called the Southeastern Cultural District Association. Its charismatic leader is Superintendent Mariella Muti. It covers all the communities that are UNESCO World Heritage Sites, including previously recognized sites in Italy and places outside the province. In this new scenario, reproducing the new positive model for Siracusa is fundamental, as is creating a dynamic monitoring system for tracking the effects of the development policies to know the results and, in the shortest time possible, the effects of the events that could cause changes in the strategy.

The static criteria of monitoring (often incomplete or nonexistent), which capture the situation ex-ante and evaluate the results ex-post, could be inefficient and ineffective for reaching the proposed objectives. Consequently, they could generate a series of equivocal results, particularly as far as public opinion is concerned. Often, the public expresses great expectations when an initiative is proposed, but, during the course of the work, loses enthusiasm

simply because the process is too slow when the results are not favorable. A glaring example is the effect on the funding for restructuring private property—less than 50 percent of the requests were granted, and there were delays of more than eight years.

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Verona Italy

Sergio Stumpo



General view
of the historic
center of
Verona.

*Photo by
Eduardo Rojas*

The City of Verona is in the northeast of the Italian peninsula in the Region of Veneto. It is the capital of the Province of Verona, which borders the Province of Trento to the north, the Provinces of Vicenza and Padua to the east, the Province of Rovigo to the south, the Province of Mantua to the southwest, and the Province of Brescia to the west. Veneto is among the most economically advanced regions of Italy. Small and medium-sized farms specializing in the production of grain—particularly corn and soy—and fruit, characterize the agricultural sector. The cultivation of grapes and the production of wine are centuries-old traditions in the area. Moreover, the raising of cattle, pigs, and poultry is fundamental to the economy of the region, as are saltwater fishing, saltwater fisheries in the lagoon, and shellfish culture.

In the Province of Venezia (which specializes in energy production), the industrial sector includes thermoelectric plants, petroleum refineries, chemical production, synthetic fiber production, and shipyards. The Provinces of Rovigo and Verona are home to food-based industries and Vicenza specializes in cloth, furs, leather, and gold. The Province of Padua focuses on the metal and mechanical industry, while the Province of Belluno is a world leader in the production of eyeglasses. Finally, the Province of Treviso produces household appliances and furniture, as does the Province of Verona. Significant portions of the agricultural and industrial products of the Veneto Region are exported.

The region's service sector includes commerce, banking, insurance, and—of major commercial importance—tourism, among other activities.

FIGURE 1 | Provinces in Northeast Italy



THE CITY OF VERONA

Verona is a splendid example of a fortified city that has developed progressively and without interruption for over two thousand years, integrating artistic elements of great quality from each of the successive periods of European history. The city has had a complex development

process. The Roman walls that surround the heart of the city between the Borsari and Leoni gates, the walls of Gallieno, and the internal ring—which includes Renaissance blockhouses completed under the Austrian occupation—marked the division between the Roman and modern parts of the city until the end of the 1800s.

Although the city developed over diverse periods of history, the urban plan of Verona is based on the Roman city, the remains of which are still visible. It is still possible to distinguish the medieval city center, even though it contains more recent buildings (from the Renaissance and the 18th and 19th centuries); the Veronetta and San Zeno Districts, composed entirely of buildings from the low medieval period; some areas outside the walls with villas and buildings built in the Baroque era; and the industrial area of Borgo Roma, built at the beginning of the 20th century. The modern city developed without affecting the urban structure inherited from previous periods.

Verona still has five sets of visible walls built in different periods. Until the 1800s, the city grew cramped within its walls; however, with the arrival of the 19th century and industrialization, Verona slowly began to lose its role as a fortress. The first modern quarters of Verona were Borgo Trento, constructed in the bend of the Adige River, and Borgo Roma to the south, where the first industries started. The other districts began to develop only after World War II, but did so without touching the historical urban city structure, instead using available vacant land. By the end of the war, Verona had been partially destroyed (about 40 percent of its structures were damaged) and was therefore included in the list of cities that had to adopt the Reconstruction Plan (Greggio, 2002). In 1947, this plan, with a mandate to rapidly rebuild demolished areas, was approved.

In a short time—and with significant investment—homes, streets, aqueducts, and electrical lines were restored and new bridges replaced the temporary gangways erected over the Adige. These

FIGURE 2 | 1947 Plan of Verona



large public works projects were a significant stimulus for the revitalization of the city of Verona. Plans were implemented for social housing and, in 1947, the master plan was developed and entrusted to architect Plinio Marconi. The plan promoted the relocation and development of the industrial zone to the south of the city. The plan also provided for the transfer of certain activities out of the city center, including the fairgrounds, stockyard, and slaughterhouse. These were moved from the Cittadella Quarter to the area south of the city, where warehouses had been located since 1924. Thus the area was designated as an Agro-Industrial Zone (AIZ). The plan included the transfer of public and private offices to the vacant areas in Cittadella, which made it possible to move the city's business district from Piazza delle Erbe (located in the most historic part of the city center) to Piazza Bra and Piazza Cittadella. Finally, new access roads were planned for the Cittadella Quarter, in particular a street that connected the train station of Porta Nuova to Piazza Bra (via Valverde).

The 1947 plan considered the historical center an integral part of the city; both its function and physical structure were to be conserved. To this end, the plan redirected new construction to other areas of the city. The themes contained in the plan foreshadowed the urban development principles contained in the 1958 General Regulatory Plan (GRP) (Occhionero and Raimondi, 2002).

The process of formulating and approving the GRP began in 1954. A key objective was to control the disorderly urban expansion in the periphery (Piano Regolatore Generale, 1954). By the end of the 1950s, the postwar phase of reconstruction had ended. Between 1951 and 1961, the population of the city increased by 23.4 percent, and 20,000 dwellings were built. The most significant change concerned the economic structure, which expanded as a large number of people moved from the agricultural to the industrial sector. This movement followed the renewal of the market, the modernization of factories and infrastructure, and the development of essential services for residents, a further pull factor in the rural-urban population drift. The GRP focused on these solutions to three problems:

1. Guiding the future growth of the city, structuring areas of expansion (residential and nonresidential);

2. Organizing traffic through the city; and
3. Rehabilitating the historic city center.

With the institution of the AIZ outlined in the plan, the direction of city growth turned southward. Public and private offices moved to a section of the Historic Center of Verona (HCV)—the Cittadella district; this move consolidated the transfer of the business area from Piazza delle Erbe (in the Citta Antica district) to Piazza Bra (toward the Cittadella district), thus reducing development pressure on the oldest and most valuable part of the city.

The objective of protecting and conserving the HCV was integral to the urban plan for the city, which proposed major streets to connect various parts of the area (Mediana in the southern part of the city and Torricelle Galleria to the north). In terms of the plans for the old center, the intent was to facilitate the flow of traffic toward Piazza Bra—the new heart of the city. The various interventions for the old city were conceived with the intention of not altering its structural and architectural character. The proposals carefully planned the restoration of the Roman east-west *damera* open spaces, taking advantage of the extensive demolition of buildings that occurred in areas that were heavily damaged during the war to widen the important streets that cross the area (such as via Cappello and via Stella) and to build parks and parking lots (Corte Nogara and Piazza S. Nicolo). Finally, various projects in the Veronetta Quarter opened up a ring wall to create a direct connection between the Campofiore zone (where the university is situated) and the Ponte Navi Bridge and to open a tunnel between the upper part of Veronetta and the Borgo Venezia Quarter.

The plan to protect and conserve the HCV are entrusted to a system of regulations and monitoring institutions; the main objectives are to develop interventions to cut down on traffic, redirecting it beyond the cramped and inadequate Roman street pattern; to establish self-sufficient areas for expansion; and to construct bypass roads on the outskirts. Importantly, the plan provided for the creation of a new central space in the Cittadella Quarter—Piazza Renato Simoni. The direct connection between the Porta Nuova train station and Piazza Bra with Corso Porta Nuova or via Valverde encouraged businesses, such as those offering banking and insurance services, to locate on these streets. The designation of the Cittadella Quarter as the business hub

FIGURE 3 | 1975 Plan of Verona



(both public and private) and the creation of the AIZ in the southern part of the city are responsible for the growth of the residential neighborhoods in that direction (Occhionero and Raimondi, 2002).

The plan was later changed. First, the general variant (Variante Generale; 1966–1975) to the 1958 GRP came from the need to adjust the plan to Law no. 167 of 1962 and to the social, economic, and physical changes that Verona had undergone. Between 1951 and 1961, Verona experienced one of the greatest economic and industrial booms in Italy, which led to an enormous increase in the population.

The expectations of the 1958 GRP were made obsolete by both the increase in population and the construction of major infrastructure (the Brennero and

Serenissima freeways), which significantly affected the city's structure. As a result of the general improvement of economic conditions and income during the 1950s, people had been moving out of the old, decaying center—the original Roman city—and from Veronetta.

Between 1951 and 1971, the population of the old quarters decreased, and the buildings were used as shops, offices, and other workplaces. The movement of the population to urban growth areas on the outskirts led to rapid exhaustion of the land available for development in the new residential areas designed in the plan, prompting the search for new building areas—and a steep increase in their price (the areas destined in the regulatory plan for industrial use were practically used up by 1962).

Briefly, the general variant contained provisions to consolidate the development of the city southward and introduced the Economic Popular Building Plan (Piano Edilizia Economica Popolare) zones, while answers to questions about the HCV were put off to a future safeguarding plan for the city center.

In 1984, the city passed Variant 33 for the Historical Center, the objective of which was to allow, on a case-by-case basis, rehabilitation and reconstruction in the HCV by private parties. Variant 33 loosely defines the intended use of public buildings, but offers very little guidance on the intended use of private buildings, other than the instruction that in cases of a change in use, residential use of a building should be favored. Moreover, Variant 33 does not mention the problems of roads, pedestrian access, and parking, which are fundamental issues in defining the new role for the HCV.

VERONA, WORLD HERITAGE SITE

The historical city, founded in the first century BCE, experienced periods of expansion in the 13th and 14th centuries under the Scaliger family and from the 15th to the 17th centuries under the Republic of Venezia. Verona is an exceptional example of a fortress town and has retained a significant number of ancient monuments, as well as those from the medieval and Renaissance periods;



Main Square, the heart of the historic center.

Photo by Eduardo Rojas

it is a city rich in culture and art. On November 30, 2000, the HCV was added to UNESCO's World Heritage List (WHL) based on list Criteria ii and iv:

- Because of its urban structure and architecture, Verona is an outstanding example of a town that has developed progressively and uninterruptedly over two thousand years, incorporating artistic elements of the highest quality from each succeeding period.
- In an exceptional way, Verona represents the concept of the fortified town at several seminal stages of European history

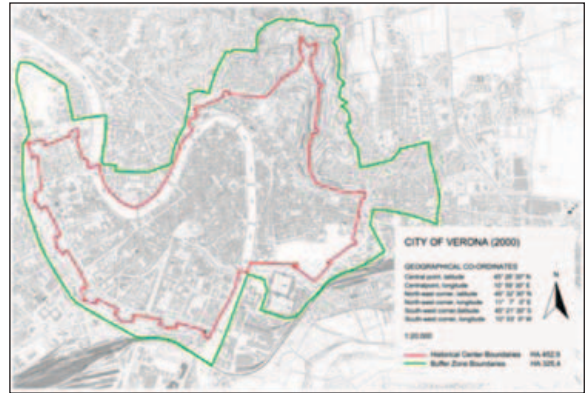
Verona was the 29th Italian site included on the WHL, the fourth in the Veneto Region; Verona was listed three years after the Botanical Gardens of Padua were listed. There are now five sites from different provinces in the Veneto Region on the WHL. UNESCO recognition is certainly understood to be prestigious on the international level and is a point of pride for the local community. Above all, this recognition indicates a clear responsibility of all citizens—from the public administration at the various levels of government to the informal groups that live and work in the territory—to preserve, carefully use, and strengthen the coherent uniqueness of the site so that present and future generations may enjoy this heritage, which is closely linked to the cultural roots and identity of the city's inhabitants.

EVALUATION OF THE IMPACTS

The Historical Center of Verona has long been the vibrant core of the economic and social life of the city. The contribution of the UNESCO recognition to the identity of the citizens complements this function. The most important result of UNESCO recognition is the stimulus it gave to the renewal of urban planning tools for the city center's preservation and development. The renewal plan has as its starting point the understanding that Verona is the nucleus of a developing "metropolitan area." The details of the plan are discussed later in this paper, but it is important to underline the fact that the value of this heritage is recognized not only by the resident population but also by the rest of the world.

This recognition, however, does not shield the site from criticism about how its heritage is administered and protected. Control of the rush by private investors and foundations to finance the restoration lies in the hands of the Councilors' Office of Culture, which is run by a single person. The limited capacity of this office to inspect restoration work shows in the limited quality of some of the rehabilitations completed.

FIGURE 4 | The World Heritage Historic Center of Verona and its Buffer Zone



NEW DEVELOPMENT MODEL

After World War II, Verona became aware of its growth potential and attempted to direct its urban development in a radial pattern along the roads to Bologna, Mantua, Milan, Trento, and Venice. The roads that shaped the city and turned it into an important strategic hub are no longer those near the river and the historical center, but are instead the two freeways that cross the city: the Milan-Venice (A4) east-west highway and the Brennero-Modena (A22) north-south highway. These two routes make the city a crucial logistic junction, a role reinforced by the installation nearby of infrastructure of national and international importance.

Over the years, the Verona countryside has registered sustained demographic, economic, and physical growth as it has taken advantage of its proximity and strong connections to the city. This development has produced negative effects as well, however. Some towns (particularly those near southern Verona) have not developed sufficient services and infrastructure (they are “bedroom” communities); they have instead taken advantage of their nearness to the wide variety of services available in the city.

This situation contributes to traffic problems; in fact, in recent years there has been significant demographic, urban, and industrial development that has increased the traffic (both trucks and cars) on the main roads, where

it was already quite heavy. This congestion is evident in the area to the east, where settlements along the main roads (industrial and residential) are concentrated. The recently constructed East Bypass provides an example of the problems faced by people traveling on the roads within the first and second growth rings of the main city: within two to three years of opening, it was already swamped with traffic from neighboring towns.

In March 2003, the city council presented an idea for a strategic plan for the City of Verona. The initiative came from the need to involve people and groups interested in preservation efforts (associations and institutions, both private and public), who until this point had not been able to discuss the future of the city around an institutional table. The objective for these groups was to draw up a strategic document, *Verona 2020*, an ambitious long-term project that, in reality, begins a new process of shared governance. In brief, the objectives of the plan are as follows:

- Create greater cohesiveness among the social “actors” in the territory so each can contribute to redefining the identity of the community;
- Identify shared ideas regarding options for physical, economic, and social growth and establish learning processes to strengthen awareness and local identity;
- Based on these shared ideas, launch processes to attain common goals and include them in the plan; and
- Define strategic priorities to guide medium- and long-term development.

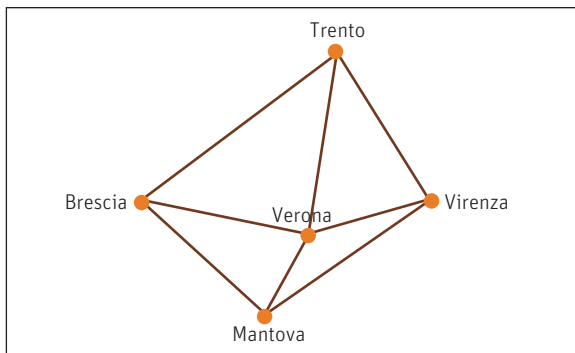
The plan’s methodology includes:

- Drafting a plan with the participation of the citizens;
- Setting up the Urban Center, a permanent exhibit about the strategic program, in the Gran Guardia building;
- Creating a Web site and blog dedicated to the plan; and
- Organizing regular meetings with the associations and those involved in the implementation of the plan so they can discuss the main issues and options.

This development model, based on a strategic plan agreed to by the community, inverts the practices of the past, which were based on “top down” programming mechanisms. The plan also uses planning methods typical of the 1990s and later, based on the involvement of the citizens in defining the long-term (2020) shape of the city. Verona’s strategic plan is considered a national and international best practice. The cost of the plan, estimated at about €600,000, was entirely financed by the local government. An initial meeting, which involved about 80 local people, determined the policy areas in terms of strategic planning, which led to the definition of the following goals for the strategic plan of Verona:

- a. *Environment and territory*: Make Verona a metropolitan city with sustainable development through a multiyear program focused on saving energy, developing a city public transit system, and setting up a series of parks to create a green belt around the city.
- b. *Economy*: Develop an economy of knowledge and high-level services, promoting the localization of industries of excellence; foster creative interaction between firms and the university to favor research and innovation; create a concerted system of work-related training; and attract a creative workforce.
- c. *Culture*: Make Verona a European city of culture, creating new places for cultural production and consumption for youth and increasing cultural offerings with new initiatives and a web of new cultural spaces.
- d. *Welfare*: Create a new welfare system for a supportive city that increases social capital, implementing protection services for the elderly and other vulnerable groups, creating interpersonal and social networks to create a welcoming city that prevents urban loneliness, and put in place mechanisms to support local families, especially those with single parents.
- e. *Laboratory of youth policies*: Involve public and private agencies that deal with youth in the metropolitan area, strengthening the connection between the programming and implementation of interventions and the activities dedicated to youth.

FIGURE 5 | The Network of Cities



Source: Cities in the Adige/Berico/Garda Network (2005).

Initially, the fifth axis was the Network of Cities, intended to develop and consolidate systems of cooperation and territorial alliances with other provinces and regions. The city council, however, later decided that such a project required its own study and programming and should be followed up outside the strategic plan due to its complexity. It was replaced with the Laboratory of Youth Policies, while the administration (through the mayor) initiated dialogue with provincial institutions in the surrounding cities of Brescia, Mantua, Trento, and Vicenza to establish a variable polycentric network with centers of equal importance (Figure 5).

The idea was to create a wide area composed of medium-sized cities in a territory containing about 3.5 million inhabitants—larger than the Turin area or the central Veneto area (PA-TRE-VE: Padua, Treviso, Venice) and second only to Milan (Figure 6). Creation of such an area would promote a territorial system that integrated a flow of people, merchandise, economic resources, culture, and tourism within the cities with the use of resources such as railways, freeways, ports, and airports that link universities, fairs, and the natural artistic heritage areas.

The city council began to speak of Verona for the first time as a reticulated metropolitan area; that is, a connected network of settlements located in the city's first and second suburban "rings." The area had a population of 500,000 inhabitants, equal to about 55 percent of the population of the entire province. In this network, Verona would be the central

FIGURE 6 | The Adige/Berico/Garda Area



Source: Cities in the Adige/Berico/Garda Network (2005).

core, reinforcing its role through urban planning and the integrated use and development of its cultural heritage, transportation systems, and services. The council of mayors assumed a fundamental role in the implementation of the strategic plan, reaching an agreement signed by the City of Verona and the surrounding 22 communities. This became the instrument to develop the plan, examining in advance all the propositions and projects regarding the policy areas previously identified. The implementation of the development plan unfolded in the following eight phases:

1. *“Hearing the city”*: A series of roundtable discussions and interviews were held and a blog and other means were used to communicate with the citizens.
2. *The “vision” document*: Prepared three months into the process, the draft compares priorities and goal-setting.
3. *Choice of the strategic areas*: The five areas—culture, territory, welfare, economy, and network of cities (subsequently replaced by the Laboratory of Youth Policies)—were addressed by five programming tables, each with a coordinator chosen from among leaders in industry, the academic world, and the nonprofit sector. Each table had to delineate a scenario for its theme, along with its macro-objectives. Each also had to identify the most crucial projects (“flag projects”)—those that represented a series of concrete initiatives to achieve the goals of the strategic axes of the plan.
4. *The record of agreement*: Several institutions agreed to participate in the various phases of the work to draw up, within the year, a general document as a basis for the strategic plan for the city (2003–2020). The signatories included Catullo Airport, Apindustria Industrial Association, a group of local artisans, medical associations, Ulss 20, Confcommercio commercial association, Confcooperative, Italian Agricultural Association, National Confederation of Artisans, Confesercenti Association, Zai Consortium, University Consortium, Dioceses of Verona, Festival of Verona, Provincial Federation of direct Cultivators, Arena Foundation, Cooperative League, Provincial Union of Artisans, and unions (Cgil, Cisl and Uil, and subsequently the CCIAA Union).

5. *Working groups*: Using their experience and abilities to find solutions and define future scenarios, these groups, which included experts on the key issues, drafted and completed the program document.
6. *Elaboration of the program document*: The program document contained the strategic actions and projects chosen by the working groups. The 100 project ideas were filtered to identify 18 flag projects.
7. *Conference on the strategic plan*: The program document and a file containing the flag projects were presented at a two-day conference (January 23–24, 2004) that was open to the public. The conference also stimulated formal agreements with other Italian cities to form partnerships at the national level.
8. *Administration and implementation of the plan*: The last phase of the strategic plan was the implementation of the 18 flag projects presented at the conference, starting in February 2004, which gave the strategic plan immediate validation in the eyes of the citizens.

The implementation of this plan represented a milestone in urban planning in the City of Verona. The plan presents the concept of a metropolitan area and influences other planning documents, such as the Territorial Plan (PAT), and in fact changes the General Regulatory Plan, which is out of date. The flag projects include the following:

- *Polo Finanziario (financial pole)*: Birth of Polo Finanziario s.p.a., the operating company that will create the financial center in the area of the former fruit market in the City in Verona South.
- *Veronetta*: Inauguration of the Casa di Ramia (Ramie House), a multicultural center dedicated to the women of Veronetta; presentation of the socio-urban rehabilitation of Veronetta within the Bando per Contratti di Quartiere II (Call for Contracts in Neighborhood II); and realization of the Metropolitan Art Crew project (MACART), a project aimed at 14- to 18-year-olds in the Veronetta Quarter.
- *Contracts for Quarter II Borgo Nuovo*: Signing of the agreement with the minister for the disbursement of the funds established in the Contracts for Quarter II program.

- *Alzheimer project*: Inauguration in Borgo Roma of the operative center of the Alzheimer Project to assist those who have this disease.
- *Local society, school, and education processes*: Implementation of courses for teachers at the new Comprehensive Institutes of Verona on the transformation process set up by the Plan; activation of experimental Internet services for these institutes.
- *Agenda 21*: Creation of the Forum of Stakeholders that contributed to the elaboration of the Agenda 21 Plan of Local Action.
- *Youth productions*: Establishment of the Fund for Youth to support creativity and productivity in young persons; realization of a festival of productions by youth.
- *Urban Museum of Verona*: Formulation of an administration plan for the historic center.
- *Experimental project for the absorption of graduates by industry*: Joint program by the University of Verona and the Office for Labor Policy of Verona to supplement the traditional classroom education of graduating students with training and one-year work contracts at local industries and businesses.
- *Corporate social responsibility*: In 2004, the City of Verona signed an agreement on corporate social responsibility with key industries and institutions created under the sponsorship of the local Committee of UniCredit, which unites key participants (AGSM, AMIA, AMT, APTV, AGECE, Aeroporto Catullo Verona, VERONAFIERE—Ente autonomo per le Fiere di Verona, Consorzio Z.A.I., Fondazione Arena di Verona, VERONAMERCATO, Università di Verona, Comune e Provincia) to implement a joint project of local sustainable development. The project has the sponsorship of the local Committee of UniCredit, and the City of Verona implemented a system to support the four agencies involved in promoting social responsibility in industry and government (AGSM, AMIA, AGECE and AMT).
- *Development of e-government*: The projects Demoracolo and E-democracy, together with the strategic plan, obtained cofinancing from the Ministry for Innovation and Technology to implement e-government initiatives.

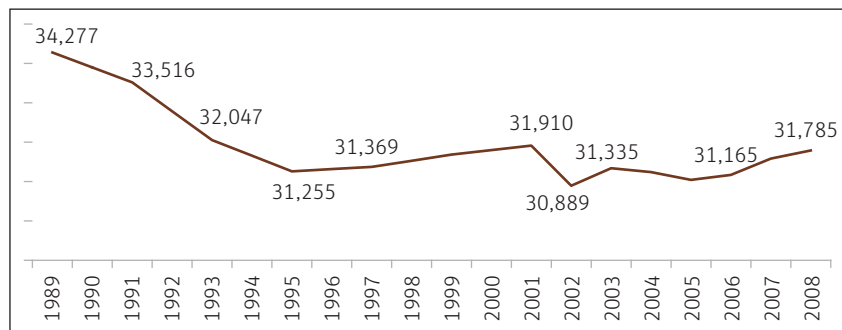
- *Arsenal project*: In 2006, the city council approved the master plan for the rehabilitation of the old Austrian military arsenal.
- *Verona, City of Peace, City of People*: City support for initiatives directed to the development of human and social capital in the city (cooperation, international solidarity, culture, and educational development).
- *Territorial marketing*: Participation in the Small and Medium Enterprises (SMEs) in 2004 and 2005; creation of the show Verona in Love.
- *Verona, City of Children*: Creation of the Council of Boys and Girls.

The Strategic Plan's priority axes and projects are coordinated with the urban planning proposals contained in the PAT, which the city council approved in April 2006. The vision of Verona as a metropolitan area strengthens the role of the HCV and was supported by one of the 18 flag projects (Urban Museum of Verona).

DEMOGRAPHIC SITUATION

The flow of population out of the Historic Center of Verona into the outskirts between 1989 and 1995 (Figure 7) follows the classic pattern of cities expanding through the construction of new buildings on the periphery. This flow stopped in 1995, and the population of the HCV has stabilized in recent years (2002–2008) to 12.1 percent of the total city population (Table 1). In 2008,

FIGURE 7 | Residents in the HCV, 1989–2008



Source: Author's elaboration.

TABLE 1 | Percent of Population Living in the Historic Center of Verona by Neighborhood, 2002–2008

	Resident Population					
	2002		2008		Change	
	Value	%	Value	%	Value	%
Citta Antica	8,981	3.5	9,165	3.5	184	2.1
Cittadella	7,040	2.8	7,161	2.7	121	1.7
San Zeno	4,633	1.8	4,800	1.8	167	3.6
Veronetta	10,235	4.0	10,659	4	424	4.1
Historical Center total	30,889	12.1	31,785	12	896	2.9
Homeless	477	0.2	224	0.1	-253	-53.0
Total City of Verona	255,673	100.0	265,368	100	9,695	3.8

Source: Author's elaboration.

the most populated neighborhood was Veronetta, with 10,659 inhabitants, followed by the Citta Antica zone with 9,165, Cittadella with 7,161, and San Zeno with 4,800.

Daily Movement of Residents and Tourists within the Historic Center of Verona

Using data from different sources, it is possible to illustrate the daily movement of people in and out of the HCV. The data show that the HCV is heavily used, to a point that may become problematic for its sustainable preservation. Data on residents and average daily nonresident users confirm the situation of overcrowding in the city, especially in the HCV. As of December 31, 2007, there were about 31,500 residents living in the HCV; every day, they share this space with an average of 11,400 tourists and 17,200 other citizens (i.e., shoppers and workers from other areas). The flow of tourists to the HCV increased continuously between 1997 and 2008; an average of 55 percent of this flow was made up of foreign travelers (Table 2). About 48,000 people move around the HCV per day. However, it must be remembered that the figure calculated for tourists is based on an annual average. When there are big events in Verona the ratio reaches 2.3 tourists per resident.

TABLE 2 | Tourism in the Historic Center of Verona, 1997–2008

Year	Italian			Foreigners			Total		
	Arrivals	% total	Average nights	Arrivals	% total	Average nights	Arrivals	nights	Average nights
1997	206,861	44%	2.35	267,170	56%	2.18	474,031	1,066,988	2.25
1998	204,821	42%	2.31	282,294	58%	2.22	487,115	1,100,659	2.26
1999	225,861	43%	2.30	298,484	57%	2.19	524,345	1,174,781	2.24
2000	231,618	42%	2.32	316,511	58%	2.21	548,129	1,236,475	2.27
2001	235,293	40%	2.44	346,103	60%	2.32	581,396	1,377,164	2.38
2002	222,905	46%	1.83	265,055	54%	2.13	487,960	972,714	1.99
2003	243,990	47%	2.40	277,818	53%	2.70	521,808	1,334,789	2.56
2004	244,904	45%	2.61	304,081	55%	2.36	548,985	1,356,985	2.47
2005	243,412	45%	2.66	297,921	55%	2.56	541,333	1,409,187	2.60
2006	275,580	46%	2.53	320,462	54%	2.48	595,042	1,490,065	2.50
2007	276,033	45%	2.45	342,138	55%	2.30	618,171	1,464,005	2.37
2008	278,390	45%	2.36	334,313	55%	2.19	612,703	1,388,119	2.27

Source: Author's elaboration.

Concentration of Commercial Businesses

The building of large commercial areas began in the 1970s, and the trend has continued to grow over the years. These areas are on the outskirts of the city, although closely connected to the historical center and with easy access to it. These structures (malls) have become not only centers for shopping but also for socializing and recreation. The City of Verona has always been the point of reference for the area, both socially and commercially; therefore, builders of large chain stores prefer the city. In 2000, in the Province of Verona, there were more than 152 square meters of commercial space for each 1,000 inhabitants; the Italian average is 60 square meters.

From the point of view of supply, the big food distribution chains seek to gain economies of scale, particularly in logistics, and to supply the growing demand stemming from the greater buying power of consumers in the Verona metropolitan region. In this region, per capita income is 1.2 times that of the

average Italian, consumption is 30 percent higher than the national level, and the rate of development is 17 percent higher than the national average.

The depopulation of the HCV has had a direct impact on commerce. In the 1980s, there were about 1,000 shops in the old city; by the beginning of the 1990s, there were 800; between 1998 and 2000, over 200 retail shops closed (many shops took advantage of the financial advantages granted to closures through so-called “scrapping” of licenses).

The old part of the city has seen a slow but sustained decline in its role as the commercial heart of the province, maintaining a strong function only as a financial, political, and administrative center, while at the same time retaining (and strengthening) its cultural and recreational role. In 2008, there were 1,424 businesses in the HCV for more than 7,000 citizens, a density of 3.14 businesses per hectare, compared with 0.36 in the rest of the city.

According to the ATECO classification (an activity and economic code), professional offices, insurance companies, information-related businesses, and consulting firms have a significant presence in the HCV: together, they represent 61 percent of the total number of businesses there. Out of a total of 3,097 businesses, 2,346 are professional offices. There are 911 offices that offer legal and notary services, 419 focused on taxes and accounting, 391 that provide health-care services, and 378 that specialize in architecture. There are also 343 freelance consultants; 267 offices in the banking, insurance, and telecommunication industries; 118 administrative consultants; and 47 licensed street vendors who open their stalls from Monday to Friday, particularly in Piazza delle Erbe, for tourists. There are 51 hotels in the HCV—of the 65 in the whole city—150 restaurants, and 310 bars (there are also 24 ethnic take-out restaurants, mainly in Veronetta).

QUALITY OF LIFE IN VERONA

Verona was selected for the *Survey on Perception of Quality of Life in 75 European Cities* (European Commission, 2010), which was conducted in November 2009 to measure local perceptions in 75 cities in the European

Union, Croatia, and Turkey.¹ In each city, 500 randomly selected citizens (aged 15 and older) were interviewed. In Verona, the majority of respondents were satisfied with health services (80 percent); only 4 percent were not at all satisfied. In terms of job opportunities, only 27 percent were satisfied, while almost 60 percent stated that it was difficult to find a good job. Regarding housing prices, 64 percent considered it difficult to find good housing at a reasonable price, compared with 18 percent who felt that finding good housing was easy.

In terms of financial conditions, 56 percent of respondents stated that poverty was a problem in their city. In regards to feelings of trust, 68 percent of respondents stated that most people in the city could be trusted, compared with 27 percent who stated the opposite. In terms of safety, 90 percent of the citizens surveyed declared that they felt safe in their city; 92 percent felt safe in their own neighborhoods. In terms of the major issues facing their city, the three issues mentioned most often by respondents were air pollution (48 percent), job creation (42 percent), and urban safety (29 percent).

On a positive note, 80 percent of interviewees agreed that Verona was clean and 85 percent felt it was a healthy place to live. In terms of Verona's resources, 55 percent believed that they were spent responsibly, while 25 percent disagreed. In regards to Verona's cultural facilities (e.g., concert halls, museums, and libraries), 73 percent of respondents were satisfied. Also, 68 percent of those surveyed were satisfied with the green spaces in the city, 66 percent were satisfied with the sports facilities, and 65 percent were satisfied with the beauty of streets and buildings in their neighborhoods. Even though 46 percent of interviewees declared that they were satisfied with public transportation, only 11 percent stated that they used it every day, 15 percent at least once a week, and 12 percent at least once a month. In fact, 65 percent responded that they used a car or motorbike to go to work or training places, compared with 17 percent that said they used public transportation and the same percentage that said they traveled by bicycle or foot. Regarding the length of time to commute to their work or training

¹The European Commission (DGRegional Policy) has been using such surveys for several years to get a snapshot of people's opinions on a range of urban issues.

places, 26 percent of those surveyed took less than 10 minutes, 39 percent took between 10 and 20 minutes, and 19 percent took between 20 and 30 minutes.

CONCLUSIONS

The problems that strongly affect the efforts to preserve the Historic Center of Verona can be divided into two groups. First, the public entity managing the heritage site has administrative and financial limitations. In the administrative arena, the strongest criticism concerns bureaucracy and the instability of the local political system. A resolution by the city council (Resolution 31 of February 2006) set up the UNESCO office within the Office of Culture. At present, the office has one employee with limited powers and duties, quite inadequate for the size and importance of the task of managing the HCV and the value residents and the rest of the community place on the UNESCO World Heritage listing. The policies for managing the site try to balance the preservation needs of the HCV with the need to sustain residential and economic activities, but tend to err on the conservative side.

The second problem is financial. A major constraint emerges from the structure of public organizations, which cannot receive or administer foreign funds and, therefore, cannot supply suitable lines of financing. The direct consequences are the absence of a plan for rehabilitation and development for the site consistent with the need to protect this heritage. Obvious examples are the frescos on the buildings in Verona, which tend to fade but are not restored through private philanthropy (from foundations and other donors, for example) because they are on private property. To offset this criticism, it must be said that Verona is a city that functions well, with citizens that react to, and participate in, solutions to urban problems. If it were not for the slowness in carrying out the interventions, the case of Verona could present characteristics of best practices at the organizational and administrative levels. Tourism, seen as a panacea for the preservation and development of a heritage site, has limits. Verona is the fourth most visited Italian city in terms of cultural tourism (evaluating tourism as overnight stays in hotels, without considering, therefore, those who make day trips only), yet local and EU city planners see

many risks of social and environmental “pollution” in the massive development of cultural tourism. The large flow of tourists tends to isolate the historical and cultural context of the HCV from the rest of the city, creating open but static museum-like public spaces. This process distances the citizens from their city (specifically the historic center), discouraging local investment to the advantage of outside investors.

Certainly, this impact in Verona is mitigated by the presence of offices and other dynamic activities in the historical center and by the fact that the residents mainly own the buildings. Citizens of other important heritage cities in Italy, such as Florence and Venice, show strong opposition to tourism. The main reason is that the inhabitants see themselves slowly being dispossessed of their own cities, which if depopulated—though they continue to represent great historic and cultural value, promoting and rendering them visible to the entire world—lose their identities.

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Part Three.

A Counterpoint:
Two Medinas

Aleppo, Syria

Meinolf Spiekermann



The Citadel of Aleppo is a large medieval fortified palace in the center of the old city of Aleppo.

For many years, the German Agency for Development Cooperation (GIZ GmbH, or Deutsche Gesellschaft für Internationale Zusammenarbeit, formerly GTZ GmbH) has been supporting urban rehabilitation in the old cities of Aleppo, Damascus, Shibam, and Sibiu, as well as in many other historic cities. The agency offers financial and technical assistance to local administrations, civil society organizations, and the inhabitants to help them make use of the history and the sociocultural authenticity of these places, which in turn promotes further public and private investments in the conservation and modernization of the homes, buildings, infrastructure, and public spaces. GIZ GmbH cooperates with public authorities, local institutions, business communities, international development agencies, and the residents throughout integrated urban development processes. The local partners are being supported in developing and implementing tools, instruments, and procedures, such as strategic development instruments, urban planning, renewal of technical and social infrastructure, improvement of environmental conditions and social services, upgrading and development of public space, restoration of monuments, traffic management, microcredits to enable the poorer inhabitants to restore their houses, local economic development, tourism, and community and cultural development.

In all cases, assistance focuses on strengthening the local capacities for urban management, for pursuing a balanced and careful policy in rehabilitating the old cities, for taking measures for revitalization, and for securing additional sources of funding. The projects have set standards in the respective countries for innovative city planning and urban development, in particular in terms of preservation and development of historic cities.

URBAN CULTURAL HERITAGE: LIVING HISTORIC CITIES

The urban cultural heritage recounts the history of the cities, of the people and religions, and of permanent social and cultural transformations. This can be seen in the spatial and economic structures of the cities and their buildings and monuments. It can also be seen in the people who live and work there. Today the historic city centers are the distinctive features of these cities. In addition to offering intrinsic cultural value, the centers fulfill important

functions in modern urban development. They foster identity and create the cities' images, and, when carefully modernized and well managed, they can greatly contribute to the economy of the entire city.

Historic city centers should not only be seen as clusters or islands of buildings that have survived destruction, deterioration, and speculation. Within a comprehensive built fabric, they are urban systems with functioning economic, social, and cultural relationships; in fact, they are “cities within cities.” The preservation of historic buildings and monuments alone will not make them self-sustainable. It is of major importance to consider the systemic urban integrity when planning rehabilitation projects, keeping the functional mix alive and diversified, and building on the economic, social, and cultural dimensions simultaneously.

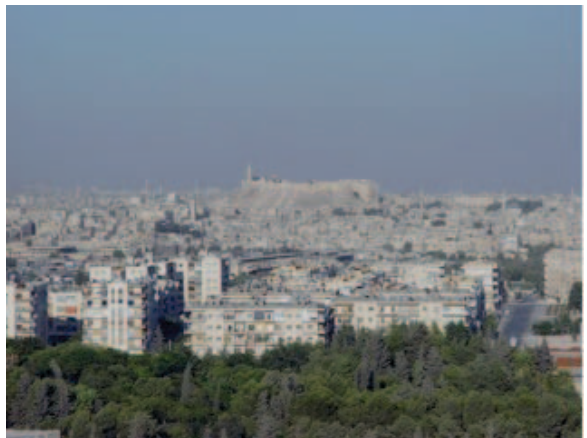
THE CITY OF ALEPPO

Aleppo is one of the oldest continuously inhabited cities in the world. Five thousand years of urban history and development and of social and cultural transformation have made it an exciting place to live, do business, and visit. In 1986, UNESCO classified the Old City as a World Heritage Site, primarily because of its unique urban fabric, which is still entirely intact and mirrored by an authentic mixture of functions, land uses, and traditional oriental culture and vitality. However, for the past 80 years, Old Aleppo has experienced a loss of its sheltering function, and the city administration has not been quick enough to recognize socioeconomic changes going on outside its walled entities. As a result, the Old City has been threatened by physical deterioration, economic decline, and pauperization.

The historic part, which expands over more than 360 hectares around one of the most impressive citadels in the Middle East, comprises more than

View from the western hills of Aleppo's Old City and some extensions (lower half of the picture).

Photo by Meinolf Spiekermann.



16,000 mainly traditional buildings, with 240 classified as historical monuments. The traditional courtyard houses constitute the majority of residential buildings in the Old City and are the ideal built-up fabric for the human and social relations in the given sociocultural and ecological context. Yet the large and vibrant oriental bazaar and countless caravanserais still enhance the Old City's economy. Residents and visitors enjoy the peaceful coexistence of different religions, cultures, and living patterns, which many cities have emulated over the five thousand-year-old history.

Through its strategic position as one of the major trading centers along the Silk Road, the Old City grew significantly, and today it faces similar challenges based on the immense pressure of population growth and as a consequence, of economic, social, and cultural change. Metropolitan Aleppo is the second biggest city and the industrial center of the Syrian Arab Republic. Since the mid-20th century, Aleppo's population has increased from 250,000 inhabitants, who lived to a great extent in the historical intra- and extramuros, to nearly three million.

However, from the end of the Ottoman period, urban development was oriented to new areas at the western fringe of the Old City. While in the early 1950s, 180,000 inhabitants still lived in the traditional courtyard houses inside the historic areas, the Old City's population was reduced to about 100,000 in the 1970s. At the same time, its social structure changed drastically. The Old City, inhabited for hundreds of years by a politically powerful and wealthy merchant class that moved to newly constructed European style areas, became the home for a poor class made up mainly of rural immigrants. This shift, along with declining public attention and a lack of maintenance, resulted in the decay of the technical and social infrastructure, further abandonment of residents, an inadequate use of the housing stock for commercial or other functions, and a general deterioration of the living and housing environment. The 1974 master plan actively pursued the demolition of whole neighborhoods, and large roads were cut through the city for access to the high-rise buildings that began to spring up. This development compromised the privacy of the traditional courtyard homes and many of their residents were forced to leave. At the beginning of the second half of the 20th century, physical deterioration and economic decline gave the Old City the appearance as the "looser" in this urban change process. However, today this may be an advantage.



Threats and challenges: a traditional mosque and the seductive “new” world.

REHABILITATION: AN INTEGRATED APPROACH OF CONSERVATION AND DEVELOPMENT

The municipality, sector administrations, civil society groups, and Old City inhabitants are facing a double challenge. On one hand, they are working to preserve the urban fabric and the genuine sociocultural variety, which has evolved over hundreds if not thousands of years. However, conservation of buildings and monuments alone cannot save these old cities; the result would be a museumification that weighs heavily on public budgets and freezes development opportunities. In the cases at hand, further decay would simply be postponed. On the other hand, an environment needs to be created where the architectural and sociocultural heritage is brought into line with the needs of future generations without compromising the urban identity. Thus a comprehensive approach of conservation and development is needed to protect such urban ensembles from further deterioration. This approach must also include measures to improve the quality of life for residents and strengthen the economic viability of the historic city. The first is subject to physical improvement, conservation, and general attractiveness for residential purposes. The second seeks to stabilize economic vitality and diversity as well as a variety of urban functions and income facilities for residents. As a whole, the approach

should create a positive image to improve public perception, which is a major factor to retain residents, increase private investments, and entice visitors to come. In parallel to these processes, it is crucial to develop local institutional, technical, and financial capacities.

INSTRUMENTS AND PROCEDURES

Managing a Process of Urban Rehabilitation

Today's old cities have a future only when residents and local businesses continue to invest in buildings and enterprises. The basic conditions and promotion instruments are put in place in partnership with local public and civil-society institutions. Municipal authorities must be enabled to independently steer the process of redevelopment to be sustainable. This leads to the strengthening of technical skills in urban planning and management, and to the development of organizational structures as well as technical and financial instruments that are adapted to local conditions.

Institutional Setting

Rehabilitation of inhabited historic cities calls for an integrative and participatory approach for conservation and development, as such processes comprise demographic, economic, environmental, cultural, and social dimensions, among others. Consequently, it takes an authority that is able to coordinate different actors in different activities in an organized, multidisciplinary way, thus mirroring the complexity and multidimensionality of urban development.

In Syria, public authorities are organized sector-wise. In the case of Aleppo's Old City, works were not sufficiently coordinated before creating an adequate institutional setting, and the few civil engineering works undertaken before the rehabilitation project started were handled in an isolated and uncoordinated way by sector authorities. This caused additional costs and was not very efficient.

One of the first tasks of the rehabilitation project was to create an adequate institutional setting. The Directorate of the Old City (DOC) was

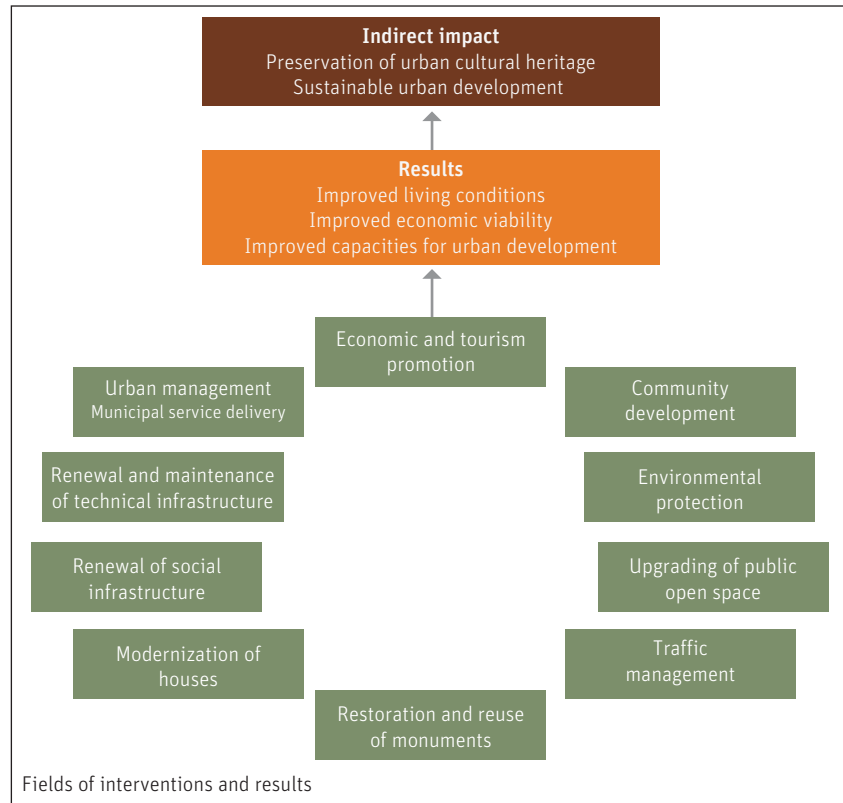
established to develop, plan, coordinate, and implement works. This was a pragmatic way to respond to the need for an adequate institutional body to manage the rehabilitation process. Since then the DOC has managed the process and prepares annual budgets, draws action area plans, plans the renewal of technical infrastructure, issues building permits, surveys construction activities, coordinates Old City related activities of other authorities, and animates the whole process. A steering committee headed by the mayor sets strategies and priorities, and guides and controls the overall process. The DOC reports regularly to this committee. A technical committee headed by the director of the Old City implements technical plans prepared by the DOC, supervises construction or conservation works, manages calls for proposals, and approves building permits.

Figure 1 illustrates the conservation and development approach of the rehabilitation project in Aleppo. Actions in various fields of intervention directly result in improved living conditions and economic capabilities. On an aggregated level, the urban heritage is preserved and urban development in the Old City is sustainable. Various interventions have been implemented in parallel as well as consecutively. The most successful interventions so far were made in the fields of technical infrastructure renewal, social infrastructure, upgrading of open space, the housing program, and the capacity development component. All together they have improved the public's perception of Old Aleppo overall, and triggered private investment in housing, tourism, and businesses.

The Planning Framework

Any urban planning process is embedded in a national statutory background. New and innovative planning procedures that can be necessary and helpful in the special case of urban conservation and development should be adopted legally and must be based on political commitment. The complexity of conserving an inhabited historic city requires planning procedures and planning techniques, as well as additional laws and bylaws that are appropriate for meeting the challenges on site. International experience and best practices from comparable situations should also be taken into consideration. Furthermore, a concise regulatory framework and effective instruments will

FIGURE 1 | Conservation and Development Approach of the Aleppo Rehabilitation Project



Source: Author's elaboration.

generate confidence among potential investors, be they residents who intend to restore their houses or enterprises that invest in buildings and businesses. A climate of trust and perspective is important for creating a critical momentum of endogenous development. In Aleppo, the following set of regulatory and planning tools has been developed to guide the rehabilitation process.

An integrated development plan: A comprehensive set of planning instruments needs to be put in place to plan, supervise, and steer the process. This includes an integrated development plan, a strategic conservation and

development plan, a land use plan, detailed action area plans, building codes and guidelines, and other instruments. Besides enabling authorities to do the job and given the fact that these instruments had been lacking or not been implemented for decades, they generate confidence among potential investors. As they are legally binding, they provide security for investments, a factor that had been neglected during the decades of public agony toward the Old City. A climate of trust and perspective is important for creating a critical momentum of endogenous development. In Aleppo, a comprehensive plan for conservation and development was established during the first two years of the rehabilitation project. This was done through a participatory consultation and negotiation process combined with technical inputs from Syrian and international specialists. The document resulting from this process, the “Development Plan for the Old City,” contains the vision, the overall goal, the integrated approach of conservation and development, and some priority measures. While the overall goal is to preserve the urban fabric and the urban authenticity, the strategy is clearly focused on the development aspect, which aims at improving the living conditions and the economic viability of the Old City.

Area action planning: At the beginning, showcase projects or pilot projects were helpful as an integrated component of the planning and rehabilitation process. The objective was to show some immediately tangible results and provide residents with a better idea of the kind and amount of measures to be taken. At the same time, they contributed to the interconnectivity of sector-related aspects. Early measures consisted of restoring some facades of buildings, renewing some water and sewer lines, and paving the alleyways in a pilot area. Building on the experiences gained from these actions, the building code and guidelines were elaborated and publicly discussed. Later, further action area plans were established to phase and prioritize rehabilitation measures throughout the Old City. These plans are detailed physical planning instruments combined with a set of strategic actions that fit into the overall goal of improving living conditions and economic viability in the respective areas.

Guidelines for restoration and renovation: Regulations, both citywide and nationwide regulations, do not normally consider the special conditions of areas

that have been registered as a World Heritage Sites. Regarding the classification of World Heritage Cities, UNESCO (United Nations Educational Scientific and Cultural Organization) and ICOMOS (International Council on Monuments and Sites) have developed international standards, conventions, charters, and recommendations to safeguard tangible and intangible heritage. While these internationally recognized declarations define general positions, overall aims, and basic principles for urban conservation and development, locally appropriate guidelines must be developed in each and every individual case. Based on the experiences of physical conservation works in the first pilot area (the Bab Quinasreen area in the south-west of the Old City), the existing building codes have been adapted and qualified to meet the objectives of the rehabilitation process. In addition, building guidelines have been developed to advise on specific conservation and construction standards.

Renewal of Technical Infrastructure

Decades of neglect by municipal authorities have resulted in serious decay of water pipelines, sewer systems, and street pavement, which is reason for the inhabitants and businesses to abandon the Old City. The renewal of the technical infrastructure has directly improved living conditions for residents in the Old City. Rehabilitation of water and sewerage systems provides residents with clean drinking water and helps create healthier, more attractive living conditions. Combined with pavement of streets and rehabilitation or expansion of the electrical and telecommunications network, it has also helped improve economic conditions. Modern technical standards have reduced maintenance costs; however, most importantly, the continuous public spending and engagement during nearly a decade have helped to build confidence among residents in terms of the heritage site, which in turn leads to more confidence among private and public investors.

Securing Homes: Mobilizing Funds for the Restoration of Residential Houses

After decades of disinvestment, many of the traditional courtyard houses had structural damage caused by leaking water lines that in turn weakened the

foundations and needed to be repaired, maintained, or modernized to motivate people to stay in the Old City. This was also necessary to guarantee the residential use of the historic quarters.

As a result of a dramatic change in the social structure of the residents of the Old City that occurred between the 1950s and the 1970s, 60 percent of the residents today have incomes that are too low to afford regular maintenance of their houses, which has led to the structural deterioration of about one-third of the housing stock. Since most residents do not have access to credit, the rehabilitation project has established a microcredit scheme as a revolving fund. Homeowners and tenants can apply for loans of US\$3,000 that are repayable over four years. In addition, the Old City Authority gives applicants free technical advice for conservation, restoration, or maintenance works on their courtyard houses. After 10 years, this housing fund has contributed to securing or restoring more than one thousand houses by mobilizing private investment, and has allowed more than one thousand families to stay in the Old City. By helping the low-income families, the fund has also contributed to alleviating social segregation and gentrification that often accompanies urban rehabilitation.

Restoration and Adaptive Reuse of Monuments

As most of the wealthier residents left the Old City during the second half of the last century, the economic and social decline was accompanied by a huge vacant building stock; thus the physical dilapidation of was only a matter of time. Approximately 240 buildings out of 10,000 were classified as historic monuments, most of which belong to the Awkaf, a religious endowment, which unfortunately does not really preserve its heritage. The GIZ has restored a few empty or dilapidated buildings for hosting new social or cultural functions. However, it is more important to find private investors for those buildings. Today, some 30 classified buildings have been restored by private investors and are now used as restaurants or hotels; others host health clinics or schools. A former Christian convent has been transformed into a social and cultural center after complete restoration. The building also provides office space, a café, and a permanent exhibition about the ongoing rehabilitation process, which constitutes another attraction for tourists.

Living Conditions in Public Urban Spaces: Urban Design and Traffic Management

Public squares and open spaces have also been neglected for decades in Aleppo's Old City, which has had negative effects on the quality of life in the surrounding neighborhoods. People have left the area, shops have closed because they lack clients, and the quarter's reputation has been seriously damaged. In return, restoration of open spaces has helped whole quarters to become attractive again. The living conditions have been improved with the creation of new open spaces and the rehabilitation of existing ones. Such interventions have encouraged residents and shopowners to participate in the rehabilitation process and embellish their properties.

One example is the rehabilitation of the small Sahat al Hatab square in Aleppo's Jdeideh area, which had a significant impact on the improvement of a whole neighborhood. The project was a success due to private investments in houses, shops, hotels, and restaurants. Accompanying measures for traffic alleviation and privileged access for pedestrians, residents, clients, and visitors have highly increased the attractiveness of the area.

At the western edge of the Old City, workshops that had spontaneously been built along the Roman city wall in the 1950s have been relocated to new buildings nearby. The deteriorated area outside the wall will serve as a buffer zone between the historic center and areas built during the 1950s and will be developed mainly as an area for local and international tourism.

Securing Economic Diversity and Strength

Maintaining or restoring economic competitiveness of old towns in comparison to other areas is crucial in terms of their development perspectives. In fact, they have a future only if they can hold their own in the economic setting of the city as a whole and remain, or become as attractive as, business centers. Tourism is certainly the most prominent factor, but it is important, in terms of both heritage preservation and economic viability, that the local economy remains diversified and that it does not depend on one sector alone. Though physical rehabilitation by itself has largely contributed to this

objective in Aleppo, it is also important to support the competitiveness of the local business community. Global competition and gentrification has affected even the smallest business in Aleppo's large souq, and many shops and workshops that sell traditional craftwork and local products have closed. Aleppo's local economic development strategy seeks to overcome this loss by creating an attractive environment for small and medium enterprises (SMEs) in the Old City by making the following improvements:

- Improving access to the Old City through intelligent traffic management, as new roads cannot be built. This will lead to more effective transport of goods, better parking facilities, and safer walkways for pedestrians.
- Preparing an inventory of buildings/surfaces that can be used for attracting new enterprises to the Old City (under certain conditions). The instrument enables the municipality to offer space without much bureaucracy and to react promptly based on demand. The Old City cooperates with property agents and the Awkaf, as the latter owns nearly 40 percent of its properties.
- Facilitating the modernization of existing SMEs, which consists of offering training for existing business and quality management.
- Creating various promotional programs, which includes specific promotional programs for environment-related measures, equipment or energy efficiency, or incentives encouraging the settling of new SMEs in the Old City (adequate space, grants, microcredits, tax exemptions, etc.).

A Better Place to Live and Visit: Tourism Promotion

Aleppo's potential to increase tourism is high, but it is both an opportunity and a risk at the same time. Tourism is a very volatile business, in particular in politically unstable regions. After 9/11, tourism decreased for several years, and signs of recovery have been compromised several times by political conflicts and instability in the region. Thus, concentrating economic promotion on tourism alone would make the local economy very vulnerable. Consequently, maintaining its economic diversity and the structural modernization of the

existing mix of trade and manufacturing, while promoting tourism, seems to be the most sustainable way to promote the local economy.

Based on these principles, in 2004, the Old City engaged in an opinion building process, which aimed at giving itself a strategy for sustainable tourism development. Aware of the economic vulnerability of the tourism sector and the long-term benefits from diversification, the tourism promotion strategy emphasizes the Old City's most important asset: its social and cultural authenticity and physical uniqueness. "Visitors feel at home where our citizens like to live and work" is the guiding principle. To make sure that tourism does not conflict with local social and cultural dynamics and residential privacy, the land use plan includes special areas in the Old City where tourist facilities such as hotels and restaurants are allowed. To date this strategy has significantly contributed to preserve Aleppo's urban authenticity.

Urban Environment: Making the Neighborhoods More Beautiful

Pollution from industrial activities, heavy traffic, and overcrowding is concentrated in cities and severely affects environmental conditions. Historic centers are more vulnerable to this global concern than other areas due to their central location and the specific threats and challenges prevailing. Pollution affects the health of the inhabitants and reduces the attractiveness of these centers. Any rehabilitation program must therefore aim at developing appropriate traffic management and environmental policies to improve living conditions and to promote commercial activities and tourism. Measures to improve environmental conditions include the new technical standards for industries and households, adapted waste collection systems, and campaigns to raise public awareness on environmental issues.

Adequate waste management is a specific challenge for historic cities in general. Small streets and difficult topographical conditions make it difficult to use big waste collection equipment and make the adequate allocation of waste containers inside the historic areas impossible. In Aleppo, awareness of environmental issues is generally not well developed. To develop appropriate sociocultural attitudes and habits with regard to waste management it is necessary to put adequate procedures into place and ensure the cooperation

of the inhabitants. In the Old City, waste is deliberately dumped on streets before being collected by garbage collectors, as households and commercial facilities usually do not provide means for temporary collection and storage because of the bad odors. In search of a solution, Aleppo's Directorate of the Old City has attempted to optimize the existing waste collection system by outsourcing the service and offering regular collection times and street sweeping to private entrepreneurs. The measures were accompanied by intensive awareness campaigns addressed to the residents to ensure their commitment.

An Old Town Worth Living in: Social and Cultural Infrastructure

Public services for education, health care, leisure, and cultural facilities are part of the municipal service delivery. In fact, they are perceived as a standard for social infrastructure in modern urban life. In the Old City they have merely disappeared or deteriorated in quality, as residents and public services have moved out of the area during the past decades. The provision and improvement of social facilities is being employed as one strategy to demonstrate public concern for the interests of residents and their particular needs, and constitutes another contribution to improving the living conditions. Moreover, schools, health-care services, playgrounds, and other facilities are being established or restored to meet the specific needs of the inhabitants. Again, this allows people to trust in the authority's political commitment toward sustainable urban rehabilitation. With the same goal in mind, cultural events enrich the social life in the Old City and generate a positive public perception among inhabitants and visitors.

Cultural heritage refers to the physical urban fabric, as well as intangible cultural values. It is the result of centuries of ethnic, cultural, social, economic, and environmental transformation. Expressed through architectural form and the urban concept, as well as through beliefs, art, music, literature, and handicraft, urban culture represents knowledge and spirit. As these cultural values have often lost their significance or are no longer recognized within modern societies, urban rehabilitation relies highly on the contribution of culture as a crucial element for creating and supporting "local

identity.” The whole process of urban rehabilitation should permanently build on a city’s cultural identity. In this respect, it is understood that cultural identity is not static, but rather constantly being altered over time. In Aleppo’s Old City, cultural events are important instruments to animate and promote urban heritage among the local and international visitors.

Getting Communities Onboard

Old cities are often regarded as backward urban environments, with deteriorating buildings and infrastructure, and inhabitants who cannot afford to relocate. This occurs in an environment where the mainstream urban policies neglect the richness and uniqueness of the historical setting and its potential for future development. Awareness must be raised among the local civil society and the general public about the particular threats and opportunities of such locations. Thus, people who live and work in the old towns are the main target groups and the most important partners involved in the rehabilitation process. Involving them in early stages of decision-making processes helps avoid conflicts and fosters commitment and community initiative. In the case of Aleppo, community-oriented measures in the “action areas” and “action projects” are focused on the very needs of residents and are being planned and implemented in close cooperation with the neighborhoods. Under this approach, the requirements with regard to social infrastructure have been identified, and people are getting involved in neighborhood beautification, green campaigns (“a tree for every courtyard”), and other action projects. Such measures contribute to a positive self-awareness that is crucial for a sustained commitment by all community members to address rehabilitation.

The participation of the civil society is one of the structural pillars for sustainability in urban development processes. It is, furthermore, a key issue for good local governance. Participatory urban planning means the involvement of different stakeholders, local communities, and concerned inhabitants of a quarter or an area through their contribution in strategy planning and activities to ensure sustainable development. Taking inhabitants on board during the planning and conception phases of any activity helps avoid conflicts and collateral cost, and creates commitment.

Capacity Development

Urban rehabilitation requires complex management skills. However, urban conservation strategies tend to focus mainly on implementing physical and technical upgrades in many countries, and the role of human resources and of adequate institutional and financial capacities tends to be neglected. In those cases, municipal administrations lack the human and institutional resources and technical skills that are necessary for a comprehensive, cross-sector, and participatory conservation and development program. Urban processes deal with cultural, economic, social, and environmental dimensions, and authorities play a double role of mediating between interests, politics, visions, and ideas of different socioeconomic groups on the one hand, and managing the process on the other. Authorities must mirror the complexity of such processes through a multidisciplinary internal organization and working procedures that are flexible enough to answer to demands and new developments. In Aleppo, the GIZ has put a focus on the development of capacities to sustain the long-term rehabilitation process. Authorities have strengthened their performance for planning and management through continuous on-the-job training and special training measures, and civil society groups have learned to defend their interests in the urban rehabilitation process, and to take an active part in planning and implementing activities.

CONCLUSIONS

Rehabilitation of historic cities is much more than physical and technical conservation of historic buildings. Cities are social, economic, environmental, and cultural systems and thus their rehabilitation requires systemic, coordinated approaches. In fact, urban rehabilitation processes are urban development processes under specific conditions and with a special focus on the preservation aspect. Consequently, in cases where urban preservation is being handled as a process of physical and technical conservation and restoration of buildings and open space alone, such undertakings are not sustainable and will be very costly in the long run. The sustainability of urban rehabilitation depends on two processes that must be managed in parallel:

1. The rehabilitation process itself should be based on a holistic understanding of cultural urban heritage. Besides the physical aspects of restoration, the process must consider the socioeconomic, cultural, and environmental dimensions of urban heritage preservation and development. In addition, urban rehabilitation processes must follow an integrated approach of conservation and development, combining efforts for improving the living conditions and the economic viability with those geared at maintaining (as far as possible) the traditional urban fabric and cultural heritage.
2. In many countries, municipal administrations or authorities dealing with urban rehabilitation do not have the capacities for managing such complex processes and may not reach them without external support. It is very important to build or to strengthen their technical, institutional, and financial capacities, in parallel with the rehabilitation process itself. Technical know-how, instruments and procedures, appropriate organizational structures, holistic visions, financial tools, and strategies of creating enabling environments are subjects of capacity building. Too often such processes are top-down driven—a clear indicator of weak capacities—and an awareness among authorities on the importance of taking the local communities on board right from the beginning does not exist. However, sustainability requires strong local ownership. In fact, capacity development is the main objective of GIZ's involvement in such undertakings.

Long-term public commitment has created new confidence among residents and businesses—a basic condition to encourage private investments into houses and commercial buildings, the major part of the historic buildings stock. In cases in which historic city centers are not only clusters or islands of buildings that have survived destruction, deterioration, or speculation, but entire urban systems with functioning economic, social, and cultural relationships—“cities within cities”—it is crucial to deal with the physical and technical conservation, and at the same time keep the mix of urban functions alive and to consider the four dimensions of urban development. An integrated approach should seek to improve conditions of daily life, thus encouraging

residents and businessowners to stay in the historic centers and strengthen the local economy. Urban rehabilitation must be understood as a long-term process. All in all, it is not less than turning the public perception of the place from something that is perceived negatively, into a place of opportunity, where people identify with the urban heritage and enjoy living, and where businesses prosper.

Marrakesh, Morocco

Anthony Gad Bigio
June Taboroff
Mohamed Taamouti



View of El
Badi Palace,
Marrakesh.
*Photo by
Eduardo Rojas*

In June 2008, the World Bank issued the Policy Note “Development Strategy for Morocco’s Historic Towns” (World Bank, 2008) at the completion of the analytical and policy work carried out at the request of the Ministry of Housing, Urban, and Regional Planning of the Kingdom of Morocco. The preparation of the policy note benefited from a grant of the Italian Culture and Sustainable Development Trust Fund established with the Bank. The team in charge of the study was directed by Anthony G. Bigio, Senior Urban Specialist, and comprised:

- Mokhtar Abdallaoui-Maan, Junior Professional Associate, World Bank
- Gianni Brizzi, Cultural heritage and tourism expert, World Bank consultant
- Mohamed Chaoui, Director of Research, Ecole Nationale d’Architecture, Rabat
- Daniele Pini, Urban planning professor, University of Ferrara
- Mohammed Taamouti, Director of Statistics, Haut Commissariat au Plan
- June Taboroff, Cultural heritage expert, World Bank consultant

The study aimed to assist the government to: a) identify the optimal strategies for the development of the historic towns, or *medinas*, of Morocco; and b) define the modalities for coordination and implementation of the proposed interventions. The study has in particular concentrated on strategies that pursue the following objectives:

- *To ensure the preservation of the existing patrimony* through policies and measures extended to monuments, key public and private buildings, and physical and intangible cultural assets of the historic towns, according to internationally recognized standards.
- *To develop the economic potential of the medinas* to contribute to growth through the positive impacts of sustainable tourism, the promotion of handicrafts, cultural activities, and the hospitality industry.
- *To satisfy the basic needs of the residents* through investment strategies that are centered on the improvement of housing conditions, access to basic infrastructure and public services, and job creation.

As part of the study, four case studies were conducted: two on medinas with an ongoing economic revival (Marrakesh and Essaouira) and two on medinas with a strong unexploited potential (Salé and Tetouan). They served as background papers to the policy note. The Marrakech case study is presented herein.

CASE STUDY

Morocco, a middle-income country of about 30 million inhabitants, is endowed with a rich and diverse urban cultural heritage, including 31 medinas, or ancient urban centers originating from the Arab Muslim traditions and history of the country, often dating back to medieval times, and many hundreds of historic minor rural settlements scattered across its rural landscape.¹ Until its independence over 50 years ago, these medinas and ksours (fortified adobe villages) constituted the only place of residence for the overwhelming majority of the Moroccan population (which was of 11.6 million in 1960) given that the “modern” urban settlements, created primarily as of the beginning of the 20th century by the French Protectorate, were the prerogative of the Europeans residents.

Over the past 60 years, the urban landscape of Morocco has changed enormously, responding to the combined pressures of demographic growth, urbanization, and the gradual modernization of the national economy. The once-colonial urban settlements have become the cores of expanding and sprawling modern towns, which have adopted European standards of land-use, urban planning, design of residential typologies, and service infrastructure. In parallel to this urban expansion, which has provided the wealthiest half of the urban population with modern-day surroundings and accommodations, Morocco has also experienced the growth of informal settlements, slums, and substandard housing in the peri-urban areas of its towns, providing miserable living conditions to their residents.

¹The terms “historic towns” and “medinas” are used interchangeably throughout this case study. The medina was defined by the High Commissioner for Planning (HCP) in 1999 as “a group of urban neighborhoods of Precolonial origin, and initially surrounded by ramparts.”

Through all of this change, however, the most cherished sites of Moroccan cities and the most valuable religious and secular monuments of the past are still the ones located in the historic towns, which in many respects constitute the “soul” of Morocco and are at the core of its national identity. Despite the fact that in 2004 they had only 740,000 residents, or 2.5 percent of the national population, medinas are a source of pride and of collective belonging for the population at large, and exert great attraction for foreign visitors. They have been the source of cultural inspiration for numerous generations of artists, and their ambiance, colorful atmosphere, and rich architectural textures provide the visual backdrop for all the images of Moroccan vacations which bring foreigners to the country in increasing numbers.

While representing magnets for nationals and foreigners alike, Moroccan historic towns are generally plagued by a decaying housing stock, insufficient infrastructure and services, difficulties of access and integration within the broader urban centers they are part of, and high unemployment and urban poverty rates. They constitute some of the poorest jurisdictions of the country, where the flight of the middle class has left behind only the impoverished original residents, where rural migrants have traditionally found cheap albeit substandard accommodations, and where beauty and misery coexist side by side. Current signs of economic revival are, however, appearing strongly in some of these historic towns, mainly driven by their touristic appeal, as well as by increasing public and private investments. Such contradictions, needs, and potential make the preservation of Morocco’s medinas a considerable challenge.

This case study of Marrakesh examines the characteristics of its urban dynamics, focusing on the changes brought about by investments made in the tourism and residential housing sectors in recent years. It evaluates the economic, social, and physical changes this has caused in the medina. It also studies the changes in the makeup of economic activities and different segments of demand, and in the social composition of the medina, as well as the ways of preserving, rehabilitating, and adaptively reusing the historic built environment. The case study then examines the sustainability of current economic development, as well as expected future trends and the possible risks associated with them. On the whole, the case study summarizes the balance

between “winners and losers” in this urban transformation. It puts forward certain suggestions regarding the possibility (or not) of using the rehabilitation of the Medina of Marrakesh and its surrounding area as a model for other historic towns in Morocco.

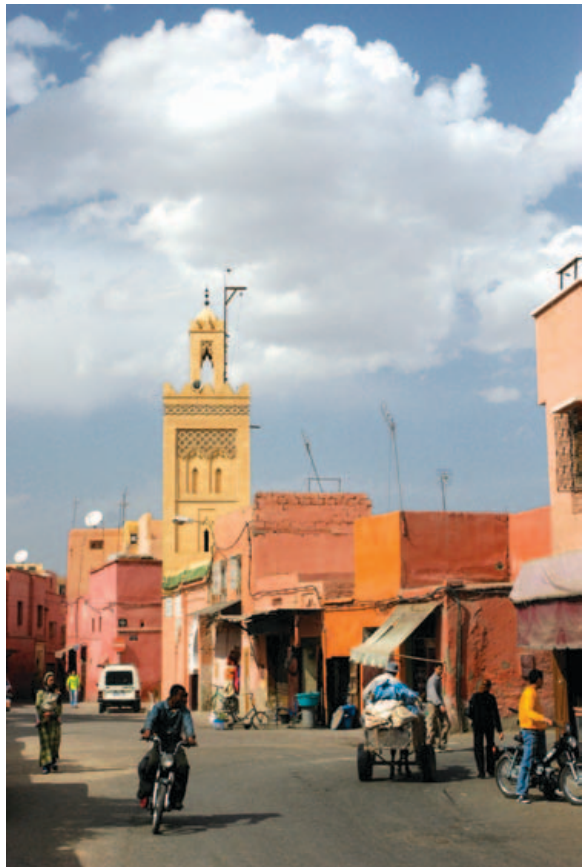
Information on the changes that have occurred in Marrakesh has been obtained from a wide variety of written sources and interviews. Given the complexity of the subject, the results of the study are necessarily conditioned by the availability of data and resources. The Marrakesh Urban Authority (*Agence Urbaine*) has carried out studies of various aspects of life in the Medina and these have underlined the intensity and speed of the changes going on in Marrakesh. Another important source of information has been interviews held during field missions with representatives of the main government agencies, nongovernmental organizations (NGOs), and the private sector.

MARRAKESH: STRONG GROWTH IN THE IMPERIAL CITY OF THE DESERT

Marrakesh, one of Morocco’s imperial cities, is a tourist phenomenon, both on a national and international level. It is a magnet for large numbers of international visitors and symbolizes the allure of Morocco in all ways. With the adoption of an open sky policy about 10 years ago, Marrakesh has become a popular destination for many European tourists, for whom the city is just a short flight from the main European capitals. The Medina of Marrakesh, the largest in Morocco, lies at the heart of the city and of the region. Its public spaces, whether the legendary

View of a street
in the Medina.

Photo by
Anthony Gad Bigio



Jemaa el-Fna Square or the narrow passageways of the souk, provide the stage for the city's commerce, social interaction, and recreational activities. In contrast to other historic cities in which the original functions of public spaces have become obsolete or displaced, the Medina of Marrakesh retains its polar position in the life of the city. The Medina is therefore an excellent example of a humanized public space and, as such, it serves as a model for other cities in which the public space has become inhospitable and purposeless. In 2001, Jamaa El Fna was proclaimed a Masterpiece of the Intangible Heritage of Humanity by UNESCO (see Box 1).

Founded in 1070 by the Almoravids (1063–1147) as a desert outpost, the city quickly became a trading post and then the imperial capital. Various dynasties—the Almohads (1147–1269), Marinids (11269–1525), Saadis (1525–1659), and Alaouites (1666 to present)—each left their mark on civil construction, architecture, and gardens, bearing witness to their hold over the city. As the result of over eight centuries of architectural feats, the Medina is a vibrant urban space with its majestic and monumental doors, commercial and residential districts, civil and religious monuments, homes, historic gardens, and a water conveyance system that is unique in the world: its *khettras*. With its master craftsmen, traditional herbalists, and oral traditions, the Medina's cultural heritage is steeped in history.

Marrakesh is now going through an exceptional construction boom. This is having an impact on the preservation of dwellings in the Medina, helping somewhat to limit the deterioration of its historic buildings. Marrakesh has become the focal point of most European real estate investors in Morocco. Although some of the properties acquired by foreign investors are located outside the Medina—in residential areas and in the Palmeraie—it is the purchase of homes inside the Medina that is most outstanding. It must be said that overall the rehabilitation of these properties—a large number of which have been bought by foreigners and which are concentrated in certain districts of the Medina—has been positive for the preservation of the built heritage and has created jobs in the construction industry and in the crafts sector, mainly benefiting the local population. However, well-founded fears persist regarding the risk of lost authenticity and inappropriate changes. Of even greater concern are the parts of the Medina that have not benefited from these improvements and where the working and living conditions are well below

Dating back to the 14th century, Jamaa el-Fna Square has become synonymous with Marrakesh. The square, a national cultural heritage site protected since 1922, is a highly representative example of Moroccan popular culture and traditions, with storytellers, traditional healers, various recreational activities, and money-making activities such as booksellers and food stalls. This triangular square is one of the outstanding cultural spaces in the city of Marrakesh located inside the Medina, and is surrounded by restaurants, stalls, and public buildings. It is a high place of everyday commercial activity and different forms of musical and theatrical expression and a meeting place for the local population and visitors from around the world. Throughout the day and late into the night, a long list of activities is offered, such as traditional medicine, preaching and henna tattoos, water bearers, and sellers of dried fruits and other traditional foods. Other shows and recreational activities are also on the menu, such as storytellers, poets, snake charmers, Berber musicians (*mazighen*), dancers (*gnaoua*), and sentir players (*hajouj*). Oral stories are continuously repeated by bards (*imayazen*) in their travels across Berber territories. Although they are fewer in number today, they still continue to combine gestures and words to tell their stories, amusing and delighting their audiences. By adapting their art to contemporary contexts, they improvise on old storylines, giving a wider audience access to their tales.

Jamaa el-Fna Square is the high place for culture exchanges and is one of the two best examples of world heritage recognized by UNESCO, as the *Moussem* of Tan Tan (an ethnic and religious gathering) was added to the list in 2005. However, the changes brought about by commerce, real estate speculation, and the development of road infrastructure threaten the survival of this cultural space. While Jamaa el-Fna Square continues to enjoy great popularity, it nevertheless risks seeing its traditional practices lose their intrinsic cultural significance, particularly in light of the growing number of tourists who regularly visit the square.

BOX 1

Jamaa el-Fna Square,
UNESCO Intangible
Heritage Site

acceptable standards, as is the case, for example, of the copper and brass workshops.

The future of Marrakesh certainly looks bright, but the question is whether the city will be able to absorb the ever-growing pace of tourist arrivals and new investors without endangering the unique qualities that attract visitors from around the world. Residents of the Medina and of the city

in general are deeply concerned about the rising cost of food, electricity, and rent, and in general, their diminished purchasing power. Wages have not kept up with increases in the cost of living. Some even say that long-time residents of the Medina have left because of the high costs of living there and the fact that better housing conditions can be found outside the Medina. While the social impacts of this “manna” raining on the local population have yet to be studied in depth, a number of negative factors are often linked to the gentrification of the Medina, with long-time residents forced to leave their familiar districts due to rising prices, destabilization, a fraying of the traditional social fabric, and the homogenization of commercial activity. For lack of an enforceable plan to safeguard the urban environment, some of the rehabilitation activities inside the Medina quickly end up breaking the traditional rules of its urban society. In some cases, entire blocks are rebuilt to be sold on the real estate market. Another growing concern is the very visible presence of foreigners in Medina. This has led to certain hostility on the part of the local population, since foreigners tend not be respectful of Moroccan standards of behavior, appropriating the urban space as if it were their right to do so and putting traditional uses and customs unduly at risk. Although the number of foreign residents in the Medina does not support that perception, it is nonetheless gaining ground.

While government institutions recognize built heritage as a fundamental asset, conservation activities tend to be both incomplete and poorly coordinated. Heritage assets are not always entirely integrated into the Medina’s and the city’s strategic planning policies, even though their potential could not be clearer. The rehabilitation of the historic built environment, if correctly designed, could provide opportunities to meet the goals set by government agencies and civil society organizations for the provision of social services (e.g., facilities and developments for children, education, and health service centers). There is certainly great room to improve the presentation of the Medina’s cultural heritage. For now, little information is available to help visitors understand and appreciate the quality of the urban environment and the built historic environment. The idea of creating pedestrian routes to facilitate visits to the Medina is a very promising initiative, but it must be complemented with better signposting, the production of brochures, and other communications tools.

MARRAKESH'S INCREASING ATTRACTIVENESS: PAST TO PRESENT

Until the early 1990s, Marrakesh was a city with imperial origins whose income depended mainly on agriculture and commerce. It was a major destination for residents of the south and sub-Saharan countries and its reputation outside Morocco as an elite tourist destination developed little by little. Several factors led to spectacular growth starting in the mid-1990s, in particular an open-sky policy, an increase in tourism and second homes, the creation of a program for municipal investments and urban services, and the opening of a new university. The following are the main milestones in the city's development, based on the ever-growing international allure of the Medina of Marrakesh:

- Creation of the “new town” (*ville nouvelle*), following Henri Prost's development plan (starting in 1913).
- Construction of the La Mamounia hotel by the National Railways Authority, opened in 1923.
- Between the two world wars, Marrakesh attracted writers, artists, and other personalities such as Alfred Hitchcock and Winston Churchill.
- Marrakesh is “discovered” by bohemians, celebrities, and trendsetters, such as the Rolling Stones (1966), the Beatles, Yves St. Laurent, and the Gettys.
- Beginning of the rise in real estate values in the Palmeraie, starting in the 1960s.
- Inauguration of the Cadi Ayyad University, 1978.
- Medina development plan, 1981.
- The Medina of Marrakesh is listed as a UNESCO World Heritage Site, 1985.
- Development of civil society organizations, with the creation of numerous associations, NGOs, and professional organizations, starting in the early 1990s.
- Master Plan for Urban Development (1994) serves as the reference point for subsequent actions.
- The Agreement Establishing the World Trade Organization (WTO) is signed in Marrakesh in 1994.

- Construction of new hotels in Marrakesh (e.g., Méridien, Royal Mirage, Sofitel).
- Open-sky policy liberalizes air transport, attracting low-cost airlines, such as Easy Jet and Atlas Bleu, as well as international airlines, including Royal Air Maroc and British Airways.
- Marrakesh Museum opens in 1997.
- Palais des Congrès, a 6,500-seat conference center, opens in 1998.
- “Capital,” a program on TV5 (France), presents the opportunities to invest in *riads* in Marrakesh and Essaouira (1998).
- Boutique hotels begin opening in the Medina, starting with *La Maison Arabe* in 1998.
- Launch of the Marrakesh International Film Festival (www.festival-marrakech.com) in 2000, the festival is held every December.
- “Medina Unit” created by the Urban Authority in 2000.
- *Medina of Marrakesh Development Plan*, 2001 (not yet approved by the Municipal Council).
- The Jamaa el-Fna Cultural Space is listed as Intangible Heritage by UNESCO in 2001.
- The Marrakesh Climate Conference (COP7) is held in 2001.
- Restoration of the area surrounding the Koutoubia mosque by the Association du Grand Atlas, using public and private financing (2002).
- Agenda 21 Local publishes reports on the city of Marrakesh in 2004.
- Urban Landscape Improvement Program, including Jnane El Harti, Arset Abdelsalam and roads (2004).
- Creation of Marrakesh Regional Tourism Council (www.tourisme-marrakech.com).
- Launch of communication campaign promoting the city of Marrakesh in Great Britain and other countries in 2005.
- Rehabilitation of 20 *fondouks* as part of the National Human Development Initiative (2007)².

²Originally *fondouks* were used as storehouses, workshops, and inns frequented by merchants and artisans on their journeys across the Sahara. Today some house low-income families, and others are used as workshops, places to sell local artifacts, and small hotels.

- The Marrakesh Association of *Maisons d'Hôtes* (boutique hotels) (www.amhms-maroc.com) is created in 2006, with 119 members in 2008.
- Work is begun to enlarge the Marrakesh airport (to be completed by end 2008).

Changing Economic Activities

Marrakesh is the regional and administrative center of southern Morocco and, as such, ensures the economic activities and services of its residents. Until the early 1990s, Marrakesh did not attract a large number of tourists; essentially, there was a high-end segment and a backpacker set. The economy depended mainly on agriculture, crafts, and the public sector.

With the rapid expansion of the tourist economy and both domestic and foreign investment in the residential sector starting in the mid-1990s, the economy has grown significantly and is now relatively diversified. The main activities in the four main sectors of the economy—crafts, tourism, agri-food, and commerce—have made a significant contribution to economic expansion in the Medina of Marrakesh; in particular, crafts, tourism, services, and commerce:

- The crafts sector is dynamic and highly diversified, with segments as varied as copper work, jewelry, textiles, ceramic, leather, woodwork, furniture, lamps, and candles, among others.
- Tourism, with its approximately 700 *maisons d'hôtes* (boutique hotels, located mainly in the Medina), restaurants and other tourist services (guides, etc.).

Tourism has made a significant contribution to the economy of the Medina and the preservation of its heritage. A Riad—tourism accommodation on a rehabilitated historic residence.

Photo by
Anthony Gad Bigio



- Construction of recreational or second homes, including homes and villa complexes in the Palmeraie and in the outskirts of Marrakesh.
- Expansion of the transportation industry and tourist services.
- The tertiary sector, including bank services and telecommunications, as well as the Palais des Congrès and the teaching sector associated with Cadi Ayyad University.
- Agricultural production, consisting mainly of citrus, plant oils, and truck farming.

Commercial Activities

Commercial activities are well developed in Marrakesh. There are an estimated 30,000 licensed commercial units in the city and about 60,000 people working in the sector. An indication of the changes in the sector's distribution mechanisms is the decline in the Mellah, the original Jewish neighborhood—located not far from Place Jamaa El Fna—once one of the most popular shopping areas for residents of Marrakesh. Today, the Mellah faces competition from well-developed and better-organized distribution centers that offer more economic benefits. Small merchants in the Medina face many logistic difficulties, including access to the Medina and limited parking space, strongly eroding their ability to compete.

The crafts sector has undergone profound and constant changes as the tourism sector has evolved, with increased production aimed at domestic, tourist, and international markets. Its key products include household goods such as lamps, copper and brass work, wooden chests and wood sculptures, ceramic, passementerie, textiles and garments, and accessories, such as jewelry, handbags, and slippers. There have been structural changes, such as the creation of professional training centers and the promotion of associations (39 cooperatives have been created). Also, field visits

The public spaces of the Medina retain their original functions. View of a square in the souk where trading activities are bursting.

Photo by Eduardo Rojas



have found that women are now active in the crafts sector, including handcrafted goods and lamp making, trades which until recently were the domain of men. However, the sector is very poorly organized and often acts as a refuge for the unemployed and underemployed. Many artisans work in poor or dangerous conditions and their income is often poor, to say the least.

The public service, made up of the administration and education, also makes a major contribution to the economy. It is the city's biggest employer, with about 13 percent of the active population in the Medina of Marrakesh and 25 percent in Menara-Gueliz. The creation of Cadi Ayyad University, with 25,000 enrolled students, has also helped breathe new life into the local economy, while adding to the number of skilled workers in Marrakesh. The university's presence offers many opportunities. For example, it recently launched a Masters program in Cultural Heritage and Tourism Management with about 50 students who will add to the human resources operating in these sectors. The university is also a partner in projects financed by the European Commission, such as the TRAINMONHER project and Euromed Heritage III.

Tourism

Tourism is a vital force in the economic development of the city of Marrakesh. It is a long-standing historical phenomenon linked to the pilgrimage route to the tombs of the Seven Saints of Marrakesh. The city has seen remarkable growth in its tourism revenues over the past decade, spread out through the year in a relatively stable cycle. A study of the annual changes in the number of nights spent in classified hotels since 1992 shows an upward trend starting in 1995, except for the period immediately following the attacks of September 11, 2001. Since 2003, the annual growth rate has accelerated

TABLE 1 | Number of Artisans Registered in the Crafts Association

Sector	Number of registered artisans
Textile	1,535
Wood	829
Leather	872
Metal	—
Plant derivatives	—
Construction	568
Ceramic	83
Other	1,960
Total	5,847

Source: Profil Environnemental de Marrakesh (2004).

sharply. Between 1992 and 1995, the number of nights spent in classified hotels dropped by an annual average of 1 percent in Marrakesh and in Morocco as a whole. Since 1995, the average annual growth rate has been 5 percent for the country and 10 percent for Marrakesh. This means that Marrakesh's share of total nights spent in classified hotels rose from 20 percent in 1992 to 35 percent in 2006. During the same period, growing demand was satisfied by a continually increasing supply. The number of classified hotels rose from 73 to 572 between 1992 and 2006. The number of beds more than doubled, from 16,277 to 35,068.

Marrakesh also has another important factor in its favor in terms of drawing tourists: arrivals and hotel nights are well distributed throughout the year and there is low seasonality compared to other destinations in Morocco. This is a significant advantage for cultural tourism and one that the city of Marrakesh wants to exploit.

Between 1995 and 2006, the number of tourists arriving by airplane jumped from less than 700,000 per year to over 2.6 million. During the same period, the number of tourist beds rose considerably to 21,096, mainly in the 74 classified hotels (year 2000). Another 4,000 beds were added to this capacity between 2001 and 2002. In 2000, 4,242,622 hotel nights were registered, 90 percent of them in classified hotels. Current estimates suggest that about 20 percent of these were domestic tourists, and that this figure has continued to rise since then. Since 1995, the number of visitors arriving in Marrakesh by plane has risen sharply (Table 2).

Over 32 airlines now operate at the Marrakesh airport. Information from the Urban Authority shows a considerable increase in the demand for tourist establishments, indicating a strong need for additional tourist facilities.

Information in the news media suggests that there will be a significant increase in tourist facilities in Marrakesh in the coming years. Prominent high-end hotel establishments include English investments of the Forte group and international investments of Mandarin Oriental, among others, that are opening new deluxe niche hotels in the outskirts of Marrakesh. Many other smaller-scale projects are also underway or in the design stage. There are many cases of investors adapting original establishments to new activities. Marrakesh has an unrivalled capacity for innovation, and this is particularly evident in its production of crafted goods, which is among the most innovative and varied

TABLE 2 | Airline Passengers to Marrakesh

	1995	2001	2002	2003	2004	2005	2006
Marrakesh – all passengers	675,548	1,393,015	1,349,363	1,368,281	1,667,267	2,195,899	2,648,742
Domestic passengers	157,697	308,201	286,145	246,858	273,339	305,030	272,495
International passengers	497,749	1,063,487	1,038,075	1,066,814	1,345,460	1,847,628	2,324,348

Source: National Airports Office.

in the world. Influenced by the world of fashion and interior decoration, the artisans of Marrakesh strive to create new types of products. The “Marrakesh” style is making itself known in the world of style and already has many followers.

Examples include an artisan working in a renovated fondouk who recycles and reworks brass ashtrays into decorative soap dishes, or a basket maker who creatively diversifies his product range. Wood sculptors and other artisans working in the building trades are also particularly involved in creative activities. These are just a few of the hundreds of examples of new products that have been created by Moroccan artisans in the past decade. At the top of this list of products are household articles, which are valued in both the domestic and export markets. The Riad Art Expo (see Box 2), now in its eighth edition (March/April 2012), is an outstanding example of the vitality in this field. However, certain economic sectors appear to be having some difficulties at the moment. Another textbook case is that of traditional herbalists who increasingly are being replaced by herbalists who focus on the tourism sector. The Global Diversity Foundation (GDF) gathers information on these changes and their impact on biodiversity.

There is an intense interaction between intramuros economic activities and the activities of the urban agglomeration as a whole. It is undeniable that the economy of the Medina—particularly

TABLE 3 | Tourist Establishments in the Medina

01/01/2003–30/06/2003	30
01/01/2004–30/6/2004	24
01/01/2005–31/12/2005	42
01/01/2006–31/12/2006	73
01/01/2007–30/6/2007	49

Source: Agence Urbaine de Marrakesh (2008).

BOX 2
Riad Art Expo

Created and chaired by the managing editor of *Couleurs Marrakesh* magazine, Riad Art Expo is Morocco's first professional lifestyle trade show and is supported by many Moroccan institutions: the Ministry of Tourism and Crafts, Ministry of Culture, Wilaya (regional authority) of Marrakesh, City of Marrakesh, Confédération Générale des Entreprises du Maroc (business association), National Tourism Federation, Crafts Federation, and association of *riads* and boutique hotels and crafts cooperatives.

In its eighth edition as a rendezvous for designers, decorators, professional artisans working in the Moroccan lifestyle sector, developers, and investors in Morocco, Riad Art Expo has remained true to its goal: to promote the very rich and diverse range of Moroccan creative work. At Marrakesh's Palais des Congrès, Riad Art Expo has presented the most recent creations in decoration, design, traditional architectural materials, and artisanal items, as well as accessories, jewelry, garments, and local specialty products.

An important part of the Moroccan economy in terms of job creation and revenue, the Moroccan crafts sector is at the heart of the government strategy to encourage increased activity, higher productivity, and more exports of Moroccan crafts, based on goals set with a horizon of 2015.

The Expo brings together creators, decorators, designers, producers, and other professionals in the Moroccan lifestyle sector who have the opportunity to meet and share their know-how there. It also sets out to draw public attention to the manufacture of artisanal products by enabling the public to participate in different circuits “discovered” in the local manufacturing sector.

Exhibitors and visitors at the Riad Art Expo include professionals in interior decoration and design, architects, national and international investors and developers, manufacturers, exporters and importers of decorative items and crafts, owners and managers of boutique hotels, hotel managers and owners, tourism professionals, and the general public.

Source: www.riadart-expo.com

the western part of the Medina—is intimately dependent on the economy of Grand Marrakesh and on that of the region as a whole. Despite the immense scale of construction in and around Marrakesh, the Medina continues to be a reference point for economic activity. According to economic census data for 2001, the Medina is the home of 42 percent of economic establishments

TABLE 4 | Distribution of Economic Establishments in the Medina of Marrakesh

	Medina		Agglomeration		Percent in the Medina	
	Number of businesses	Number of employees	Number of businesses	Number of employees	Number of businesses	Number of employees
Commerce	7,481	13,571	16,141	33,191	46 %	41 %
Services	2,155	6,252	7,078	26,698	30%	23 %
Industry	3,391	8,676	7,431	30,637	46 %	28 %
Public works	54	78	297	2,099	18 %	4 %
Total	13,081	28,577	30,947	92,625	42 %	31 %

Source: Economic Census 2001, Haut Commissariat au Plan.

and 31 percent of their jobs (Table 4). This is one of the highest ratios in the kingdom, bearing witness to the density of economic activity in the Medina.

The different programs launched by the Ministries of Culture, Tourism, and Craft Industries, and by local NGOs and other external agencies, have helped promote economic activities both in the urban agglomeration and in the Medina. The UNESCO World Heritage Committee has made a significant contribution to raising awareness of the need to preserve the Medina, encouraging investment in conservation activities since the 1990s. One of the most innovative activities has been the rehabilitation of fondouks, undertaken under the National Human Development Initiative (NHDI). About 20 fondouks have been selected for physical rehabilitation and their occupants have benefited from training and competencies acquired under an extended program aimed at tackling the scourge of social exclusion.

During the period preceding the NHDI, issues surrounding land titles had deterred rehabilitation work, but since the NHDI was launched, these issues have been addressed. Considering the fact that fondouk residents are among the most disadvantaged, this is a very laudable effort aimed at improving their living and working conditions. Green spaces inside the Medina, under pressure from new construction and social changes, are also receiving certain attention. The GDF has launched an initiative “For More Green Spaces in the Medina,” for a study of underlying conditions aimed at conserving the Medina’s remaining trees, and for re-establishing vine trellises (*daliya*) in



Crafts are a major source of employment in the Medina.

*Photo by
Anthony Gad Bigio*

selected areas. The UNDP, the Frederick Neumann Foundation, and other local organizations—such as the Tensift Regional Development Center—are also active in Marrakech.

The Medina's Customers

Although no quantitative data currently exist, it is possible to identify and stylize the relative contribution that different groups of customers make to the four main areas of economic activity. This classification makes it possible to distinguish between activities and services that are sure to see greater growth due to the presence of a well-heeled international clientele that comes to Marrakech for leisure and consumption, and activities and services aimed at local customers with much more limited spending power.

CHANGES IN THE SOCIAL MAKEUP OF THE MEDINA

The Medina of Marrakesh, which due to its demographic and economic importance has a central place in the urban agglomeration, has undergone a spectacular transformation over the past 10 years. According to the 2004 census, the population of the Medina (Mechouar Kasbah and the Marrakesh-Medina district) was 182,637, or about 22 percent of the population of the urban area. This population lives in 39,145 households, with an average size of 4.6 persons. In recent decades, the Medina's population has declined at an average annual rate of 1 percent, which nonetheless is slower than the 1.3 percent average rate for all medinas.

TABLE 5 | The Medina's Customers and the Attractiveness of its Activities and Services

Customers	Commercial activities		Productive activities		Tourism and hospitality sectors	Cultural and leisure services
	Basic necessities	Specialty products	Basic necessities	Specialty products		
Intramuros residents	strong	weak	strong	weak	weak	weak
Extramuros residents	strong	weak	weak	weak	weak	weak
Domestic tourists	nil	strong	nil	strong	strong	weak
Foreign tourists	nil	strong	nil	strong	strong	strong

Source: Author's elaboration.

Note: Definitions:

Commercial activities – Basic necessities =	Basic food products, basic clothing, basic household products, etc.
Commercial activities – Specialty products =	Jewelry, expensive furniture, crafted articles, etc.
Productive activities – Basic necessities =	Household articles, furniture, Construction materials, facilities, etc.
Productive activities – Specialty products =	Furniture, carpets, leather goods, crafted articles, etc.
Tourism and hospitality services =	Hotels, boutique hotels, restaurants, cafés bars, etc.
Cultural and leisure services =	Social centers, theatres, museums, gaming halls, etc.

In 1994, its average density was 300 inhabitants per hectare, a figure that obscures the differences among the various districts. On the whole, the Medina has shown a trend toward de-densification and, as a result, its demographic weight in the city dropped from 51 percent in 1982 to 31.5 percent in 1994. This process may be attributed to the impacts of general urban sprawl, the deterioration of housing in the Medina, the shift from residential use to commercial use of the housing stock, and the boutique hotels phenomenon (see Box 3).

Information dating back to the 1994 census shows an illiteracy rate of 42.5 percent in the Medina—midway between the rate in Marrakesh Menara (33.6 percent) and in Sidi Youssef Ben Ali (S.Y.B.A.) (49.7 percent)—while the national average was estimated at 39 percent. By 2004, the illiteracy rate had dropped in the Medina as a whole to an average of 33.3 percent, with the highest rate in Bab Dbagh (37.6 percent) and the lowest in Kasbah (28.5 percent) (see Table 6). In the Bab Dbagh neighborhood, women registered the highest illiteracy rate, at 47.8 percent. Data from 1994 indicate that the school attendance rate in the Medina stood at 79.7 percent, compared to 85.4 percent in Marrakesh Menara and 75.4 percent in S.Y.B.A. There were

BOX 3
**Boutique Hotels:
 Rehabilitating
 Medinas or
 Altering Them?**

A phenomenon that has been transforming many medinas for several years now is the appearance of new hotel establishments that try to combine the comfort of a modern hotel with the charm of a traditional Moroccan home. These establishments, known as *maisons d'hôtes* or boutique hotels, first appeared in the medians of Marrakesh and Essaouira in the mid-1990s. This phenomenon, which has brought activities to the medinas that previously had been found only in the new parts of the cities, has also brought significant cultural and socioeconomic interactions. The question, therefore, is what the consequences have been on the social, economic, and historic environment of the medinas. While the phenomenon will have to be quantified in order to assess it objectively, its detractors insist that it has had significant negative effects on the traditional urban environment.

At this point there is little objective evidence to help understand the phenomenon, although the Marrakesh Urban Authority did recently complete a study on the subject. Regarding the scope of the phenomenon in Marrakesh, the study shows that in 2005 the Medina had 277 *maisons d'hôtes* with a capacity of 1,550 rooms. According to the tourism office, this number had risen to over 700 by March 2007. Of these, 80.3 percent are classified either as category one (30.8 percent) or category two (40.5 percent) establishments, while 8.4 percent are pending classification. Compared to traditional hotel establishments, these boutique hotels are generally small in size, nearly 70 percent of them having fewer than 10 rooms. While most boutique hotels are concentrated in relatively well-preserved traditional environments and are located directly adjacent to commercial areas, the spike in real estate prices and the scarcity of available properties has forced certain *maisons d'hôtes* to set up in denser, poorly maintained neighborhoods. This is sometimes perceived as a violation of the most private residential spaces.

88 Koranic schools in the Medina in 1999 to 2000 (out of a total of 120), while there were 118 schools (out of a total of 612). The economic activity rate in the Medina in 1994 was 40.1 percent (59.6 percent for men and 22.1 percent for women), a higher rate than either Marrakesh-Ménara (37.8 percent) or S.Y.B.A. (36 percent). In 2004, the economic activity rate in the Medina remained nearly unchanged at 41 percent, while the highest levels were recorded in Bab Doukkala and Jamaa Lafna (42.8 percent) and the lowest in Bab Dbagh (39.2 percent). However, the unemployment rate in the Medina in

The presence of this kind of establishment in the heart of out-of-the-way residential neighborhoods brings with it a clientele with “strange” habits that are not easily accepted by conservative, traditionally minded residents. According to the study by the Urban Authority, boutique hotels are the initiative of developers from different countries, led by the French (39 percent).

However, this phenomenon has several direct and indirect positive effects. It contributes to the rehabilitation of the built environment, the restoration of heritage, the growth and modernization of the crafts sector thanks to a steady demand for high-quality products, and—above all—the creation of jobs and the preservation of certain traditional trades. According to the study by the Urban Authority, nearly half of the hotels made use of the services of local artisans (42.7 percent) or of local businesses (9 percent). However, the impact on daily economic activity in the Medina remains small because most goods are purchased from big stores and wholesalers (64 percent). The proliferation of unregistered boutique hotels operating as part of well-organized networks based on Internet marketing reduces the positive impact of these establishments on the national economy, since local spending represents only a small fraction of the price paid by tourists for their accommodation.

In conclusion, despite the potential negative social impacts, if properly monitored and regulated, these establishments have the potential to become a productive investment, helping to create wealth and jobs and preserve architectural and cultural heritage and artisanal skills, while adding to Marrakesh’s accommodation capacity and attracting a diversified visitor clientele, including youths and budget travelers on low-cost flights.

1994 was higher (19.6 percent) than in Marrakesh Menara (19 percent) and S.Y.B.A. (18 percent).

In the year 2000, an estimated 3,000 households were displaced and relocated outside the Medina. The most dilapidated areas are Hay Salam in the south, Arsat El Mellak and Kbour Chouhada in the north, and Bab Dbag and Tabhirt in the east. Meanwhile, based on the 2004 census, there were 396 foreigners living in the Medina at the time (Table 7).

TABLE 6 | Selected Sociodemographic Indicators of the Medina, 2004

District	N°	Subdistrict	Population	Number of households	Activity rate (%)	Illiteracy rate (%)			Poverty rate in district (%)
						Men	Women	Total	
Mechouar Kasbah	3	Kasbah	12,959	2,758	39.80	16.20	39.00	28.50	9.19
Marrakesh Medina district	4	Bab Dbagh	34,516	6,919	39.20	27.40	47.80	37.60	7.69
	5	Bahia	31,481	7,192	41.30	21.90	44.30	33.70	
	6	Bab Taghzoute	31,204	6,642	41.20	25.40	45.70	36.00	
	7	Bab Doukalla	25,435	5,600	42.80	20.10	42.60	32.10	
	8	Bab Ghmat	26,988	5,594	39.80	23.80	44.60	34.60	
	9	Jamaa Lafna	16,871	3,810	42.80	19.90	42.10	31.00	

Source: Social Action Department, Prefecture of Marrakesh.

TABLE 7 | Origin of Residents of the Medina

	Moroccans	Foreigners	Total
1994	217,233	215	217,448
2004	182,241	396	182,637

Source: Recensement Général de la Population et de l'Habitat 2004, Haut Commissariat au Plan.

As a result, the preconceived notion that foreigners are invading the Medina is hardly justifiable given the fact that the number of foreigners living in the Medina grew by less than 200 in 10 years, representing less than 0.2 percent of the population.

PHYSICAL CHANGES IN THE MEDINA

The Medina is rich in historic architecture, with a long list of finely made religious, commercial, and residential structures, many of which are decorated in sculpted wood and stucco work, with exterior surfaces covered in painted ceramic tiles. Its ramparts, doors, and urban spaces—brightened by fountains and gardens—are also important urban features. There are an estimated

21,000 constructions in the Medina, including 170 fondouks (84 percent privately owned and 16 percent belonging to *habous*, which are nonprofit religious institutions that manage individual donations of real estate), mainly concentrated in Bab Doukkala and the north.

Compared with other medinas, the Medina of Marrakesh has one of the highest proportions (77.4 percent) of households established in traditional Moroccan houses (typical medina constructions). About 13 percent of residents live in modern Moroccan houses, while the penetration of apartment buildings remains very weak (1.9 percent), bearing witness to the relative preservation of the original built environment. For many years, however, the registration and classification of historic heritage buildings failed to protect them. Of these buildings, 5,400 are considered to be in poor condition, while 239 are in ruins.

In 1994, 49 percent of households that owned their own homes in the Medina, 37 percent were renting, and 14 percent were registered as “others.” These figures are relatively similar for Marrakesh Menara, with 48 percent of households owning their own homes and 30 percent renting. The highest home ownership rate is found in S.Y.B.A. (56 percent). In 2004, the home ownership rate in the Medina stood at 51 percent, while the rental rate was 37 percent, indicating a slight upward trend in home ownership. In the Kasbah, 64 percent of homes were owned by their occupants, compared to the 50 percent in the Medina district; tenants in Kasbah, meanwhile, accounted for only 26 percent of households, compared to 38 percent in the Medina district. The home ownership situation in the Medina is therefore quite uneven. The western section is well integrated in the new, modern city and attracts a larger number of tourists and visitors; the east, meanwhile, is dilapidated and under-equipped and is home to a poor population and a large amount of inadequate housing.

Poor housing developments are concentrated mainly in the Medina and in the old section of S.Y.B.A. Data from 2004 suggest a significant improvement in general living conditions: 96 percent of homes were equipped with flush toilets, 92 percent with running water, and 95 percent with electricity. About 67 percent of homes are more than 50 years old and will eventually need upgraded services. The fondouks and riads also suffer from a lack of services and crowding. A study was done of 41 fondouks containing a total

of 862 households (an average of 21 households per fondouk) living in below-average conditions, 45 that serve as craft production centers and 59 with mixed residential/commercial use. Of greater concern, according to Ministry of Housing figures, the number of households living in unhealthy conditions rose from 16,500 in 1992 to 18,300 in 2000. About 45 percent of households, mainly in the Medina and S.Y.B.A., occupy one- or two-room dwellings. In some areas of the Medina, subleasing, cohabitation, and crowding have become common conditions.

In the case of Marrakesh, the information that the urban authority obtains through construction permits is important in the analysis and understanding of the changes going on in the Medina. There have been a growing number of applications for construction permits; in fact, 187 applications for permits to build in the Medina were approved in the year 2000. However, there is no exhaustive data on the number of dwellings that have been rehabilitated or the number of residential units that have changed owner. Moreover, no information exists on the conditions of the sale of these dwellings.

The Urban Authority launched an action plan in 2005 for the rehabilitation of at-risk dwellings, based on a selection of dwellings showing the highest rate of risk. Since then, about 120 have been demolished and about 400 households have been relocated. The Urban Authority plans to stabilize another 700 buildings (other figures indicate 460 households relocated to safe dwellings and the consolidation of 955 housing units).

Marrakesh has long been the focal point of most European real estate investment in Morocco, and properties in the Medina are at the top of the list. No information is available on the number of dwellings now held by new residents or by nonresidents (including foreign residents), though 396 foreign residents were recorded in the 2004 census. While the number of units that have been turned into boutique hotels, restaurants, bars, and cultural or recreational centers is not known, it is clear that the number of boutique hotels is growing quickly, with over 700 units to date.

The 1990s saw increased investments in the conservation and rehabilitation of the historic built environment and improvements in municipal infrastructure. A large number of projects to safeguard the built heritage have been implemented or are underway in the Medina. These projects, all undertaken

TABLE 8 | Statistics on Housing Conditions in the Medina

		MU Mechouar Kasba	Marrakesh- Medina district	Total Medina
Ownership status	Owner	64.2	49.8	51.4
	Tenant	25.5	38.4	37.0
	Other	10.3	11.8	11.6
Age of dwelling	Less than 10 years	5.6	3.6	3.8
	10–19 years	8.4	5.3	5.6
	20–49 years	28.7	22.9	23.6
	50 years and over	57.3	68.2	67.0
Basic equipment/services in dwelling	Kitchen	85.0	75.0	76.1
	Flush toilet	97.2	96.0	96.1
	Bathroom	24.9	18.1	18.9
	Potable water	95.0	91.6	92.0
	Electricity	96.2	94.7	94.9
Wastewater disposal method	Public system	91.0	91.5	91.4
	Septic tank	1.7	1.2	1.3
	Other	2.4	3.3	3.2
Other equipment/services	Television	92.4	88.8	89.2
	Parabolic antenna	32.7	27.0	27.6
	Landline telephone	29.0	20.4	21.4
	Mobile/cellular telephone	67.0	61.9	62.5

Source: Recensement Général de la Population et de l'Habitat 2004, Haut Commissariat au Plan.

by the Historic Monuments and Sites Inspection service (*Inspection des Monuments et Sites Historiques*) involve, among others, the restoration and rehabilitation of the Bahia Palace and the Saadian Tombs and the creation of a museum at the Bahia Palace; of Cadi Ayyad University (since 1999); the restoration of Medersa Ben Youssef and Qoubba Almoravide, jointly with the Omar Benjelloun Foundation and the World Heritage Center; and the restoration of the Shrob Ou Shouf fountain in partnership with the ARCH Foundation. Also, a certain number of scientific studies have been completed, including some in collaboration with the Historic Monuments and Sites Inspection service. The

BOX 4
Urban Garden
Project of the Ibn
Abi Sofra School

The GDF, in collaboration with Maghrebio and the Natural History Museum of Marrakesh, plan to restore orchards and vegetable gardens over a one-hectare area in collaboration with teachers at the Ibn Abi Sofra primary school. The school is located in the old, abandoned Agdal Bahmed garden, a 19-hectare area behind the Bahia Palace in the Medina. This initiative is supported by a long-standing institution: Ibn Abi Sofra was one of the first agricultural institutes in Morocco, created to teach traditional agricultural know-how and new growing techniques to young students, many of them from families that arrived in the city as part of a large rural exodus through the second half of the 20th century.

city has also made considerable efforts to beautify public spaces by keeping public streets clean, launching a program to develop green spaces in most streets and parks, and improving street lighting, among a range of other measures aimed at making the city more livable and creating a positive brand image for the city of Marrakesh.

A number of environmental and infrastructure projects have also been carried out in Marrakesh, including some aimed at improving ecological conditions in the Dar Dbagh tanneries, which pose a health risk because of the liquid waste and bad smells they emit (project initiated by the NHDI). The supply of clean drinking water and disposal of wastes are the modern-day problems in the city of Marrakesh. A small-scale but nevertheless important initiative aimed at enhancing green spaces is now underway at the Ibn Abi Sofra school in the Medina (Box 4).

SUSTAINABILITY OF THE URBAN GROWTH MODEL FOCUSED ON THE MEDINA

An assessment of the sustainability of the current state of the economy, planned future developments, and potential risks suggests that achieving the ambitious goals set for the growth of tourism may not be free of environmental and social damage. Rapid changes in the social and economic makeup of the residents of the Medina threaten to disrupt the “extended family” feeling in the *derb*, which

has traditionally provided the infrastructure for social cohesion and integration in the Medina. The *derb* is the most intimate of urban spaces—the quiet alley where children play or where women share their lives together—a space that in some cases seems to have been taken over by new owners who acquire several dwellings in the same *derb*. The infrastructure for social cohesion refers to the functional center of each neighborhood, consisting of a mosque, a *madrassa* (Koranic school), a *zawiya* (place of worship), a *hammam* (Moorish bath), a public oven, and stalls. At the level of the Medina, infrastructure for integration refers to the Grand Mosque, the souk, and specific production areas. Within this context of social complication, it is nevertheless quite possible to see the positive aspects of the economic growth of Marrakesh, with the Medina as a driving force for the city as a whole, which include the following:

- An expanding, diversified and highly innovative economy, based on the double force of tourism and artisanal activities, supported by a solid tertiary sector that adapts quickly to demand.
- An expanding market in second homes acquired by domestic and foreign investors, supporting real estate values inside the Medina.
- The development of an economy based on services to support tourism and other economic sectors, such as banking, financial services, and telecommunications.
- The creation of a brand image for Morocco, built mainly around the image of Marrakesh and its Medina as a well-known and recognized quality destination.
- The prestige associated with the Palais des Congrès, raising Marrakesh's profile in diplomatic and international business circles through the organization of world-class events.
- Strong tourist demand throughout the year (enhanced by the promise of 300 sunny days a year), satisfied by the existence of transportation and hospitality infrastructure offered by traditional and boutique hotels.
- A diversified tourism market. The greatest number of arrivals comes from France and Great Britain, with the United States, Spain, and other European countries as secondary markets.
- The development of rural tourism, largely led by the Regional Tourism Council, focusing on the natural environment, culture, winter sports,

hiking, horseback riding, and cycling in Oukaimeden, Toubkal National Park, the Zat Valley, and the Ourika Valley, among others.

However, certain related concerns are raised by the negative consequences of economic growth and urban development, which include the following:

- Considerations relating to environmental quality, in particular the pressure put on water resources and air quality.
- Traffic congestion and inadequate public transport, along with intense competition among the users of roadways inside the Medina (cars, trucks, motorcycles, carts pulled by animals, cyclists, pedestrians).
- A waste collection and disposal system that is being quickly overloaded by increased tourism, crafts production, and commercial activities.
- An apparent rise in violent crime (sexual aggression, theft, etc.) in Marrakesh—a city known until now for its high level of public safety.

CONCLUSIONS

The Winners and Losers in the Rehabilitation of the Medina

The balance between “winners and losers” in the urban changes underway in Marrakesh and its Medina involves residents inside the Medina, residents in the rest of the city, and the local business community. Marrakesh presents a somewhat contradictory picture, with some clear winners, as well as some losers who are suffering, in particular, from social exclusion.

The Winners

- The residents of the Medina in general, who have benefited from improved infrastructure and social services, including drinking water, electricity, and modern communications systems.

- Residents of the Medina whose housing conditions have improved as their incomes have risen, enabling them to maintain and rehabilitate their dwellings.
- Owners of residences in the Medina who have benefited from a substantial increase in the value of their properties, including some who have already profited by selling them.
- Artisans with a high potential for creating high-value-added articles for the emerging tourist market, and large and small merchants who have greatly increased their business volume thanks to increased demand.
- Artisans working in fondouks that have been rehabilitated under the NHDJ programs, who now have better working conditions and whose products are now more visible.
- Entrepreneurs and the local business community in general, who have been able to greatly expand their economic activities due to the constant increase in the number of visitors and owners of second homes.
- The labor market, where wages—especially in the construction, accommodation, and tourist service sectors—have risen considerably, in line with the city’s economic growth.
- Residents of the greater urban area of Marrakesh as a whole, who now have access to enhanced cultural offerings and international opportunities without precedent in the history of the city.

The Losers

- Residents of the Medina who continue to live in dwellings that are in poor condition or threatening collapse, and who have not benefited from rehabilitation for lack of economic means (in 2007, three persons died following the collapse of their homes).
- Tenants—37 percent of the Medina’s residents—who, due to the rising value of real estate, often face rising rents or the threat of eviction after the sale of a building.
- Residents of the Medina whose immediate neighborhood has evolved from purely residential use to commercial and tourist use, thereby losing the benefits of the traditional social space so characteristic of the Medina.

- Residents of the Medina who see their traditional local commercial activities erode little by little as new stores open for tourists, and who are forced to go farther afield to buy basic necessities.
- Owners of traditional businesses who lose their market share or who feel obliged to relocate elsewhere due to the growing demand for stores selling products aimed at customers from outside.

Action Needed to Provide Greater Sustainability to the Medina

Despite its remarkable economic performance, Marrakesh faces major challenges if it is to achieve continued and more equitable growth that remains focused on the Medina. To build a better future for the pool of human potential with which Marrakesh and its Medina are brimming, and to improve the lot of its most disadvantaged resident, these challenges will have to be overcome through the following:

- Public rehabilitation programs in the most dilapidated neighborhoods, where most of the poor population of the Medina is concentrated, beginning with structures threatening collapse and the housing stock in the Habbous district.
- Implementation of an economic and tax incentives system for tenants, aimed at facilitating home ownership in the Medina based on access to real estate loans and appropriate public assistance.
- Sustainable water resource management, providing the city with access to reliable water without compromising the future of nearby green areas, beginning with the Palmeraie.
- Defense of urban environmental quality with regard to waste disposal and treatment, ambient air quality, and noise levels inside the Medina.
- Implementation of a plan to safeguard and rehabilitate the Medina, taking into account the development of the intramuros built environment, while creating opportunities to implement programs to preserve historic buildings.

- Progressive improvement of workplace safety and health conditions for workers inside the Medina, who are often subject to harmful artisanal production techniques.
- Promotion of the authenticity of the Medina and the preservation of its unique architectural, social, and cultural features, in response to profound urban changes that are bound to intensify.
- Development of traffic management systems and public transport systems as a substitute for individual transport, while reducing vehicle congestion and emissions in the Medina.

What Lessons Can Other Moroccan Cities Learn from Marrakesh's Experience?

Although Marrakesh has a unique set of attractions and advantages, including its sunny climate, easy access by airplane, urban heritage, and pleasant living environment—all of which make it an incomparable destination—certain elements of the strategy that have made it a national and international success story may be useful to other historic cities in Morocco that are looking for ways to make the most of their heritage. Marrakesh's renewal strategy has involved more clearly identifying the city's potential around its main drawing card—the attractiveness of its Medina—while mobilizing its citizens' interest in their city's future by opening up the local economy more to international markets and through good collaboration among civil society groups, local and national public authorities, and the private sector. The creation of a university certainly has helped fertilize this process and its intellectual contribution has been a factor in success. As this case study shows, profound urban changes are underway, significantly affecting the Medina, which has adopted the growth model and is also being transformed. The economic benefits of Marrakesh's success are not evenly distributed and require strong public intervention to ensure better social distribution. At the same time, environmental quality in and around the Medina is threatened by the success of the development model, and action will be required to protect it in order to ensure greater sustainability in the future.

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