Inter-American
Development Bank

Institutional Capacity
and Finance Sector

DISCUSSION

PAPER

No. IDB-DP-124

The Sustainability of Urban Heritage Preservation

The Case of Quito

Pedro Jaramillo

August 2010

The Sustainability of Urban Heritage Preservation

The Case of Quito

Pedro Jaramillo

Inter-American Development Bank
2010

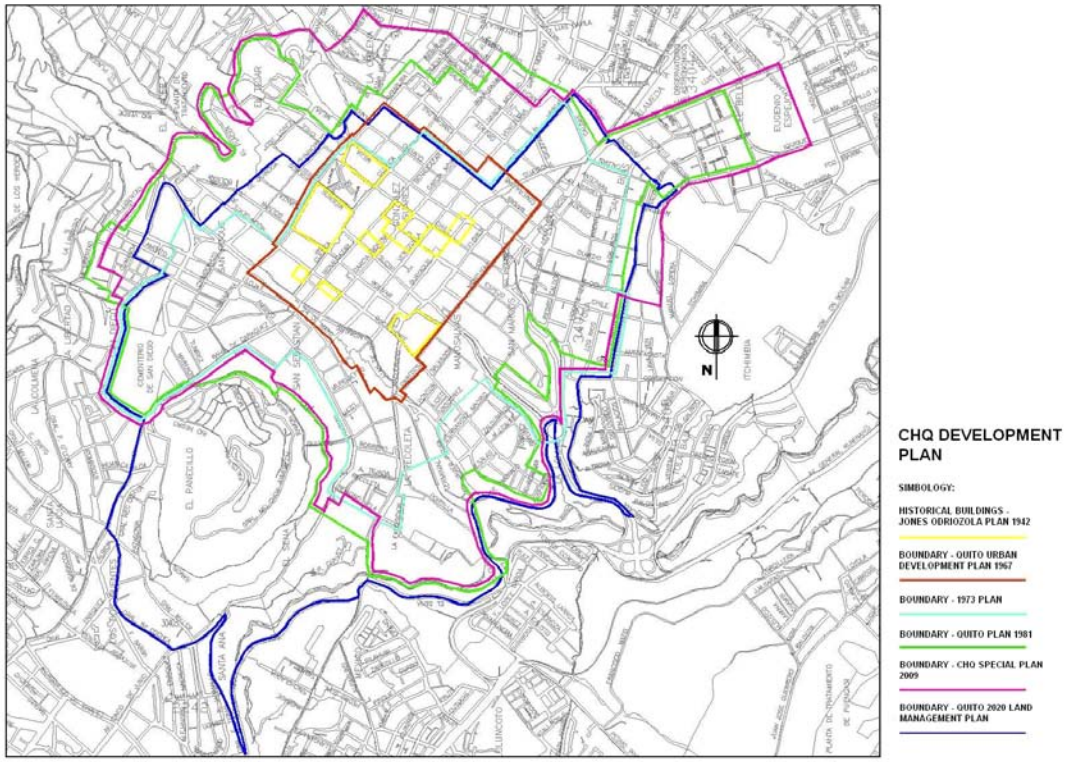
1300 New York Ave. NW, Washington, D.C., U.S.A.

Contact: Eduardo Rojas (EDUARDORO@iadb.org)

1. Boundary Establishment Process and Studies

The Metropolitan District of Quito (MDQ), a city of 2.2 million inhabitants, is characterized by the presence of the Historic Center of Quito (HCQ), which was declared as a World Heritage Site by UNESCO in 1978. The churches, squares, museums, and heritage monuments characterize this area and make up a fundamental part of the city's identity. The HCQ has been amply studied applying different plans and different points of view, with the first reference arising in 1934 and the most recent recognized in 2003.

Figure 1. Boundaries Map



During this 70-year period, the HCQ has been amply studied and identified, and different plans have been drawn up that have determined different intervention projects, in addition to having created administrative control and management entities.

The following studies carried out are worth mentioning due to their contribution to the knowledge of the HCQ, as well as due to the validity of the studies today:

1. *1978: Proposal to UNESCO to declare the HCQ a World Heritage Site*
2. *1981: Quito Plan, the first detailed plan that defined perimeters and incorporated important urban sites.*[1]
3. *1989–1991: HCQ Master Plan, a study that includes the architectural, urban, and socioeconomic assessment with the goal of establishing plans of action.*

The most relevant aspect of this study has been being considered as an invaluable document for updates and intervention, especially the inventory of the buildings, mainly regarding the non-monumental civil architecture. This has allowed for detailed understanding

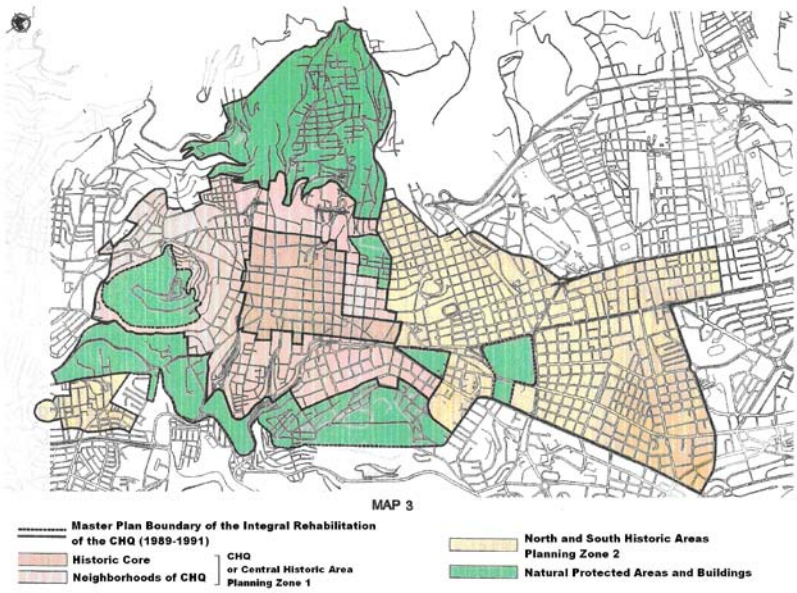
[1] Please refer to Annexes – Map No.1

of the heritage buildings, their conditions, 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, among others.

Urban analysis guidelines were established that determined the areas with increased risk for the state of the buildings. This included a characterization of the intervention boundaries, and determined the land use planning by level. This study allowed for a characterization of the center that is still used today for analysis and planning and provides the following results:

- Sector ONE, the central core: Sector ONE is made up of 308 blocks, with a net area of 272.93 hectares (Ha) and a gross area of 380.59 Ha. About 28 percent (107.6 Ha) of this area is devoted to roadway infrastructure, uninhabitable areas and public areas.
- The LAR[2] corresponded to 52 percent (142.3 Ha) of the net area, while 48 percent of the land is vacant and uninhabitable. The FAR[3] reached 91 percent, with an average height of two stories. Regarding this ratio, 49.76 percent was used for living spaces, while the remaining 50.24 percent had various other uses.
-

Figure 2. Multiperimeter Map



[2] LAR Land Area Ratio; estimate of ground level compared to the lot where a building has been constructed.
[3] FAR Floor Area Ratio; ratio of the total floor area of buildings on a lot to the size of the land of that lot.

- There are 5,161 lots (an average of 19 per block) that make up the 308 blocks located in Sector ONE, with an average area of 525 square meters per lot. The average habitability index was 18.6 square meters/inhabitant. However, due to the buildings' structure and the architectural style, the net habitability index is 11 square meters/inhabitant. According to this study the habitation density was as follows:
    - Average net density: 298 inhabitants/Ha
    - Average gross density: 214 inhabitants/Ha
- A core can be clearly identified within Sector ONE that coincides with the largest concentration of monuments. This corresponds to the boundaries set in 1934. The core of Sector ONE is made up of 84 blocks, with the main roles being administrative, commercial, and multiple services, which still remain today. Regarding these 84 blocks, 28 show habitability indexes less than 5 square meters/inhabitant and 56 blocks show habitability indexes between 5 and 10 square meters/inhabitant.

Figure 3. Boundaries Map, 1934

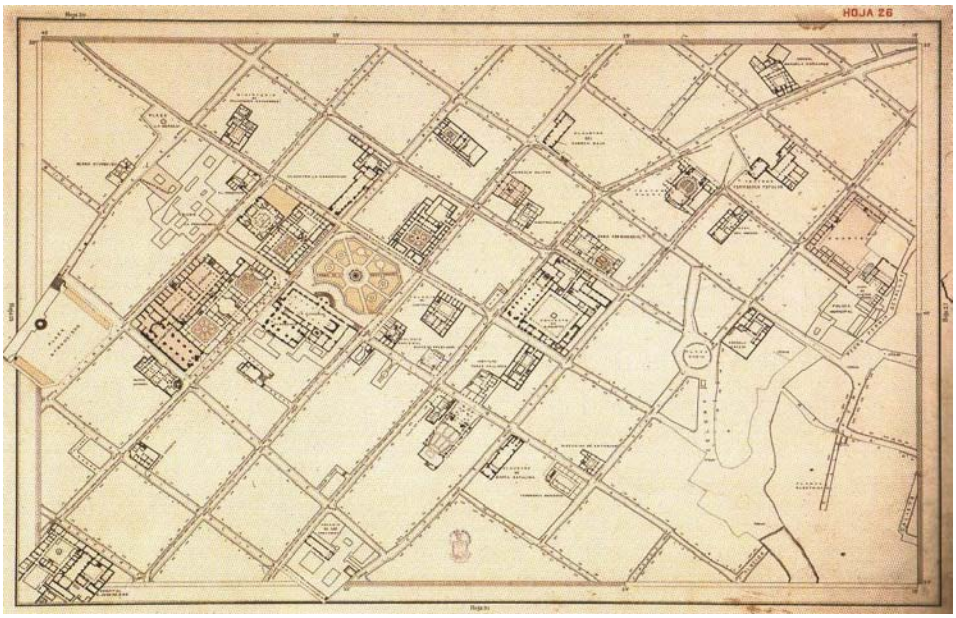


Figure 4. Study Map, 1990

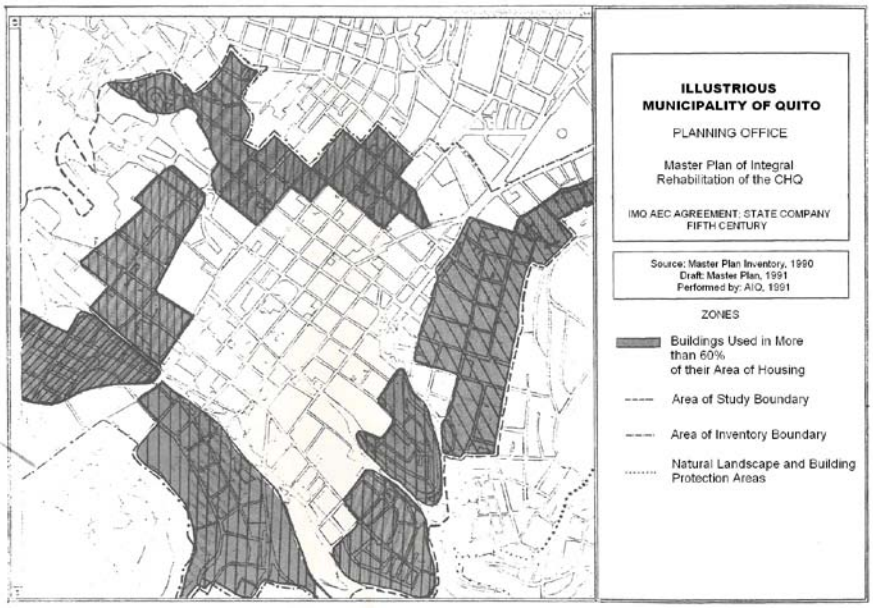
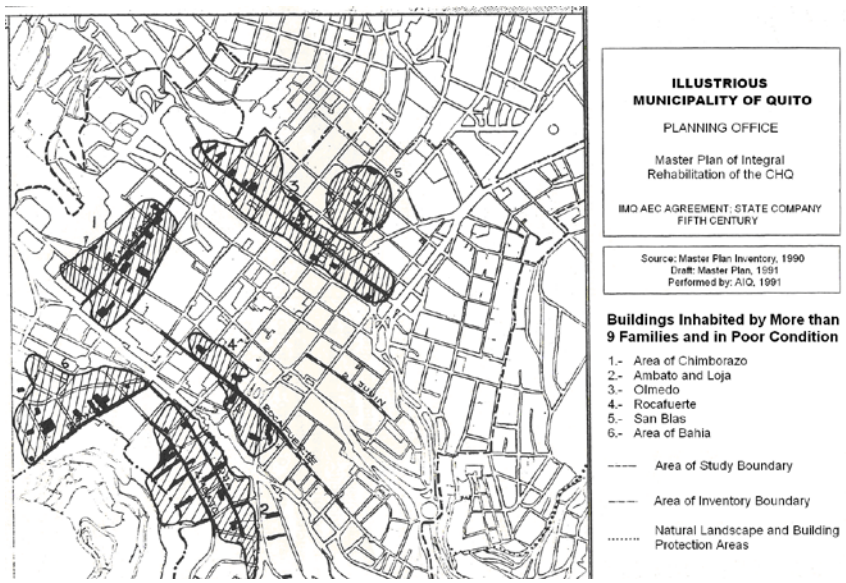


Figure 5. Study Map, 1990



2. Evolution of the HCQ

Ever since the 1960s the trend of residents, institutions and prestigious businesses to leave the core was intensified, thus becoming a degraded area in a continuous process of deterioration, with high levels of crime, unstable houses, uncared for buildings and public areas, and public areas taken over by street vendors.

The abandoned heritage buildings were redistributed for residency and low-level commerce, and the public areas were occupied for commercial activities, causing over-occupation of the area, resulting in general deterioration that influenced the surge of complex social problems. After the World Heritage Site declaration in 1978, the city began a rehabilitation process in the center. The significant moment could be considered as originating from the drafting of the Master Plan for the HCQ with the inventory of heritage properties. This resulted in continuous efforts placed on the rehabilitation of churches and squares, restructuration of streets and sidewalks, relocation of street vendors, construction of parking lots and cultural centers, housing development, commerce and hotel management over the past 30 years, with moderate participation from private investors. This effort also meant the creation of several entities, including for investment needed: *Fondo de Salvamento del Patrimonio Cultural de Quito* (FONSAL) (Cultural Heritage of Quito Recovery Fund) and the *Empresa del Centro Histórico* (Historic Center Company); for management and control: *Comisión de Áreas Históricas y Patrimoniales* (Historical and Heritage Areas Commission) and *Administración de la Zona Centro* (Central Zone Administration).

The continuous and intense public investment for the rehabilitation of the HCQ has preserved the cultural heritage of the city and attracted a slight amount of private investment. Over the last 20 years, the public administration in the central core and the political decisions of various governments have been clearly effective from an urban and architectural point of view. However, the economy of the area has not been stimulated to be competitive with the rest of the city. Additionally, the rehabilitation process has brought benefits to the city and country, from a cultural perspective and regarding the preservation of identity. These factors justify the continued process. After 20 years of sustained public investment there are urban, economic, social and institutional factors that are a testament to the rehabilitation process of the HCQ. These are a basis for the sustainable possibilities, which are analyzed in the next section.

3. Rehabilitation Process

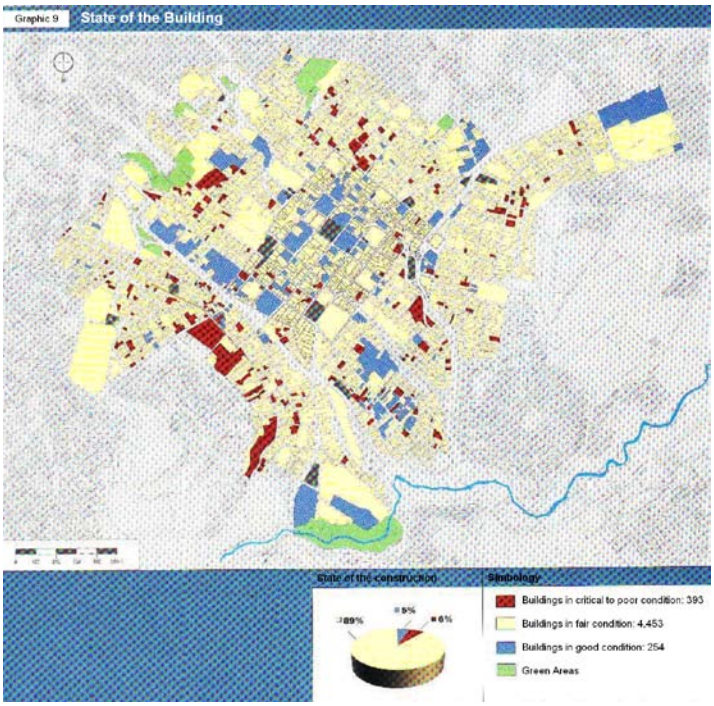
3.1 Urban Factors and Investment

The area of study is limited to the protected area of the HCQ, according to the current Municipality of Quito ordinance. The master plan is used as the initial reference for the analysis, because there were no extensive studies when the World Heritage Site proposal was presented in 1978. Various elements facilitate the determination of the urban and architectural benefits, among them the state of heritage properties, accessibility and traffic of visitors, land use and equity of the zone.

3.1.1 Preservation Status of Patrimonial Assets

According to the master plan, in 1989 the state of preservation of patrimonial buildings was 75 percent regular, and 25 percent poor. According to the Special Plan of 2003, the percentages were 6 percent critical to poor, 5 percent good, and 89 percent fair, as seen in the attached map.

Figure 6. Status Map, 2003



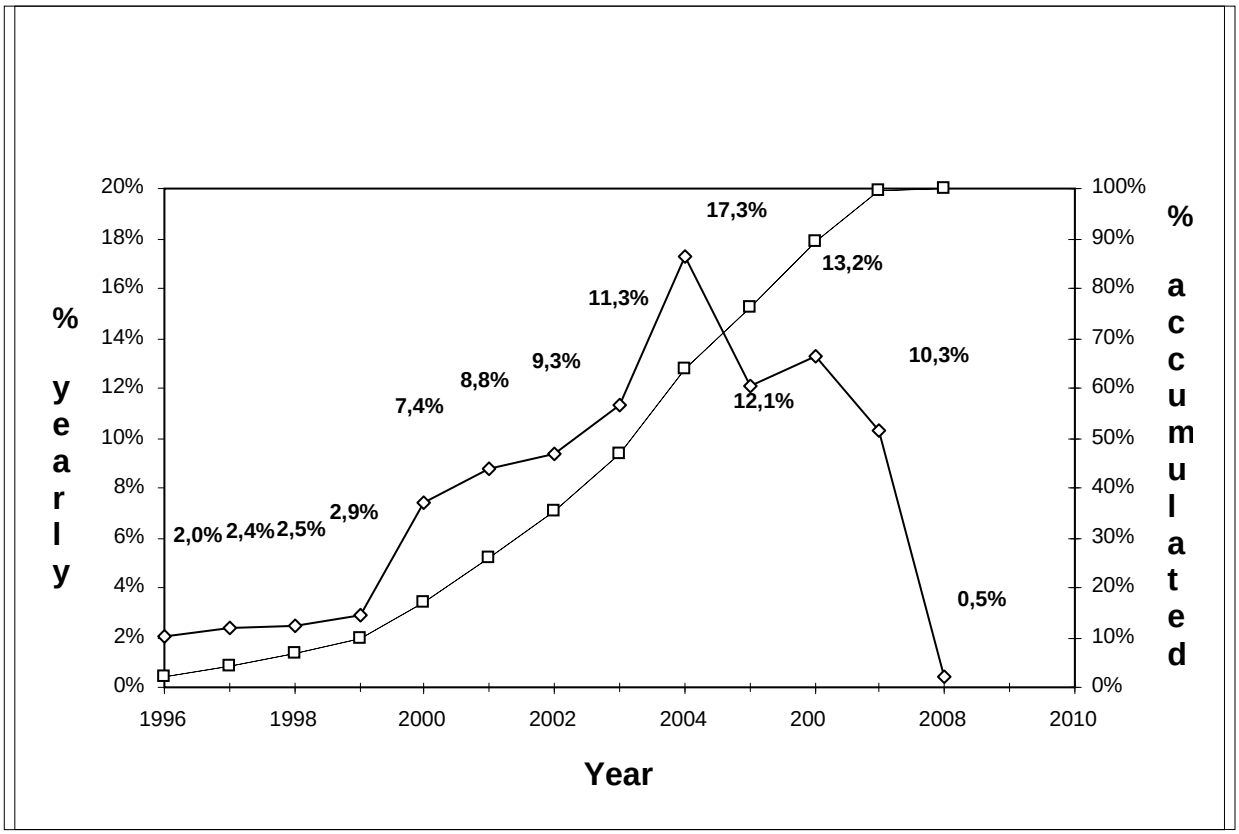
It can be observed that the increase in public investments during this period produced positive effects on the state of preservation of the properties, reducing the properties in poor condition from 25 percent to 6 percent. Nevertheless, from 2003 through the current date the general state of the nonmonumental buildings, which are generally privately held, has remained relatively stable

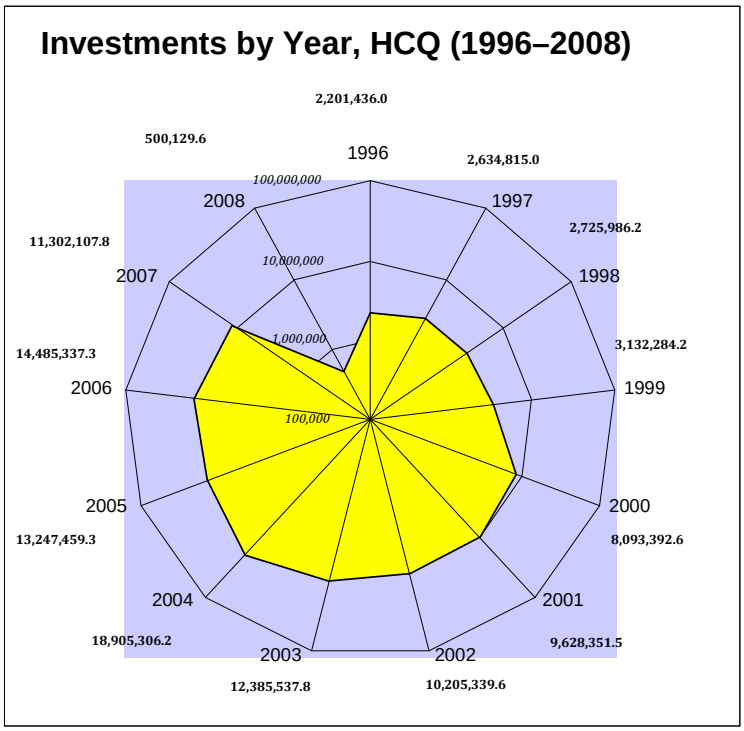
3.1.2 Evolution of the Investments

About 79 percent of the consolidated investments between 1996 and 2008 were concentrated in the heritage buildings that are generally public, with only 14 percent oriented in housing and 7 percent going towards resolving the issue of street vendors by creating public commercial areas. An important decrease in investments was registered starting in 2004. This investment evolution provides two important occurrences:

- The investment curve coincides with the IDB loan to the Municipality through the *Empresa de Economía Mixta del Centro Histórico* (Historic Center Mixed Economy Company). Later, the investment diminished, evidencing that the private investment strategic plan, accompany and promotion were not sufficiently sustainable for this to maintain.
- The allocation of public investment reveals the tendency to invest in prevalent political projects, and not in projects to reverse the deterioration and increased insecurity, thus generating new uses and creating employment, among others.

Figures 7a and 7b. Investments in the HCQ, 1996–2008





The private investment has been primarily directed at commerce and services: restaurants, hotels and popular shopping centers.[4] The limited interest of private investment in areas other than commerce could be due to different factors, including:

- Lack of effective tax incentive policies;
- The elevated cost of land starting in 2000; and
- The long, complicated process for project approval and the lack of policies to resolve structural problems in the HCQ, which include insecurity, contamination, inadequate and excessive public transportation, real estate speculation, concentrated public administration, and incentives of diversification of uses.

Currently, almost all of the heritage assets have been subject to intervention, which has not occurred with the privately owned properties. The property owners do not lean towards investing, because there are not incentives for their heritage assets: easy and long term sources of financing, agility in administrative processes, dynamic and creative real estate market, real and effective tax incentive policies and social housing policy. The intervention is clearly questioned. Regarding this fact, the need for a public and private investment reactivation process is imminent, which can take up the rhythm of the heritage properties.

3.1.3 Accessibility and User Traffic

In 1989 the vehicular traffic that passed through the core of the central zone was 200,000 vehicles between 6:00 a.m. and 8:00 p.m., with 78 percent of this traffic involving light vehicles, 12 percent involving buses and 10 percent split between vans and trucks. In 2009 the circulation had reduced to an average of 50,000 vehicles entering the area per day using 16 access routes, and 44,000 vehicles per day leaving the area using 15 exit routes. Additionally, foot traffic in the central area is estimated at 60,000 people per day.[5]

The different arrivals and departures to and from the HCQ are largely related to work. This displacement of people for work purposes causes an increase in the amount of cars

[4] Please refer to Annexes – Charts No. 1, No. 2, No. 3, No. 4.
[5] Please refer to Annexes – Map No. 2.

coming from the north searching for parking spots at the northern entrance of the HCQ, in San Blas neighborhood, and running to the perimeter areas of the central core.

The current situation regarding public transportation arriving to and within the HCQ results in the use of cars as a means of transportation in order to compensate for the aforementioned traffic, among other things. On the other hand, the private vehicles in the HCQ during rush hour are a result of the lack of perimeter roadways that communicate the southern and northern parts of the city. Thus, the HCQ once again is converted into a throughway for people coming and going to work.

Taking into account the origin and destination of the vehicles, it is estimated that 50 percent of the traffic is only passing, with the other half focused on the HCQ as the final destination or traffic that returns at the end of the day. The presence of vehicles is for a limited time only. This phenomenon repeats at the end of the workday, which is why actions have been implemented to facilitate the flow of entering and exiting traffic, which is known as counter flow of vehicles. Additional traffic that enters and exits the center involves activities related to the government. This movement is occasional; nevertheless it has a certain influence on the internal congestion problem.

The commercial possibilities of the HCQ produce a large amount of traffic coming from all parts of the city. The largest amount of buyers comes from the south, resulting in 42.4 percent of the total. About 31 percent of the traffic comes from the north, and 23.2 percent is from the HCQ. The remaining 3.7 percent of traffic involves people from outside of the MDQ. Public investment in programs to reduce vehicular traffic has been significant, as have plans to reduce the entrance and traffic of buses. It must be mentioned that the trolleybus has HCQ as their final destination.

Pedestrian walkways in the HCQ have also had an effect on the flow of traffic to the center. As a result, the figures indicate that the flow of traffic has considerably reduced. It is necessary to keep in mind that this has occurred in different areas, because in reality what has happened is that this traffic has been redirected to other roadways, such as the Marin, which concentrates high quantities of buses, as it has been converted into a terminal for neighboring parishes.

Despite these actions, there is still a high concentration of vehicular traffic in Sector ONE of the central core of the zone, which includes the largest quantity of commercial areas, because the trend of the center has maintained for the most part. This amount of traffic is mainly present during fair days: Tuesdays, Thursdays, and Saturdays.

3.1.4 Parking Facilities

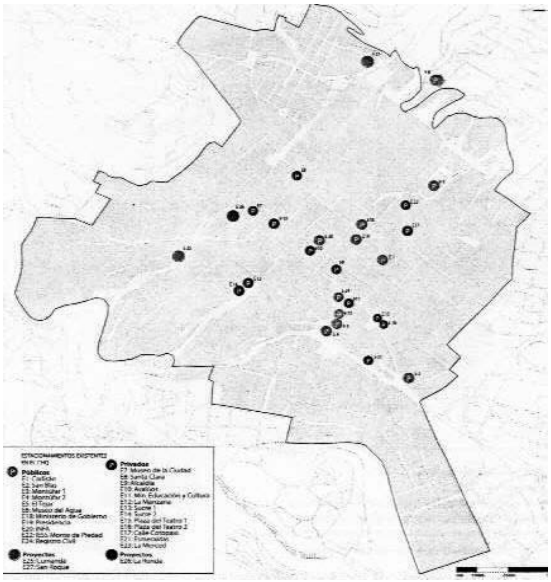
The HCQ receives approximately 50,255 vehicles per day, which results in a high demand for parking spots. In 1989 the demand for parking spots was estimated at 5,500, with approximately 2,500 parking spots. This resulted in a deficit of 3,000 parking spots. Currently, the HCQ offers approximately 3,135 parking spots, which means that in 20 years only 635 extra parking spots were added, causing the deficit of 1989 to remain.[6]

It must be highlighted that during the 20-year intervention period important entertainment and cultural projects have been carried out in the HCQ, such as the *Museo de la Ciudad* (City Museum), *the Centro Metropolitano de Arte y Cultura* (Metropolitan Art and Cultural Center), the *Museo del Agua Yaku* (Yaku Water Museum), the *Museo Arqueológico Casa del Alabado* (House of Praise Archaeological Museum), *Museo Camilo Egas* (Camilo Egas Museum), the *Museo Numismático del Banco Central* (Central Bank Numismatic Museum), the *Casa Museo María Urrutia* (Maria Urrutia House Museum), the Calle la Ronda (Ronda Street). This has caused the central core to become a location with many events. Throughout the year there are cultural and political events, added to the continued presence of public officials and the commercial dynamic. This change in the type of visits has oversaturated the existing network of parking facilities, which on more than one occasion has collapsed, complicating even more the situation due to a demand that has not been met in more than 20 years.

About 54 percent of the available parking spots in public parking facilities have an average cost of US$1/hour. Regarding the residents, the network of public parking facilities has established a difference between the occasional and frequent users. The frequent users are: property owners of stores or houses, or people that work in the center, whom use parking facilities on a daily basis. A tariff of US$60/month has been set for both residents and workers that use the parking facilities, with important excess in demand that cannot be met by the network of parking facilities.

[6] Please refer to Annexes – Chart No. 5.

Figure 8. Location of Parking Lots



3.1.5 Housing

A variety of land uses, where housing would play an important role, would be evidence of a process of sustainability for the preservation of the HCQ. This is a relevant factor given the fact that housing generates a process of appropriation and pertinence of its occupants with respect to the area where they live. Additionally, this requires improvements in the sense of security and provides commercial fronts with different end goals. Meanwhile, the commercial uses, while providing other benefits for the center, do no generate these cohesion factors with the environment.

In 1989, 63 percent of the buildings were dedicated to housing, while in 2003 this percentage reduced to 45 percent. This concentration is located around the central core, which replaced housing with a high percentage of buildings destined for commercial and administration uses. Sale of real estate in previous years, which was considered as being null, was even more so damaged by the relatively low price per square meter.[7]

Between 2002 and 2005 public and private investment in housing occurred, increasing the offers for housing units. If we take a look at the amount of public and private investment in housing during this period, which was USUS$14 million, and we estimate that the average sale of houses was around USUS$600 per square meters, with an average of 100 square meters per house, it is possible to conclude that the public and private investment resulted in

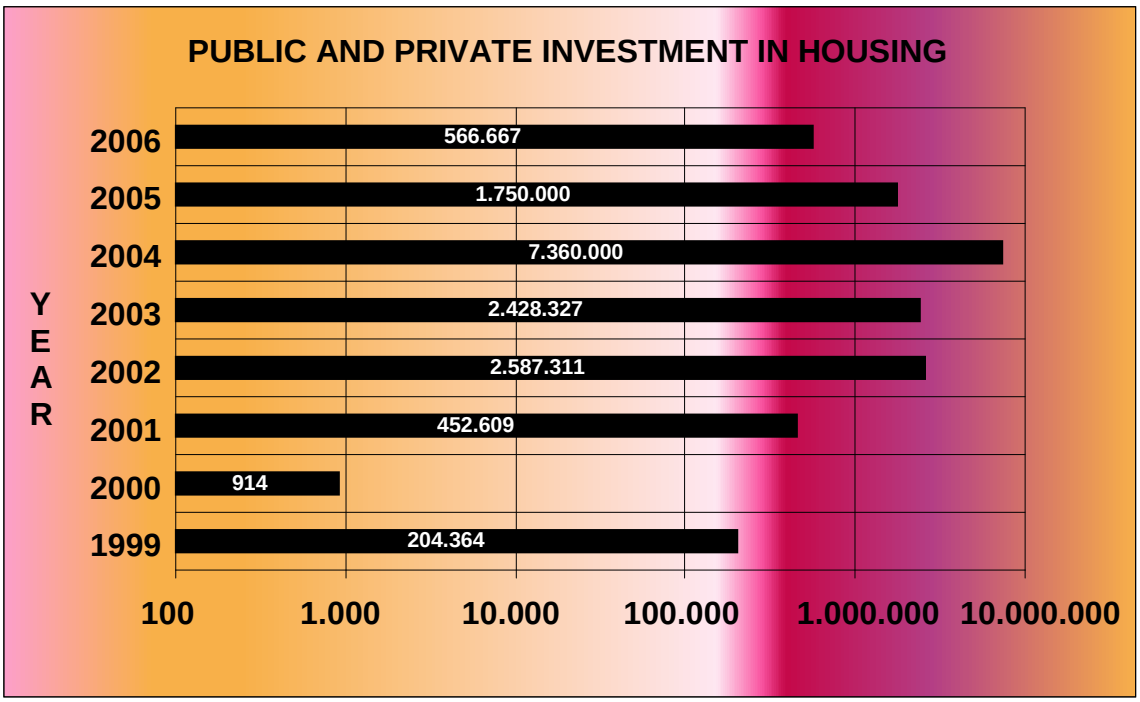
[7] Please refer to Annexes – Chart No.1.

the sale of only 223 houses in seven years, signifying an average of 33 houses per year. This demonstrates limited incidence for the investments in other uses, and the frailty of the investment that has been directed at high stratum. Thus, this is felt in the withdrawal of potential buyers.

A total of 15 houses, 12 apartments, 3 storefronts and 2 offices were sold between January 2009 and February 2010,[8] which have approximate surface areas of 600, 100, 200, and 300 square meters, respectively, and prices per square meter ranging between US$270 and US$1,050.[9] Regarding real estate that changed hands with rental contracts, including anticrisis, during this period (January 2009 and February 2010), 9 apartments, 12 storefronts and 1 office were rented, with average surface areas of 80, 90 and 30 square meters, respectively, and prices per square meter that varied between US$3 and US$40, for housing and commercial uses, respectively.[10]

Similar to the other uses, the investments made have caused a certain increase in housing real estate, which previously was almost non-existent. Nevertheless, despite the fact that the investments in the area are resulting in the housing units to be acquired, they are not being occupied.

Figure 9. Public and Private Housing Investment Chart



[8] Please refer to Annexes – Photo No. 1, 2, 3, 4, 5.
[9] Please refer to Annexes – Chart No.2.
[10] Please refer to Annexes – Chart No.3.

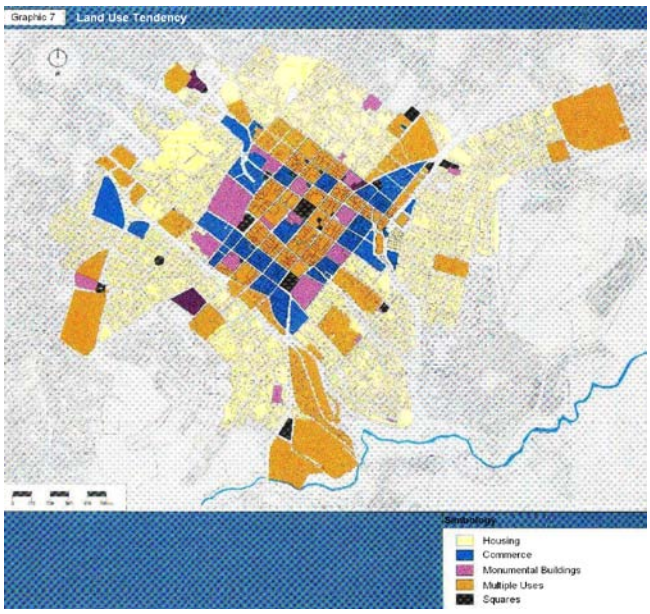
Support for improving housing, such as the *Plan Pon a punto tu casa* (Update Your House Plan), with US$750,000 in support invested in improving 102 housing units since 2003. A factor that contributes to the limited housing investment is the fact that land in the center is more profitable if it is destined for commercial use, instead of housing. This is because there is an increase in traffic of people that visitor the Center to enjoy the attractions held in the zone. Likewise, rent for a storefront in *Plaza de San Francisco* (San Francisco Square) is US$1,500/month for 100 square meters, while the rent for the same sized housing unit does not surpass US$500/month:

- Lack of land policies that avoid real estate speculation and that promote competitive cost operations that can nullify the possible handicaps with regards to other city areas.
- Lack of use policies that orient investments for a mixture of uses.
- Lack of housing investment incentives, regarding: taxes, regulations and eventual subsidies of social housing programs.
- Lack of incentives to attract residents: differentiated parking rates for residents, circulation restrictions to avoid contamination and reduction of parking spaces deficit.

3.1.6 Commerce

Based on the data from 1990 and from 2003, we can see that the characterization of distribution of uses has not varied. The tendency to maintain a housing belt in the area of the central core maintains.

Figure 10. Land Use Plan, 2003



The drop in housing is a reflection of a considerable increase in commerce. During the analyzed period housing reduced 18 percent, while commerce increased 14 percent.

Table 1. Change in Trends in Land Use, 1990–2003

Change in uses	**Year**		Variation
Use	**1990**	**2003**	Percent
Residential	63	45	-18
Commercial	6	20	14
Other (administration, equipping, workshops, etc.)	31	35	4

3.1.7 Markets

The central function of the HCQ maintains reinforced by the presence of various markets: the retail markets include the Central Market and the San Francisco Market, and even though it is not legally a wholesale market, the *Mercado de San Roque* (San Roque Market). Additionally, the *Feria Libre* (Open Market), which is located on property adjacent to Pichincha Avenue, located in La Marin. These markets have a total of 2,335 permanent commercial booths. The *Feria Libre* has 780 booths and operates on Saturdays.

These markets and the *Feria Libre* not only satisfy the needs of the HCQ, but also the surrounding neighborhoods in the area of influence. It is estimated that approximately 120,000 people uses these markets. This concentration of commerce is reinforced even more so at the end of the year.

A drop in population between 1990 and 2001 accompanies this commercial strengthening process. The HCQ lost around 13 percent of its population. This decrease is most evident in the core, where the users moved residential use outwards, replacing it with commercial activities and various services.

In 2002, there were 7,239 registered economic activities in the HCQ. The activities are listed in declining order from increased presence to decreasing presence: general commerce, food preparation, foodstuff, artisans, manufacturing and services. About 68 percent of the economic and production activities were fundamentally concentrated in 53 blocks in Gonzalez Suarez neighborhood (central core). A large majority is businesses located in storefronts. About 98 percent of these businesses are small businesses.

General data from the Historic Center Special Plan from 2003 and the 2000–2008 Administration Publication of Innovar UIO from 2009 indicate the quantity of new commercial areas and street vendors located in these commercial areas and other commercial areas located outside of the HCQ,[11] as well as reference the improvement in commercial storefronts by the *Empresa de Desarrollo Innovar UIO* (Innovar UIO Development Company), with their Technical Assistance Fund program.[12] This phenomenon indicates that there is a clear disposition and willingness of private companies to restore areas and facilities that have always been associated with commerce. This obviously results in a large decrease in residential use.

An important activity that has been incorporated in the zone in recent years is high-class hotel management. Currently, there are at least three properties dedicated to hotel management, which charge between US$100 and US$400 per night. A fourth hotel is currently being built. Nevertheless, the hotel guests do not purchase in the HCQ due to the lack of high-class restaurants and artisan markets. Given these cultural and commercial characteristics and the continuous abandonment or maintaining process of residents in the center, this will become primarily a single function commercial and services area and would provide sustainability to the center independent from the external traffic, more so than its own internal dynamic.

3.1.8 Increased Value

Contrary to other areas of the city where the land valuation are generally laid out by the possibility of densification, the HCQ is established by the regeneration of value that the public or private investment can provide to a rundown area. There was no record of real estate sales in the HCQ when it was proposed as a World Heritage Site. However, it can be presumed that if there were real estate transactions, the amount was minimal.

After the first 10 years of intervention in the center, from 1989 through 2000, the properties in the center acquired relative commercial value. In 2000, the square meter in deterioration was valued at US$21. Ten years later, in 2009, the value per square meter in poor condition was US$250. This gradual, sustained growth over the course of the last

[11] There are an estimated 10,000 vendors located in the HCQ, with 4,084 relocated.
[12] There are 27 improved commercial storefronts; amount invested: US$675,075

decade is primarily due to the public and private investment carried out and the cultural character that has been reinforced in the center, which has generated speculation.

In the non-renovated property sales table, between 2000 and 2007[13] the average cost is US$97/square meters. If the non-renovated property for sale table is analyzed, in 2010 the average cost is US$255/square meters. This is an increase of 262 percent.[14]

A table has been drafted according to data from 2006 of the *Departamento de Control Urbano* (Urban Control Department).[15] This table summarizes the construction permits with mixed investment (municipal and private) and exclusively private investments. This shows increased focus on the real estate sector in the HCQ.

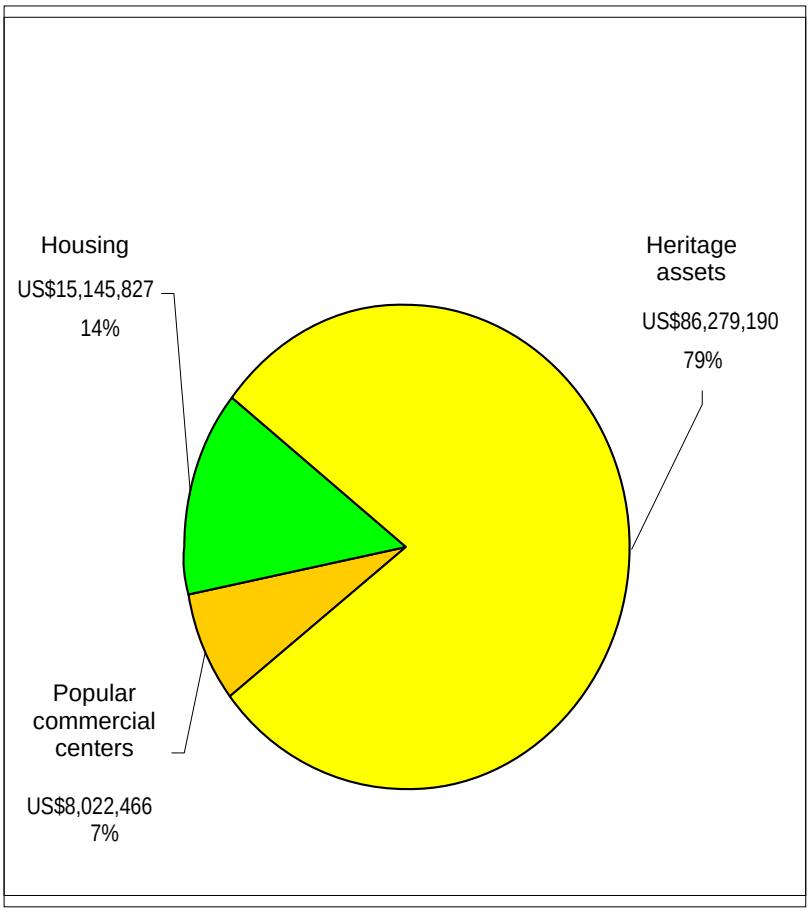
This data shows that the private investment has increased to practically the same level as the Municipal investment in the six years analyzed. This is positive, because this is the result that the investments of the municipality were intended for in order to vitalize the HCQ. These investments have been carried out for housing, commerce, offices and parking facilities. In 2001, the municipality made large investments in commercial areas and housing. These continue to be the main uses for ongoing investments.

From the beginning of 2009 through February 2010 the real estate offers have been significant. A database with the current real estate situation is being systemized, which identifies the neighborhood where the property (house, apartment, storefront, office) is located, the address, type of property, and the offer (sale, lease), thus associating prices and surface area. Likewise, the regeneration of the CHQ included diverse investments to established what are known as commercial centers (popular shopping centers), promoting public and private investment in housing, and fundamentally promoting the rehabilitation, recovery, maintenance, adaptation, and remodeling of buildings with heritage importance. The analysis establishes that the investments in the HCQ were carried out according to ranking, from greater to lesser magnitude and importance:

- Heritage buildings:[16] US$86.3 million (79 percent of the total analyzed),
- Housing:[17] US$15.1 million (14 percent of the total analyzed)
- Commercial centers (popular shopping centers):[18] US$8.0 million (7 percent of the total analyzed)

[13] Please refer to Annexes – Chart No. 6
[14] Please refer to Annexes – Chart No. 7
[15] Please refer to Annexes – Chart No. 8
[16] Sources: Publication – "El Fondo de Salvamento del Patrimonio Cultural 1996-2000," published in 2000. "Quito, Patrimonio y vida. Obra del FONSAL 2001-2008," publication 2008.
[17] Source: INNOVAR UIO, Memorias de una transición de Empresa de Desarrollo Innovar
[18] Source: Gestión 2000-2008 innovar uio., publication 2009.

Figure 11. Investment Chart According to Uses, 1996–2008



3.1.9 Current Real Estate Situation

The real estate situation regarding non-renovated houses occurs in various areas of the HCQ. The price per square meter ranges between US$148 and US$480, providing and average price of US$255/square meters, which is a reasonable amount, and very interesting given that these amounts are from 2010.[19]

Regarding apartments, there are differences in the price per square meter, ranging from US$193 to US$1,111. Thus, it is not possible to obtain a reasonable average price per square meter. Apartment prices are considerably elevated compared to houses, and are equally up to date. Figure 12 illustrates the current real estate offerings in the HCQ.

[19] Please refer to Annexes – Chart No. 9.

Figure 12. Location of Properties for Sale

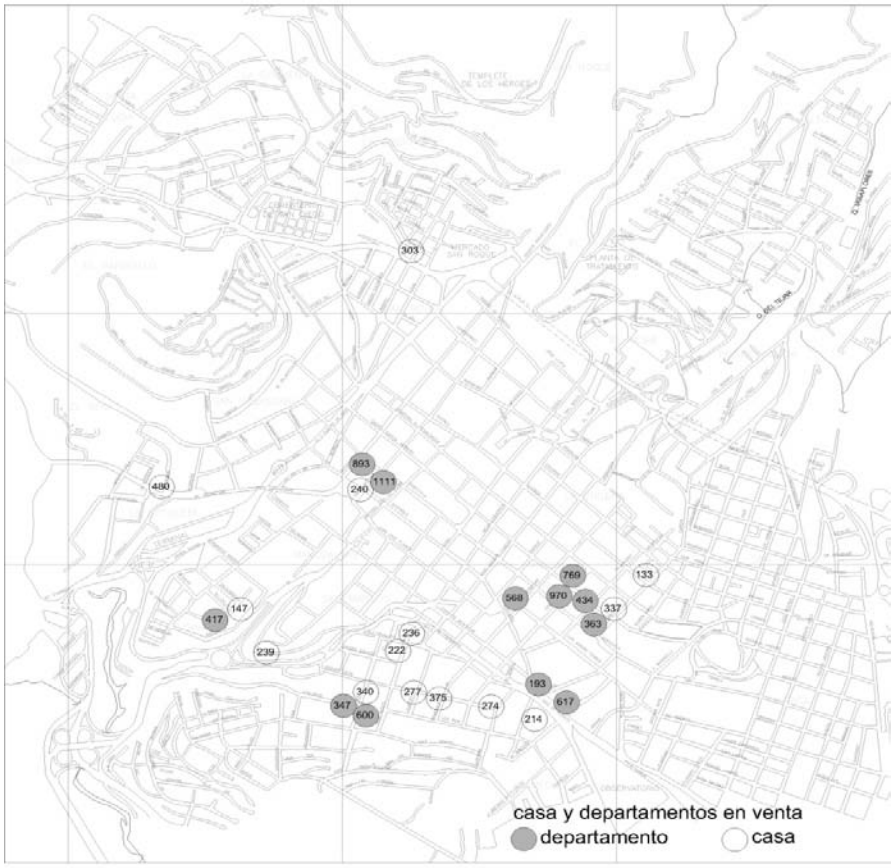


Table 2. Offices for Sale in the HCQ

Sector	Date	Address	Property Owner	Telephone	Cost	M2	Observations	Cost/M2 ($)
San Blas	14-Feb-10	Guayaquil and Caldas	Mrs. Helena Salgado	2072447 - 084549690	18,000	45	Centro Commercial Quito	400
Gonzalez Suarez	27-Feb-10	Guayaquil and Esmeraldas	Mrs. Gloria Espinosa	3237291 - 099619027	160,000	550	2 stories, 18 offices, above Fybeca Pharmacy	290

The price of offices is similar to the price of houses dedicated to living spaces. Given that they are located in similar areas, the difference is related to the size of the unit.

Table 3. Commercial Space for Sale in the HCQ

Sector	Date	Address	Property Owner	Telephone	Cost	M2	Observations	Cost/M2 (US$)
Gonzalez Suarez	21-Feb-10	Guayaquil and Chile	Mrs. Catalina Vaca	2655186 - 099721400	350,000	600	Centro Commercial Internacional-Renovated	583
Gonzalez Suarez	18-Feb-10	Oriente and Guayaquil	Mrs. Patricia Jaramillo	2646073 - 097050019	33,000	20	Below Unit	1,650
El Tejar	7-Feb-10	Mejia and Tejar	Mr. Freddy Samaniego	3651842 - 087651263	5,500	6	Centro Commercial El Tejar, 2nd Floor, Hall 5B	916

On the other hand, the price of commercial storefronts, as is logical, is much higher than offices, but comparable to apartments dedicated to living spaces. If these conditions maintain, and the value of non-renovated properties continue to be high (US$250), compared to the price per square meter of developing land in Cumbaya and Tumbaco Valleys, where the prices fluctuate between US$120 and US$300 per square meter, it is easy to predict that there will be no aggressive private investment to vitalize the zone, which guarantees the sustainability.

3.2 Economic and Social Factors

The analysis of economic factors that provide sustainability to the preservation of the HCQ requires the interpretation of the changes in various aspects related to the socioeconomic profile of the residents and the economic activities that take place in the area.

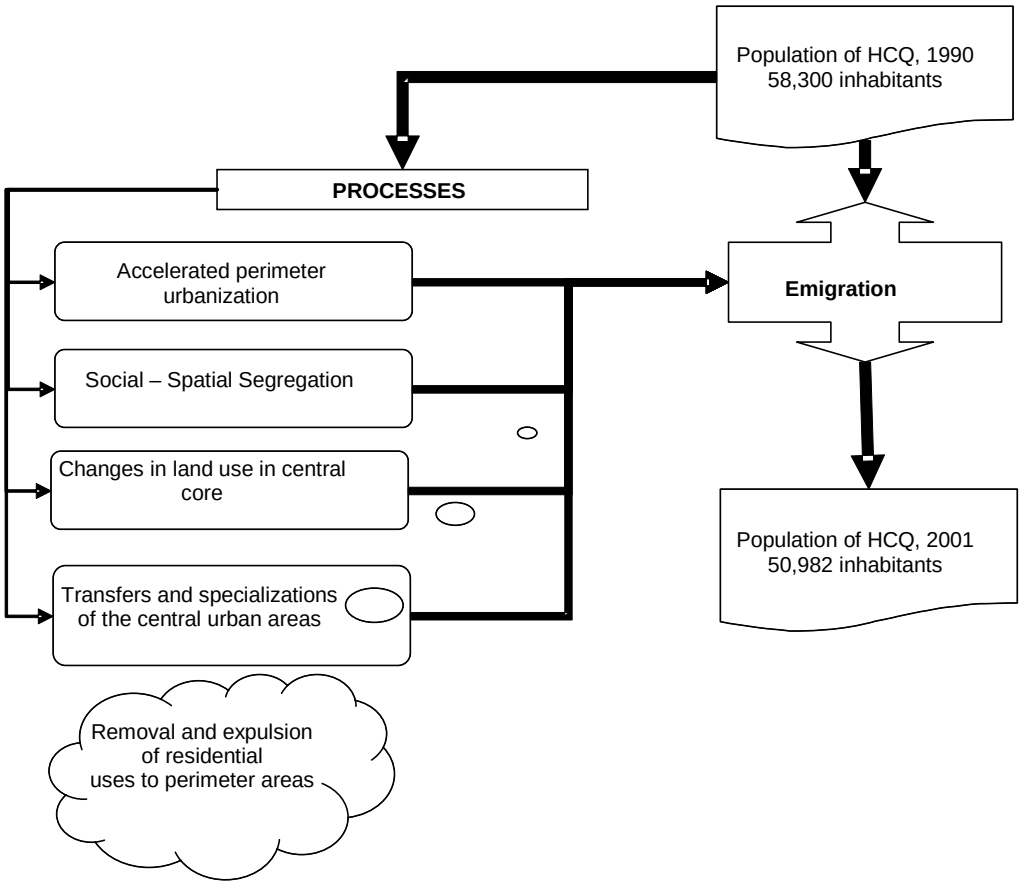
3.2.1 Socioeconomic Profile of the Residents

3.2.1.1 Perspective of Demographic Evolution in the DMQ and the HCQ

Between 1990 and 2001 there are coincidences in the National Population and Housing Censuses performed in the MDQ regarding a series of processes related to the accelerated

urbanization of perimeter areas that resulted in changes in land use in the central area. Additionally, there were coincidences in the transfer and specializations of the central urban areas. This determined the emigration of residents of the HCQ to perimeter areas.

Figure 13. Demographic Evolution



Thus, between the aforementioned years, the population of the MDQ grew 32.7 percent and the population of urban areas of Quito grew 26.4 percent. The dispersed urban areas reduced 43.4 percent, and the suburban area grew 66.6 percent. The populations of the Central Administrative Zone (AZC), the administrative zone where the HCQ is located, and the HCQ, reduced, particularly the population of the HCQ, which reduced 12.6 percent, as summarized in Table 4.

Table 4. Surface Area, Population, and Demographic Density

Description		Entire district	Urban Quito	Disperse urban areas	Suburban or rural	Zonal administration and delegations	
						AZC	CHQ
Surface area (hectares) without considering the ecologically protected area		425,532.05	19,135.91	16,064.00	390,332.13	2,362.67	375.30
Population	Census 1990	1,388,500	1,105,526	24,535	258,439	227,233	58,300
	Census 2001	1,842,201	1,397,698	13,897	430,606	227,173	50,982
	Housing 2001	556,628	419,477	4,409	132,742	69,616	16,313
Demographic density inhabitants / Ha.		4.5	73.04	0.87	1.10	96.15	136.00
Proportional distribution of population	1990	100.0	79.6	1.8	18.6	16.4	4.2
	2001	100.0	75.9	0.8	23.4	12.3	2.8
Demographic growth rate 1990–2001 percent of increase		2.6	2.2	-5.0	4.8	0.0	-1.2
		32.7	26.4	-43.4	66.6	0.0	-12.6
Masculine	Reason (per 100 inhabitants)	48.5	48.2	50.3	49.4	48.9	50.0
	Index (per 100 women)	94.2	93.2	101.4	97.6	95.5	100.0
Feminine	Reason (per 100 inhabitants)	51.5	51.8	49.7	50.6	51.1	50.0
	Index (per 100 men)	106.1	107.3	98.6	102.5	104.7	100.0

Population growth between 1990 and 2001 was negative in 10 of the 36 urban parishes, providing the following results:

- La Libertad: -1.5 percent
- Chimbacalle: -1.45 percent
- HCQ: -1.26 percent
- San Juan: -1.11 percent
- La Magdalena: -1.05 percent

Consequently, this displacement of populations to peripheral areas caused a reduction in population density in 14 of 36 parishes. The circumstance is particularly revealing in the five aforementioned parishes, the order coinciding with the previously established regarding the difference in population percentages between the censuses:

- La Libertad: -30.3 percent
- Chimbacalle: -29.3 percent
- HCQ: -22.2 percent
- San Juan: -18 percent
- La Magdalena: -16.1 percent

3.2.1.2 Housing and Population within the MDQ and the HCQ

According to data from the 2001 Population and Housing Census, 556,627 housing units were recorded in the urban and suburban areas of the MDQ. About 421,000 housing units were recorded in the urban area (65 percent), with 69,626 corresponding to the AZC (11 percent). Regarding the 69,626 housing units in the AZC, 16,813 correspond to the HCQ (3 percent). Figure 14 and Table 5 consolidate this information.

Figure 14. Number of Housing Units per area in the MDQ

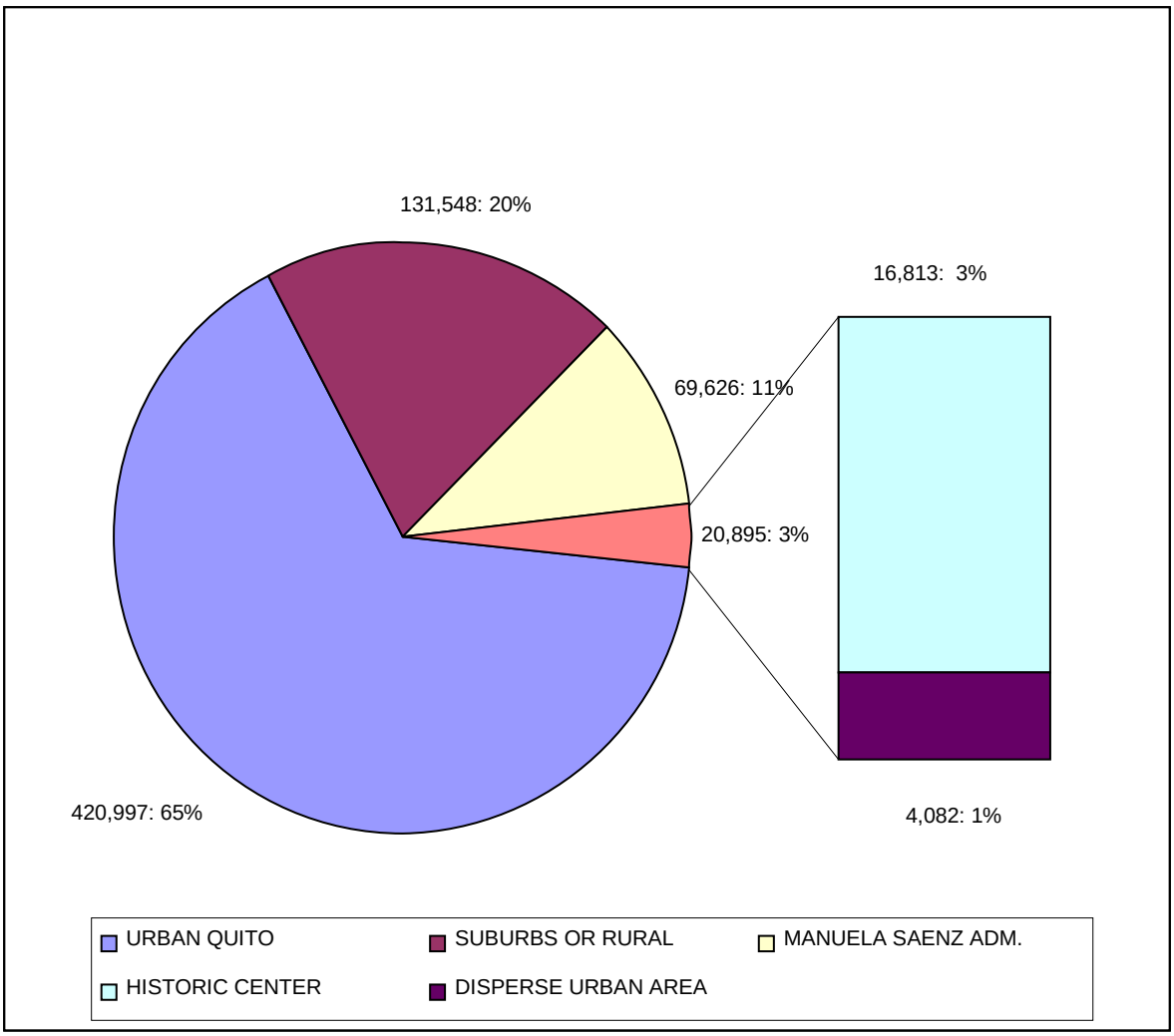


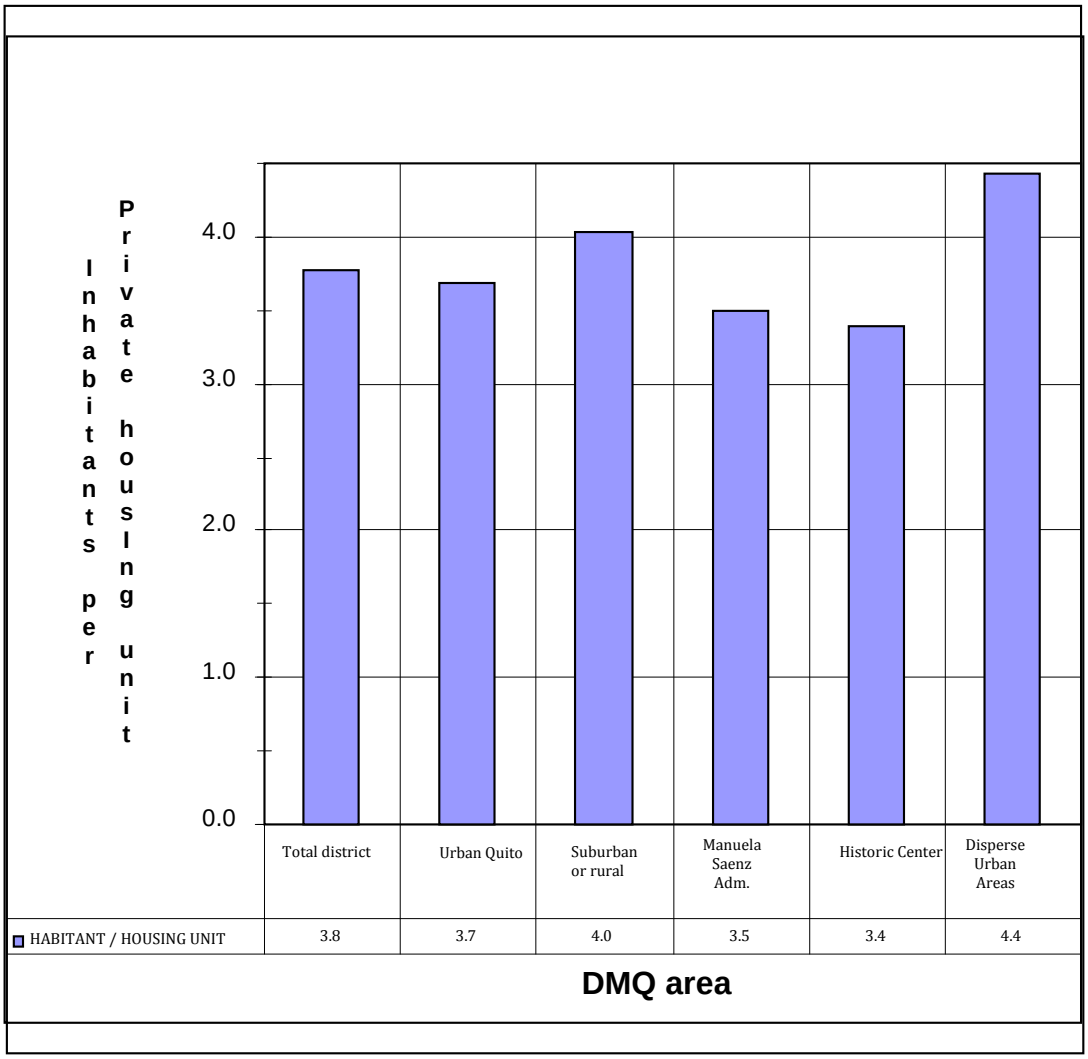
Table 5. Occupation and Occupants

Areas	Total housing	State of occupation and occupants				Unoccupied	Construction	Collective		Average occupants per private housing unit
		Occupied								
		Total	With people present		With people absent					
			Housing units	Occupants				Housing Units	Occupants	
Entire District	556,627	510,104	484,703	1,827,916	25,401	29,076	16,683	764	14,285	3.8
Urban Quito	420,997	395,007	376,873	1,391,282	18,134	16,190	9,200	600	11,370	3.7
Suburban or rural	131,548	111,933	104,981	423,990	6,952	12,223	7,232	160	2,725	4
Manuela Saenz Adm.	69,626	66,188	62,928	222,702	3,260	2,349	941	148	4,503	3.5
HCQ	16,813	15,459	14,999	49,059	960	727	58	69	1,923	3.4
Disperse urban areas	4,082	3,164	2,849	12,644	315	663	251	4	190	4.4

Source: Population and Housing Census 2001; INEC
Drafted by: Studies and Research Department; DPMT-MDMQ
Additional Information: eestevez@quito.gov.ec

The average number of inhabitants per housing unit in the MDQ is 3.8 people. Both the AZC and the HCQ have figures less than this, with 3.5 and 3.4 people, respectively.

Figure 15. Average Number of Occupants per Private Housing Unit



The 13 neighborhoods in the HCQ include 16,813 housing units.[21] The 2001 Population and Housing Census recorded 14,999 housing units with people present, 960 with people absent, and 727 unoccupied, which corresponds to multifamily housing units. There are 69 housing units characterized as collective.[22]

Regarding the population, the housing units with people present in the MDQ recorded 1,827,916 people, with 1,391,282 corresponding to urban Quito (66 percent). The inhabitants corresponding to the AZC and the HCQ in the concentrated urban area of Quito were 222,702 (11 percent) and 49,059 (2 percent), respectively.

[21] Source: http://www4.quito.gov.ec/mapas/indicadores/Vivienda%20barrios.htm, DMPT-MDMQ, 2008, Studies Department.
[22] Please refer to Annexes – Chart No. 10, 11, 12 and 13

3.2.1.3 Availability of Basic Services

In general, the population of the MDQ has a high percentage of access to basic services. This is true except for some services in disperse urban areas and in some suburbs (Table 6).

Table 6. Availability of Basic Services

Description	Total district	Urban Quito	Disperse urban area	Suburban or rural	Zonal administration and delegations	
					AZC	CHQ
Drinking water: public network	91.0%	93.2%	45.7%	84.7%	97.1%	98.9%
Drinking water: tubing within housing units	78.0%	82.9%	22.3%	61.9%	82.5%	80.2%
Sewer systems: public network	83.4%	91.7%	16.3%	56.0%	96.1%	98.6%
Waste removal: collection vehicle	90.0%	95.3%	32.5%	73.0%	96.5%	98.0%
Availability of electricity	97.6%	98.3%	91.1%	95.1%	98.4%	98.9%
Hygienic services: exclusive use	78.4%	82.6%	33.9%	64.6%	76.5%	69.3%
Shower: exclusive use	68.9%	70.8%	29.6%	63.2%	61.6%	50.0%
Cooking fuel: gas	96.2%	97.4%	79.7%	92.1%	96.9%	94.8%
Availability of telephone lines	58.4%	61.9%	22.0%	46.6%	52.5%	50.4%

Source: Population and Housing Census 2001; INEC
Drafted by: Studies and Research Department; DPMT-MDMQ
Additional Information: eestevez@quito.gov.ec

As shown in the table, the AZC and the HCQ have higher percentages of basic services coverage, except for the items corresponding to the availability of hygienic services and exclusive showers.

3.2.1.4 Education within the MDQ and the HCQ

As shown in 7, the percentages of literacy in MDQ are low in global terms. Establishing percentage differences in the literacy rate of the population of urban Quito, the AZC and the HCQ have 10 percent and 25.9 percent higher values, respectively.

Table 7. Literacy Rate and Education Levels by Area, 2001

Description		Total district	Urban Quito	Disperse urban area	Suburban or rural	Manuela Saenz administration	
						AZC	CHQ
Illiteracy rate (10 years old and older)	Men	3.2	2.7	6.8	4.6	3.0	3.4
	Women	5.3	4.4	14.7	8.3	4.9	5.0
	Total	4.3	3.6	10.7	6.5	4.0	4.2
Education level	None	53,490	31,708	1,150	20632	6,076	1,542
	Elementary	522,750	374,637	4,949	143,164	62,835	14,838
	High school	662,747	514,522	4,056	144,169	84,476	19,508
	University	299,597	252,643	320	46,634	38,072	7,328
	Doctorates	9,193	7,826	5	1,362	752	123

Source: Population and Housing Census 2001; INEC
Drafted by: Studies and Research Department; DPMT-MDMQ
Additional Information: eestevez@quito.gov.ec

3.2.1.5 Characterization of the Economically Active Population (EAP) of the MDQ and the HCQ and Employment[23]

Using the data of the 2001 Population and Housing Census, the EAP in the MDQ was established as having increased to 845,477 people, with 500,466 being men (59 percent) and 345,011 being women (41 percent). Within urban Quito, the EAP in the AZC was 106,669 people, with 61,991 men (58 percent) and 44,678 women (42 percent), and in the HCQ, the EAP was 25,536 people, with 15,011 men (59 percent) and 10,525 women (41 percent). Referring to urban Quito of the total area of the MDQ, the distribution of the EAP by economic sector is included in Table 8 for the AZC and the HCQ.

[23] Source: http://www4.quito.gov.ec/mapas/indicadores/RAMAS_ACT.htm. DMPT - MDMQ, Studies and Research Department.

Table 8. Characterization of the EAP

Economic sectors	Gender	Total DMQ	Urban Quito	AZQ	CHQ
Primary	Men	40,468	11,311	28,468	290
	Women	20,143	4,792	14,809	112
	Total	60,611	16,103	43,277	402
Secondary	Men	139,468	100,264	37,470	3,203
	Women	48,115	36,330	11,290	1,172
	Total	187,583	136,594	48,760	4,375
Teritary	Men	320,530	261,418	57,476	11,518
	Women	276,753	226,044	49,280	9,241
	Total	597,283	487,462	106,756	20,759
	Men	500,466	372,993	123,414	15,011
	Women	34,5011	267,166	75,379	10,525
	Total	845,477	640,159	198,793	25,536

With this perspective, the HCQ gathered 3 percent of the EAP of the MDQ, with the urban areas and the AZC grouping 76 percent and 24 percent of the EAP, respectively. The percentage corresponding to the HCQ is included in the AZC. In the particular case of the HCQ, the distribution of the EAP is as follows, illustrating the predominant sectors:

- Primary sector:
    - 402 people; 290 men (72 percent) and 112 women (28 percent),
    - The predominant activities are Agriculture, Cattle Herding, Hunting and forestry: 308 people (77 percent of the total); 208 men (68 percent) and 100 women (32 percent).
- Secondary sector:
    - 4,375 people; 3,203 men (73 percent) and 1,172 women (27 percent),
    - The predominant activity involves the manufacturing industry: 3,066 people (70 percent of the total); 1,979 men (65 percent) and 1,087 women (35 percent).
- Tertiary sector:
    - 20,632 people; 11,441 men (55 percent) and 9,191 women (45 percent),
    - The 5 sectors with the largest participation are:
        - Retail and wholesale commerce: 8,085 people (39 percent of the total); 4,470 men (55 percent) and 3,615 women (45 percent),

- Organizations and extra-territorial entities: 2,485 people (12 percent of the total); 1,493 men (60 percent) and 992 women (40 percent),
- Hotels and restaurants: 1,529 people (7 percent of the total); 739 men (48 percent) and 790 women (52 percent),
- Public administration and defense: 1,526 people (7 percent of the total); 1,213 men (79 percent) and 313 women (21 percent),
- Private homes with domestic service: 1,292 people (6 percent of the total); 130 men (10 percent) and 1,162 women (90 percent).

Table 9 illustrates a comparative analysis regarding the employment, showing a certain difference in the figures that are included in the previously mentioned table. There is an emphasis on the differences between men and women. There is a larger number of working age women than men in the MDQ and the HCQ. However, with the exception of certain sectors, the participation of women in production activities is always inferior to the participation of men.

On average, in terms of residents in the HCQ there are 100 women working for every 143 men. The only sectors with contradicting numbers are hotels and restaurants and private homes with domestic service; for every 100 men working in the sector there are 107 and 894 women, respectively. This circumstance is also reflected in the indicators, such as the work participation rates and the occupation rates. In some cases the men/women ratio is approximately 2 to 1.

Table 9. Employment Rates by Gender in the MDQ according to Zones

Description	Gender	Total DMQ	Urban Quito	Disperse urban areas	Suburban or rural	Zonal administration and delegations	
						AZQ	CHQ
EAP	Men	477,763	358,236	3,893	115,634	59,240	14,383
	Women	308,325	241,826	2,042	64,457	40,716	9,647
	Total	786,088	600,062	5,935	180,091	99,956	24,010
Working age population	Men	674,193	511,856	4,946	157,391	85,650	19,666
	Women	735,148	566,204	4,894	164,050	91,570	20,024
	Total	1,409,341	1,078,060	9,840	321,441	177,220	39,690
Economic sectors	Primary	60,611	16,103	1,231	43,277	1,956	402
	Secondary	187,583	136,594	2,229	48,760	21,818	4,315
	Tertiary	592,686	483,719	3,040	105,927	82,254	20,632
	Workers	4,597	3,743	25	829	641	127
	New	845,477	640,159	6,525	198,793	198,793	25,536
	Total						
Work participation Gross rate %	Men	53.5	53.1	55.6	54.4	53.4	56.4
	Women	32.5	33.4	29.6	29.6	35.0	37.8
	Total	42.7	42.9	42.7	41.8	44.0	47.1
Work participation Global rate %	Men	70.9%	70.0%	78.7%	73.5%	69.2%	73.1%
	Women	41.9%	42.7%	41.7%	39.3%	44.5%	48.2%
	Total	55.8%	55.7%	60.3%	56.0%	56.4%	60.5%
Occupation Gross rate %	Men	70.5	69.6	78.6	73.2	68.7	72.6
	Women	41.7	42.4	41.4	39.1	44.2	47.9
	Total	55.5	55.3	60.1	55.8	56.0	60.2
Occupation Gross rate %	Men	99.5	99.4	99.8	99.6	99.4	99.5
	Women	99.4	99.3	99.1	99.5	99.4	99.5
	Total	99.4	99.4	99.6	99.6	99.4	99.5
Unemployment Rate %	Men	3.0	3.2	1.4	2.2	3.4	3.4
	Women	2.5	2.7	1.5	2.0	2.5	2.1
	Total	2.8	3.0	1.4	2.1	3.0	2.9

Source: Population and Housing Census 2001; INEC
Drafted by: Studies and Research Department; DPMT-MDMQ
Additional Information: eestevez@quito.gov.ec

3.2.1.6 Poverty within the MDQ and the HCQ[24]

The integrated poverty levels used are according to the following definitions:

- Chronic poverty: households that do not have sufficient income to satisfy a minimum level of consumption or to meet the most elemental necessities.
- 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 (basic necessities).
- Recent poverty: households that meet their basic necessities, but have income below the poverty line.

[24] Source: http://www4.quito.gov.ec/mapas/indicadores/pobreza.htm. DMPT - MDMQ, Studies and Research Department.

Table 10 summarizes the poverty indicators of the MDQ, as well as its urban and suburban areas, and the urban area that corresponds to the AZC and the HCQ:

Table 10. Unmet Basic Needs by Area

Description			Total district	Urban Quito	Disperse urban areas	Suburban or rural	Manuela Saenz adm.	
							AZC	CHQ
Unmet Basic Needs (NBI)	Poverty	Homes %	22.2%	19.9%	41.3%	30.1%	20.1%	21.2%
		Population	467,358	328,107	5,307	133,944	57,156	14,188
	Extreme Poverty	Homes %	8.2%	5.9%	43.3%	15.3%	4.1%	3.2%
		Population	205,242	116,354	6,682	82,206	13,702	2,484
Effects of poverty (poverty line)		Homes %	43.5%	42.9%	53.8%	45.1%	52.8%	80.9%
		Population	813,738	613,478	6,958	193,302	122,158	41,739
Integrated poverty	Chronic	Homes %	16.9%	15.1%	49.3%	22.1%	16.1%	20.9%
		Population	371,666	260,087	6,387	105,192	47,251	14,337
	Structural	Homes %	13.6%	10.7%	40.5%	23.1%	8.1%	3.4%
		Population	300,921	185,694	5,232	109,995	24,088	2,403
	Recent	Homes %	26.6%	27.8%	4.6%	23.0%	36.7%	60.0%
		Population	442,072	353,391	571	88,110	74,907	27,402
	Not poor	Homes %	43.0%	46.4%	5.7%	31.8%	39.1%	15.6%
		Population	727,521	600,251	644	126,656	82,016	7,101

Source: Population and Housing Census 2001; INEC
Drafted by: Studies and Research Department; DPMT-MDMQ
Additional Information: eestevez@quito.gov.ec

With this perspective, 41,739 homes located in the HCQ (80.9 percent) have different levels of poverty. With respect to the 122,158 homes in the central administration, 52.8 percent have certain levels of poverty. Poverty levels are present in 153 percent more homes with respect to the total in the central area of the MDQ.

Poverty

The following global situation was recorded in the area of the HCQ in 2001 in regards to the different concepts of integrated poverty:

- 14,337 homes (20.9 percent) claim a level of chronic poverty
- 2,403 homes (3.4 percent) experience structural poverty
- 27,402 homes (60 percent) have recently entered into a state of poverty
- Only 7,101 homes (15.6 percent) are considered as being not poor in the HCQ, with respect to the 82,016 in the central administration (39.1 percent)

The effects of poverty correspond to the homes with chronic poverty and with recent poverty. Compared with other parishes in the central administration, the neighborhoods of the HCQ have more homes with poverty than the rest of the area. This adds to the effects of

poverty in the HCQ. The following information was provided upon analyzing each neighborhood of the HCQ:[25]

- The populations of La Merced, La Recoleta, and San Diego have 100 percent of the people experiencing effects of poverty (4,848 people, 12 percent of the population that are affected by poverty in the CHQ).
- The populations of San Roque, La Tola, La Victoria, and Panecillo have poverty levels ranging from 90 percent to 94 percent (18,771 people, 45 percent).
- The populations of La Loma, El Sena, San Blas, and San Sebastian have poverty levels between 71 percent and 82 percent (14,738 people, 35 percent).
- The populations of Gonzalez Suarez and San Marcos have poverty levels that vary between 36 percent and 54 percent (3,382 people, 8 percent).

According to the definitions of chronic and structural poverty, the following is true for the neighborhoods of the HCQ:

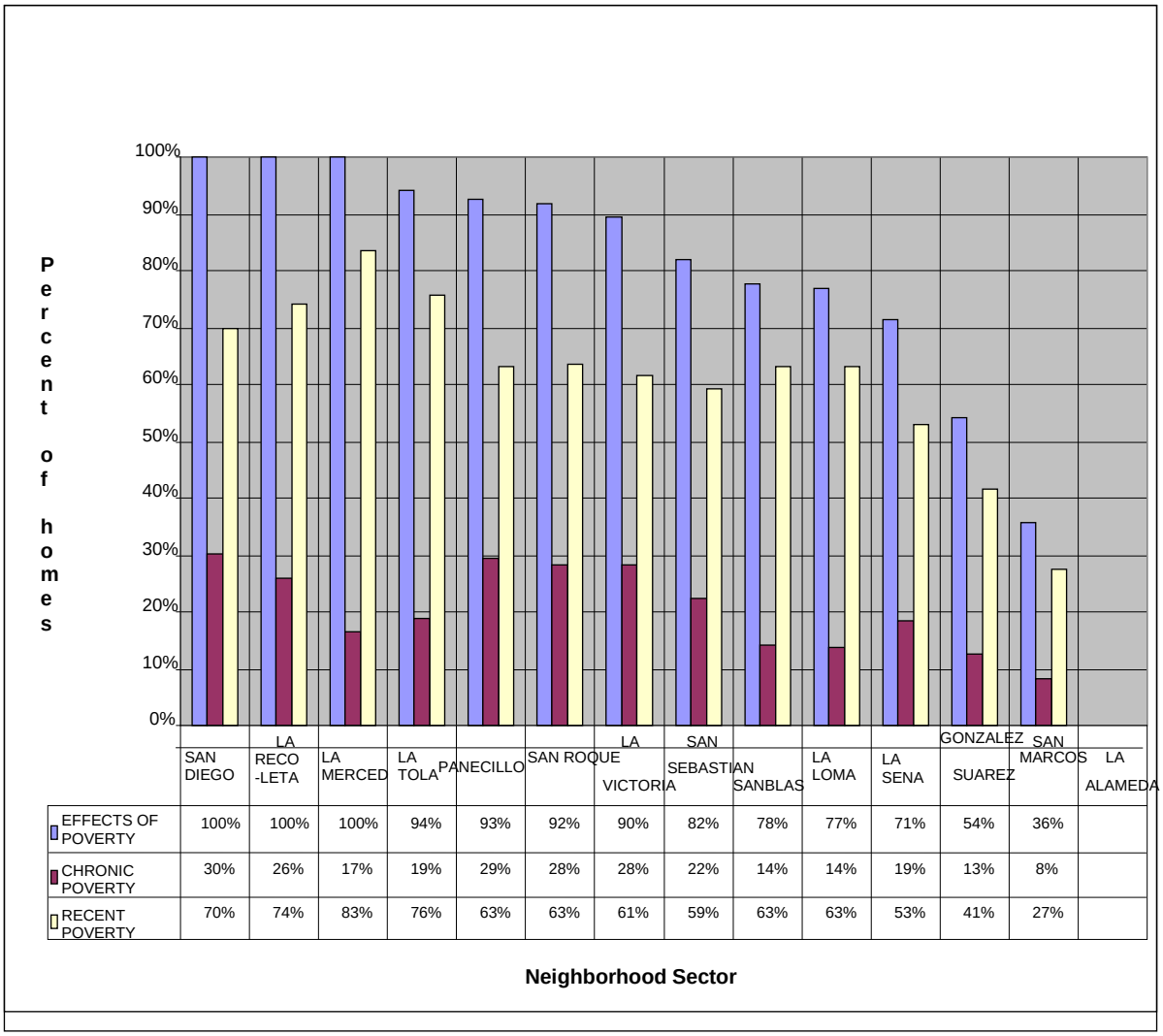
- Chronic poverty:
    - Between 26 percent and 30 percent of the homes in San Roque, La Recoleta, La Victoria, Panecillo, and San Diego experience chronic poverty (7,917 of the 14,337 people, 55 percent).
    - Gonzalez Suarez, La Loma, La Merced, El Sena, La Tola, and San Blas are home to 4,680 people (33 percent) who experience chronic poverty. This includes between 13 percent and 19 percent of the total homes in each neighborhood.
    - San Marcos neighborhood has the least amount of chronic poverty, with around 8 percent of the households experiencing some form of chronic poverty (265 people, 2 percent).
- Recent poverty:
    - Of the 27,402 people living in the La Merced, La Recoleta, La Tola, and San Diego neighborhoods, 5,383 people (20 percent) are experiencing recent poverty, with between 70 percent and 83 percent of the homes in each neighborhood falling into this category.
    - In San Roque, La Loma, El Sena, La Victoria, Panecillo, and San Blas nearly 19,712 persons (72 percent) recently fell below the poverty line;

[25] It is important to mention that no information is available on the La Alameda neighborhood.

this constitutes a range of between 53 to 63 percent of people in each neighborhood.

- In Gonzalez Suarez and San Marcos, 2,307 persons (8 percent) have recently fallen below the poverty line; this constitutes a range of between 27 to 41 percent of people in each neighborhood (San Marcos has the lowest percentage).

Figure 16. Effects of Poverty by Neighborhood in the HCQ



	SAN DIEGO	LA RECO-LETA	LA MERCED	LA TOLA	PANECILLO	SAN ROQUE	LA VICTORIA	SAN SEBASTIAN	SANBLAS	LA LOMA	LA SENA	GONZALEZ SUAREZ	SAN MARCOS	LA ALAMEDA
EFFECTS OF POVERTY	100%	100%	100%	94%	93%	92%	90%	82%	78%	77%	71%	54%	36%	
CHRONIC POVERTY	30%	26%	17%	19%	29%	28%	28%	22%	14%	14%	19%	13%	8%	
RECENT POVERTY	70%	74%	83%	76%	63%	63%	61%	59%	63%	63%	53%	41%	27%	

Regarding this point, it can be concluded that despite the investment, the residents are experiencing little social improvement. If there are no improvements in the poverty of the residents it will be difficult to achieve sustainability in this process. One objective that must be set to achieve sustainability for this process is to take aim at the policies for generating

employment and for incorporating the residents in the production activities being carried out in the center.

3.2.2 Public Perception of the State of Conservation and Sustainability

The perception among the inhabitants of the center regarding the sustainability of the conservation process varies. One opinion commonly held by stakeholders is that public investment is indispensable for the process, which means that the cultural district would not be sustainable due to public policy changes that come about from political changes.

Another commonly held opinion focuses on the need to stimulate both community and private business initiatives, respecting the cultural and historical characteristics of each neighborhood, emphasizing the diversity of the cultural district so that any plans drawn up do not homogenize all of the sectors in the center, but rather that they maintain the distinct character of each one. The residents need to be part of a consultation and participation process in the neighborhoods so as to identify plans that generate sustainability and that also respond to the interests of all stakeholders.

There are some stakeholders that are already committed to the rehabilitation processes, such as Gescultura, which has implemented the Cultural Guardian program. Private companies finance this program, but it is oriented toward re-appropriating cultural heritage. Another program, the Intercultural program, develops cultural promotion schools in the surrounding neighborhoods together with the Municipal Government, but enhanced community action must be stepped up to increase a sense of belonging and empowerment.

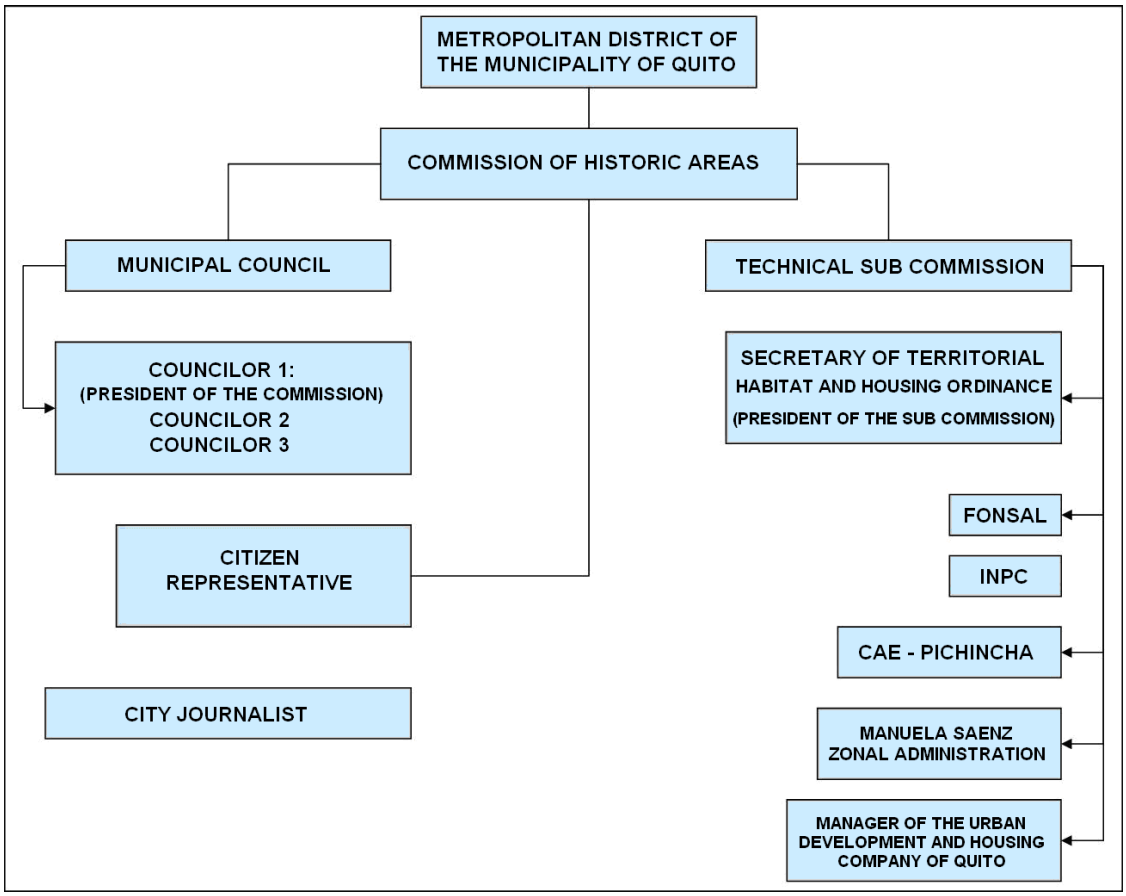
The degree to which the possibly affected population is rooted to the area and feels a sense of belonging there is medium, and they are not altogether convinced that the CHQ is a good place to live. However, the concept of civil advocacy and accountability are mentioned in the political discourse of several stakeholders. This reveals a critical suspicion held by the people toward the actions and speeches of political agents and economic actors that have political-economic power.

Over the last 20 years of efforts made to conserve the center, few resources have actually been channeled toward community management, and the need to increase the level of participation of several of the stakeholders is evident to guarantee the sustainability of the process.

3.3 Institutional Factors

Since the center was declared a World Heritage Site, different agencies of control have been created, as evident in the flow chart below.

Figure 17. Municipal Organization Chart



In this regard, it can be said that the first 10 years of efforts made to conserve cultural heritage were characterized by intervention via public investment, public policies, and institutional developments, and the second decade is marked by a movement toward market forces, where the balance between supply and demand should stimulate the conservation process, which has not yet reached significant levels.

The presence of this complex organizational flow chart has caused complex approval and control mechanisms to be implemented, which in one way or another have indirectly generated clandestine and illegal interventions. Despite counting on the participation of technical actors, the Commission of the Historical Center is an extremely political agency.

The technicians that support it lack medium- and long-term policies and direction, and many of their actions are politically motivated.

Approval processes for planning and construction projects are even longer and more complex. Existing laws have not been adapted to investment requirements, which must be done to convert the center into a target for investment. The average time required to approve a project, including the construction license, is one year. These mechanisms have fostered illegality in the interventions, given that the mechanisms of control are still weak and insufficient. In this sense, the decisions made by the commission are not guided by a Development Plan that provides clear direction and guidelines to the technicians with respect to the initiatives of the private sector.

4. Conclusions

The following factors influence the sustainability of the conservation process of the HCQ:

- Efficient land use;
- Improvements in transit;
- Efficient pollution and waste management;
- Good living standards and a safe environment;
- Good social environment;
- Dynamic economy; and
- Community participation and empowerment and conservation of culture and local knowledge.

Reaching a point of sustainability requires actively working to transmit a common vision and involve all public and private stakeholders in the process, while implementing programs and projects that include the aforementioned factors and defining appropriate policies that strengthen their predominance over other specific interests.

With regard to the “working hypotheses” suggested in the terms of reference, it is possible to conclude from the study that in the case of the HCQ self-sustaining preservation is not attainable if the historical areas attract governmental, economic, and residential activities. In the case of Quito, this attractiveness could actually handicap it by turning it into a “theme space” that basically relies on a flow of external residents and tourists without

incorporating important components to generate social improvements for residents

Despite the fact that the HCQ has received significant public and private financing, which includes a complex administrative control system that has developed environmental and transit improvement policies, all of the data that was analyzed shows the following:

- Residents are moving away to other areas.
- Uses of the area are not balanced, and even more so given that the area tends to show a predominance of commercial activities and housing services.
- Despite an increase in private investment, it is still less than public investment levels.
- The poverty indexes of the residents continue to be comparable to the poorest areas of the city.
- Its sustainability depends more on external population fluxes than on its own population.
- New inhabitants do not compensate the decrease in residents.
- The central nucleus continues to have the "museum phenomena." It is a sector that empties after 19H00, leaving it only open for nocturnal tourism and increasing its vulnerability to crime.
- Many of the control mechanisms in place today include metropolitan police and the national police force, which disappear after 19H00. Beggars, drunks, and petty criminals frequently bother the few tourists that enter the sector. The sectors identified to be problematic are La Marín, La Plaza de San Francisco, La Plaza de Santo Domingo, and La Plaza de Teatro. Many private restaurants and cafeterias have had to contract private guard services to accompany their clients to parking lots, which is clearly indicative of a lack of control with respect to the environment that is needed to encourage investment.
- Encouraged by the municipal government, certain neighborhoods have become zones with mostly cafes and museums, which means that they are frequented on certain days of the week (Fridays and Saturdays), but they are at risk of becoming temporary fashionable sites that do not ensure the sustainability of the sector. This is the case of La Ronda, which recently opened, where significant public investment has been made, but very little has been done to create a desirable environment for residents.

In the case of Quito, by not having specific information that allows for the imbalance in investments made compared to other city sectors, it is difficult to demonstrate that private

investments in the historical center have the same or higher return than the rest of the city sectors. In any case, the little investment made in real estate in the sector compared to a boom in investment in real estate in other city sectors (south, north, surrounding valleys) indicates that the HCQ does not attract the same level of investment as other city sectors.

The attractiveness of an investment in real estate drops due to high property prices, which do not allow for profitable ventures through real estate investments that would be competitive with other city sectors. Investors seek low-risk operations, so they continue to invest in traditionally profitable sectors, including the north, south, and the valleys around Quito. From this, it is possible to conclude that in Quito, the greatest motivator for a sector's conservation is the government, which seeks to promote and recover the center for external fluxes such as tourists and large events, which have little effect in attracting private investment. The little investment made in housing is revealing. It is evidence of the orientation of the center, which seriously compromises its medium- and long-term sustainability.

Regarding the "hypotheses relative to the process" suggested in the terms of reference of the study, the results obtained indicate the following:

1. Public intervention has preceded private investments, improving public spaces and the living standards of sector users, and has fostered investment.
2. There has been a sequence of public investment regarding improving the quality and functionality of public spaces, as well as the urban infrastructure as a condition prior to attracting private investment.
3. 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 analyzed period was put into heritage buildings.
4. Demonstrative actions are required to attract new users and stakeholders.
5. To increase impact in the sector, actions taken must be united and coordinated between the sectors in the territory, but they also must be supported by short-, medium- and long-term policies.
6. It is not the extent of the interventions made that will result in benefits, but rather all of the actions must be based on urban policies that include cultural heritage sites as dynamic components of the city. Treating it as a specific issue has not allowed for important issues that explain and resolve structural aspects such as the reduction in

population and the poverty of the sector inhabitants to be looked at. An all-inclusive dynamic needs to be present in rehabilitation processes.

7. Large private investments are perceived more as threats than as strengths for the residents, even when for neighboring landowners they mean opportunities for speculation on the assets that they own.
8. The scale of intervention does not guarantee the reversal of the deterioration process. Although the process of deterioration on the heritage buildings that represent a significant number of rehabilitation projects has slowed, it has not reached the point where the 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.
9. The process currently underway in the HCQ is still very far from guaranteeing the sustainability needed for the private sector to play a leading roll in.
10. It is very important to take into account the fact that if the public sector stops actively participating in the investment, the process is at risk of coming to a complete halt, causing a domino effect for the rest of the investments.
11. It is fundamental to implement operational plans and policies that seek to overcome the view of recovering heritage areas by perceiving advantages from a real-estate point of view, and to incorporate plans, programs, and policies for social improvement and for raising the economic level of the sector residents, and to ensure that investment policies are more oriented toward preventing the sale of goods to other sectors, but to look for business associations and opportunities in such a way that landowners can see the profitability of the rehabilitation process.
12. Drastic reforms must be made to the complex process of control, given that in many cases conservationalist influences delay the approval processes for projects, thus discouraging investment. Consequently, a good system of control that guarantees conservation does not necessarily help the rehabilitation process.
13. It is fundamental for the cultural heritage sites to be seen as integral parts of the city rather than as a specialized sector. This integration should include the economic forces that are in play in Quito, and it should include the same urban policies with their different specific needs.

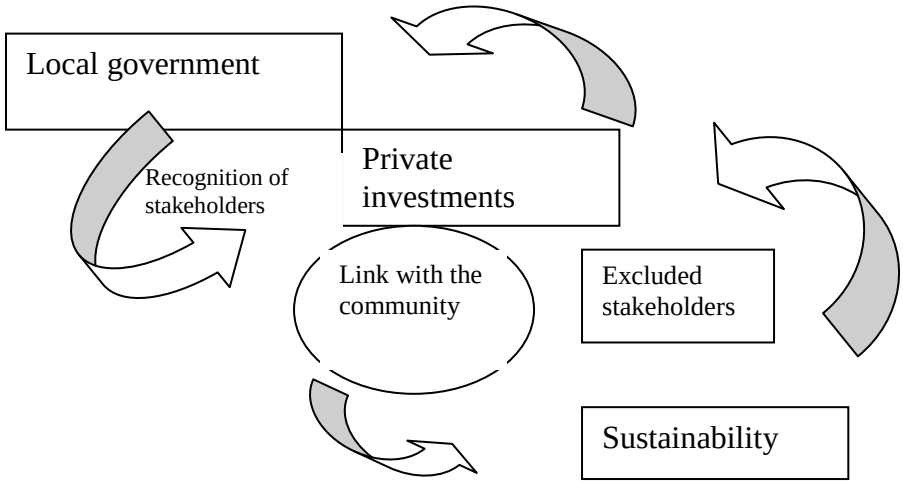
14. There must be a development plan agreed upon by the different stakeholders, which addresses interests other than just political ones or highly profitable ones.

An updated, analytical assessment needs to be done concerning historical buildings and social heritage that allows for plans of action focused on current obstacles to be implemented. It is important to recognize that despite the efforts made and past achievements, there is still a lot of work that needs to be done, especially with regard to the socioeconomic improvements needed by sector residents. This development plan must include the implementation of short-term, medium-term, and long-term actions that are focused on the following:

- A land policy that controls speculation
- An employment policy that allows for the living standards of sector residents to be raised
- Social integration needed to reduce the numbers of beggars, drunks, and petty criminals
- More control over the sale of alcohol
- More control over crime
- Improving public spaces in areas other than tourist destinations
- Implementing a sustained process of dialogue with all stakeholders
- Promoting a real representation of the civil society that uses the Center
- An environmental policy
- A legal update and implementation policy regarding security (seismic, fires, and evacuation of public buildings in the case of a disaster).

Given that the issue of empowerment and belonging is relevant to the sustainability of the center, it is necessary to create a model of interaction between the local government, private investments, and the general community, such as inhabitants, business owners, and users of the sector.

Figure 18. Model of Interaction



The analysis herein has allowed for the conclusion that the sustainability of the HCQ is currently in a maturation phase, where some things have already been achieved and others are on the way. It is particularly important to reinforce things regarding increasing the use of the center for living, the sense of belonging, improving the living standards of the inhabitants, and reducing poverty levels. For all of this to be accomplished, a medium- and long-term policy that incorporates the actions needed to guarantee the sustainability of the process is required. This process can be supported by a joint effort made by the public and private sectors.