

# Conceptual Framework for Revitalization of Historic Inner-City Areas

## VINTAGE HOUSING STOCK AND HISTORIC CENTERS

In recent years, urban regeneration has emerged as an important issue in urban planning and design, mainly because of the economic, cultural, technological, and physical benefits it confers. In this context, “urban regeneration” refers to reinvestment in the social, economic, cultural, and physical infrastructure of urbanized areas.

Couch (1990) describes urban regeneration as seeking to bring back investment, employment, and consumption and to enhance the quality of life within urban areas. Holcomb and Beauregard (1981) agree with Couch, but they add “growth” and “progress” to the definition of what they refer to as “urban revitalization” and state that, as with earlier labels (e.g., “urban redevelopment”, “urban renewal”, and “urban regeneration”), urban revitalization implies growth, progress, and infusion of new economic activities into stagnant or declining cities that are no longer attractive to investors or middle-class households.



Ultimately, all cities are in a state of continuous transition. That is, they are continually in the process of becoming larger, smaller, better, or worse—in one way or another, different than they were in the past. This process of continual transition occurs partly in response to the political, industrial, economic, and social changes cited by Middleton (1991). Holcomb and Beauregard (1981) discuss the reasons for continual transition, pointing out that cities experience periods of growth and decline, both of which lead to transformation of urban space from one economic and social use to another.

Decay of inner urban space often occurs within the context of such transformation. According to Clark (1989), inner urban decay, crime, racial tension, riots, mass unemployment, and falling standards in the provision of urban services are some of the more obvious and disturbing indicators of a general and deep-seated deterioration in the social, economic, political, and financial fabric of a city. Middleton (1991) points out that such decline leads to out-migration of younger and more skilled members of urban populations as they seek employment elsewhere. The result is that, as Robson (1988) points out, the population trapped in inner-city areas tends to mainly comprise single parents, unskilled workers, and elderly persons.

In recent decades, urban revitalization initiatives have enjoyed increasing support in industrialized countries. However, in developing countries, interest in it—both intellectually and professionally—has rarely extended beyond heritage campaign groups, a relatively small number of foreign-trained local professionals, and external advisors who advocate adaptive reuse of heritage structures. This pattern is perhaps most apparent in the political dimension in developing countries.

For the most part, the legal and administrative framework for conservation of historic areas in developing countries—insofar as it exists at all—largely consists of a set of prohibitions against construction within historic areas, although effective enforcement of such prohibitions is rare. In developing countries, housing areas of earlier vintages are, for the most part, still seen as “problems” rather than as an aspect of urban life that can make an important contribution to growth in national income and cultural identity.

In some cases, “modernization” drives have been carried out to the extent that historic urban cores were decimated. Singapore provides an excellent example of this phenomenon, in that it has almost completely destroyed its stock of heritage buildings. Only because of a dramatic policy shift in the mid-1990s, through which conserva-

tion of remaining historic zones was initiated, can Singapore today boast a few newly renovated heritage areas such as its Chinatown, Little India, and the Arab Quarter. Without doubt, the impact of Singapore's modified urban revitalization policy has been to boost new business initiatives in the city's heritage areas. Both the country's real estate and tourism-related shopping and hotel facilities have benefited from this policy shift, albeit at the expense of relocation of most of the original residents of the revitalized areas.

Over the past 50 years, the urban development focus of most governments in the developing world—as well as that of most international aid agencies—has been on new construction. This is particularly true of development policy as it relates to residential areas, including those built through authorized channels as well as those that have emerged through informal processes rather than government initiative. Typically, most of this housing stock was constructed in a hurried manner. As a result, its current state is characterized by overcrowding, infrastructure services of poor quality or incomplete coverage, low-quality construction, and poor site orientation. Generally, the response to rapid urban population expansion has simply been to replicate this same model. As a consequence, by the 1970s, the vast majority of the housing stock in most large cities in the developing world was less than 25 years old. The housing stock of earlier vintages is thus considered to be insignificant in size when compared to the scale of the problem of providing adequate housing to a rapidly expanding urban population.

Similarly, the desire for modernization by governments and decision makers in developing countries has often led to a view that only “modern” housing of new construction is a worthwhile investment. As a result, housing complexes of earlier vintage construction or those erected in the traditional style are often considered to be of little value. They are typically torn down or, at best, ignored. Older-style housing, which is typically concentrated in the urban core, is often left in a state of physical deterioration and overcrowding, and is usually poorly served by urban infrastructure. Therefore, it is easy to label such areas as “slums” and to slate them for demolition at the earliest opportunity.

Further, as a result of rapid population growth, many large cities in the developing world have undergone wholesale transformation of their urban economies, a phenomenon that has typically led to a dramatic shift in the composition of economic activity and the spatial pattern of land use in the urban core. The historic areas of such cities become transformed into tracts of land highly valued by

commercial users. This typically leads to continually increasing pressure to eliminate any remaining vintage housing stock.

For all of the reasons cited above, most cities in the developing world have paid—and continue to pay—very little attention to revitalization of their historic urban cores and the housing stock that exists within them. As a result, these areas continue to decline, both in terms of their overall quality and their potential contribution to the city’s housing market and overall economy.

In fact, the potential contribution of these historic urban areas is vastly greater than is commonly realized. Nearly all of Asia’s cities, even the fastest-growing ones, contain a vintage housing area that has existed for centuries, the large cities of today having simply grown up around this urban core. For example, the vintage housing stock of Beijing, Mumbai, Ha Noi, Lahore, Old Delhi, Penang, and Shanghai is—in quantitative terms—still significant, since it constitutes a large portion of the centrally located housing stock. In other cities such as Jakarta, Malacca, and the Intramuros area of Manila, the number of residences or office buildings constructed for the colonial elite was smaller than in the previously named cities, which made the scale of the quarters built for the “native” civil service personnel smaller, which comprise today’s historic urban areas. As a result, the vintage housing stock that still remains in the three latter-named cities is more consolidated in nature.

## WHY PROTECT?

If revitalization of the historic urban core of Asia’s great cities is to occur at all, or is to be sustained, its foundation must be that of economic efficiency rather than sentimentality. It is thus little wonder that the economic aspects of revitalization initiatives dominate discussions of urban revitalization. Bever (1983) argues that the most important benefits of preserving a city’s historic heritage are economic. These include employment creation, stimulating commerce, and the obvious truism that it costs less to rehabilitate a building than to construct a new one.

Stripe (1983) adds to this the psychological benefits of urban revitalization initiatives:

First, we seek to preserve because our historic resources are all that physically link us to our past. Second, we strive to save our historic and architectural heritage simply because

we have lived with in and it has become part of us. Third, we save our physical heritage partly because we live in an age of frightening communication and other technological abilities, as well as in an area of increasing cultural homogeneity. Fourth, we preserve historic sites and structures because of their relation to honor and understanding. Fifth, we seek to preserve the architecture and landscapes of the past simply because of their intrinsic value as art.

Fitch (1982) discusses still other benefits of urban revitalization. He argues that “organized society has already recognized the educational role of historic sites and monuments”. His reasoning is that architectural heritage has an important role to play in education. Today, when visual appreciation and first-hand experience play a decisive role in education, it is essential to keep alive the evidence of different periods and their achievements to provide a wealth of material for explaining and comparing forms, styles, and their applications (European Charter of the Architectural Heritage 1975).

## **HOW SHOULD HISTORIC CITY CENTERS BE REVITALIZED?**

The previous views notwithstanding, historic urban areas are not necessarily worthy of revitalization simply because they are old. It is Tarn’s (1985) view that while there are merits to including social value and factors when appraising cultural inheritance, these should not dictate all aspects of the future well-being of towns and cities. Tarn believes that conservation initiatives must be assessed critically and qualitatively and not merely in terms of the chronological age of the artifact or tradition in question. Economic efficiency dictates that governments develop transparent policies toward historic urban areas that take account of numerous factors in an objective manner if optimal or even predictable outcomes vis-à-vis revitalization of urban centers are to be expected. It is a simple economic fact that policy formulated by default rather than deliberate design rarely leads to optimal outcomes.

In part, the current policy of governments toward the existing housing stock is driven by uncertainty. In general, governments realize that it is counterproductive to remove large portions of this housing, given the rapidly expanding demand for housing and the inability of existing institutions to provide new housing units at the

pace required. By default, the focus shifts to providing new housing units as rapidly as possible. This often includes demolishing older housing areas or letting them deteriorate via a policy of neglect.

Even in developing countries where urban revitalization has been attempted, such efforts are usually conducted on a small scale and often focus on the most profitable projects, such as those portions of historic areas with tourist potential. This is, in part, an outgrowth of the widely held view that tourism is often the sector with the greatest potential for rapid growth in national income (Tarn 1985).

However, such approaches often forego the full benefits of revitalization. According to Smith (1983), recreation of feelings of community or neighborhood can be achieved within the urban context by reuse of the existing housing stock. Besides refurbishment or redevelopment on a case-by-case basis, one strategy is the "neighborhood approach" of Haberer et al (1980), which addresses urban renewal as a social, financial, and organizational issue.

Regardless of the policy stance in force, once the decision to revitalize a historic urban area has been taken, soliciting the participation of current residents is of utmost importance. Not only is such participation a precondition to the success of any revitalization program, it goes without saying that the impact of conservation of historic towns and urban areas is most acutely felt by residents; as a result, they must be consulted in advance of beginning any such initiative (International Council on Monuments and Sites 1987). Further, any negative impacts on residents that result from revitalization initiatives (such as mandatory relocation) must be addressed at the project design stage rather than during implementation if optimal results are to be expected.

According to Krüger (1993), urban regeneration necessitates active participation by individuals, groups, and communities, since any revitalization initiatives ultimately shape their environment and quality of life. Donnison (1993) emphasizes the importance of organizations in urban revitalization initiatives, claiming that

we must involve local people, giving them a voice in the action, but, involving local people means that we need a proxy client of an organized kind, representing the residents and the many active community groups to be found even in the most deprived and impoverished neighborhoods.

Regardless of the overall policy stance in force, urban revitalization initiatives involving historic areas typically employ or combine one or more of the following approaches.

**Adaptive reuse and cost recovery.** Ultimately, all revitalization initiatives must be financed. A key concern is raising the funds necessary for seeing initiatives through to completion. One approach to raising such funds is adaptive reuse. Under this approach, private entities and/or nongovernment institutions are allowed to lease historic facilities for commercially viable uses that respect their historical value and to earn a profit from the use to which the facilities are put. Examples of adaptive reuse include heritage investments in Cartagena, Fez, India's Rajasthan region, Penang, Quito, Sana'a, Singapore, and Tunis. Adaptive reuse is generally appropriate to heritage structures and not necessarily those of a grandiose nature.

Heritage investments carry significant cultural prestige value and thus often stimulate private investment. In addition, they often improve the corporate image of the company sponsoring their revitalization via association in investment in social good. This often makes them particularly attractive to private investment. Further, adaptive reuse is often seen as being desirable because of its positive connotation toward the environment. In some countries including Australia, demolition of heritage structures is considered wasteful. Because heritage investments are widely considered to be good for the environment, the recycling of vintage buildings often forms an essential element in policy aimed at sustainable development.

However, adaptive reuse is not a universal solution to the problem of financing urban revitalization initiatives. Its usefulness is often limited when investing in monuments and heritage objects, since these usually generate only modest revenues. Investments in monuments and related heritage objects thus often require not only political backing, but financial incentives such as tax incentives or possibly even loans on concessional terms.

**Integrated area development.** There exist few examples of initiatives that address integrated revitalization of entire historic city centers. The reason for this is that such initiatives simultaneously require (i) modernization of economic activities within the entire urban core, which usually requires significant investment in infrastructure; (ii) restoration of monuments; and (iii) mass rehabilitation of entire housing areas, which requires a cooperative financing plan funded by individuals as well as commercial and public sector entities. This has been attempted to some extent in Bhaktapur as well as Tunis's *medina* (old city). However, in the case of both initiatives, to date the contribution of the private sector remains below expectations. Similar projects have been proposed in Cairo, Penang, Quito, Sana'a, and in some medium-sized cities in the People's Republic of China (PRC).

**Full commercialization of historic city centers.** Few cities have followed an entirely commercial model in revitalizing historic urban areas. Singapore provides the best example of this approach, since it allowed the local redevelopment authority to acquire all plots of land located within the designated conservation areas. These plots were then sold to commercial entities for rehabilitation-cum-redevelopment as shops, restaurants, tourist hotels, or offices.

Cartagena provides a second example of full commercialization. By delineating the conservation area, the authorities ensured that the historic properties it contained were not demolished and that investors would be required to rehabilitate the late medieval buildings in the historic area for private use. Almost without exception, the mansions in the historic area were rehabilitated as residences, offices, or retail shops. Key to Cartagena's successful revitalization initiative was the local administration's support to private investment in the city's historic center. Flexibility with regard to floor space indexes made it possible for some backyards to be converted into modern structures that support increased occupancy densities. This greatly increased the attractiveness of the properties concerned to investors.

**Transfer of development rights.** Both Mumbai and Rio de Janeiro are experimenting with the North American method of transfer of development rights, which can be applied to privately held or owned premises listed as monuments and located in areas deemed ripe for development. Typically, land prices are rising rapidly in such areas due to the construction of nearby high-rise buildings. In order to encourage renovation rather than demolition of privately owned monuments, owners are offered alternative plots of land suitable for development. This intent is to compensate the owners for the income they forego by not developing the plots occupied by the monuments and to cover the cost of their renovation. A precondition to success in using this approach is availability of government-owned land that can be offered as compensation.

**From socialism to real estate development.** Historic city centers in the PRC offer numerous opportunities for urban revitalization, mainly because of the current trend toward privatization, commercialization, and the opening of housing and real estate to private investors. However, taking advantage of these opportunities will require that appropriate financing mechanisms be put into place if

the historic centers of these cities are to be revitalized rather than demolished.

In the case of Cuba, the country remains in tune with socialist patterns of economic organization that include state control of land and investment. This has caused the vintage housing stock in Havana—itsself a world heritage city—to be on a course that will ultimately lead to collapse. This notwithstanding, as of this writing, large-scale heritage investments in hotels, restaurants, upmarket shopping facilities, and luxury housing appear to have begun, signaling that significant development potential remains for intensive real estate development in the city's historic center.

**Modernization of commercial activity.** An emerging concern within the context of modernization of historic urban centers is the likely disappearance of traditional forms of land use and the economic activities associated with them. Revitalization of the historic urban cores of cities such as Cairo, Fez, Old Delhi, Lahore, Sana'a, and Tunis will almost certainly lead to the disappearance of economic activities that are nearly medieval in nature. This is particularly true in cases in which revitalization of historic urban centers occurs via a process of gentrification (Smith and Williams 1986). This issue exemplifies the fact that policy toward revitalization of historic urban centers inevitably involves tradeoffs that must be decided upon by deliberately transparent policy to prevent traditions that form an integral part of the cultural heritage of the urban area in question from being lost without consideration being given to the long-term cost of their disappearance.

**Feedback between increased land values and public revenue.** In addition to increasing land values, revitalization of historic urban areas also increases local tax revenues, which in turn provides additional stimulus for rehabilitation of the infrastructure serving the revitalized area. Conversely, revitalization of historic city centers contributes to modernization of the commercial sector, thereby increasing revenues. Singapore's experience is that urban revitalization leads to a significant increase in property values. Rehabilitation of the shop houses in Singapore's heritage areas have caused property values to increase to nearly eight times their pre-rehabilitation levels. In Cartagena and Quito, a substantial increase in property values in the historic centers of these cities is expected to result from their respective urban revitalization initiatives.

**Tourism.** Development of tourism often encourages conservation of monuments and revitalization of historic urban centers. However, the degree to which the economic benefits of tourism are distributed across the population of the entire city in question depends on the manner in which the revitalization initiative is implemented. Given that tourism-related economic activities (e.g., hotels) directly benefit from revitalization initiatives, it may be appropriate to levy a “heritage tax” on tourism-related activities to ensure that some of the increased revenues that these activities enjoy as a result of revitalization will be devoted to further revitalization efforts. This approach, which has been used in Havana, is one means of financing urban revitalization efforts over the long term, particularly in the case of archaeological sites and similar heritage-related artifacts that generate only modest revenue streams, but that produce a significant and direct benefit to tourism-related economic activities.

**Conservation of historic monuments.** Numerous local and national governments and religious organizations that administer monuments simply do not have the financial resource to rehabilitate them—even the most precious ones. Examples include Beijing, Cairo, Delhi, Fez, Galle, Kathmandu, Lahore, Sana’a, and Tunis. Likewise, efforts to improve the financial capacity of the organizations responsible for the care of these monuments by means of augmenting the size of their investment portfolios have for the most part been unsuccessful. Further, most governments are hesitant to augment budgets for preserving and rehabilitating monuments, and many even lack adequate procedures for collecting appropriate entrance fees. As a result, many monuments remain inaccessible to both the public-at-large and tourists. In cases in which monuments are accessible, the entrance fee—if it exists at all—is often inadequate to cover operating and maintenance expenses. However, a few cities have adopted a more progressive policy toward entrance fees. Examples include the city of Bhaktapur, which charges tourists an entrance fee for entering the historic conservation zone. In the case of Bangkok, foreign tourists are charged an entrance fee to the Grand Palace complex, while Thai nationals are exempted. Sri Lanka uses a similar approach in its “cultural triangle”, which includes the historic cities of Anuradhapura, Kandy, and Polonnaruwa, as well as some enclosed sites; however, Sri Lanka has yet to charge an entrance fee in the historic city of Galle.

## PARTNERSHIPS FOR IMPLEMENTATION OF URBAN REVITALIZATION PROJECTS

The goals of urban revitalization initiatives are to (i) release the constraints that have thus far prevented revitalization the historic inner city areas of Asian developing countries; (ii) detail relevant approaches, instruments, and procedures for urban revitalization and adaptive reuse of historic properties, including conservation of cultural heritage and rehabilitation of assets with historic value; (iii) seek viable partnership arrangements for revitalization initiatives appropriate for external financing; and (iv) develop land-use policies that encourage efficient use of underutilized or idle land.

Successful implementation of urban revitalization initiatives ultimately depends on development of partnerships between government (at the national or local level) and private investors (Steinberg 1996 and 1998). Within this partnership, the government's role is to establish the regulatory framework under which the substantial private investments necessary for implementing the urban revitalization initiative are to be undertaken. Transparency is key in the formulation of this regulatory framework, since its purpose is to define the rules that govern private investments under the revitalization initiative. Table 1 summarizes the respective roles of the public and private sectors in urban revitalization schemes.

Because private investors abhor uncertainty, a transparent regulatory framework implemented in an objective and predictable manner is often a government's most powerful tool in encouraging investment in adaptive reuse of historical heritage structures and the surrounding neighborhoods. Of nearly equal importance to private investors is a regulatory framework that ensures availability of lines of credit through either domestic or international financial institutions and a well-functioning infrastructure, the latter being critical to ensuring profitability for commercial ventures. These activities, on the part of government, are key to making investment in urban revitalization projects attractive to private investors, regardless of whether the aim of the initiative is gentrification of inner-city areas that lay idle or underutilized from a commercial perspective or more efficient use of urban real estate (Rojas 1999 and 2001). Other factors relevant to the prospects for establishing public-private partnerships are discussed in Chapter IV.

**Table 1: Public–Private Partnerships in the Revitalization of Historic Urban Assets**

Sector	Aspects of Preservation and Revitalization	Public Sector Role	Private Sector Role
Traditional private sector functions	Building management		
	Marketing		
	Building rehabilitation		
	Financing		
	Land consolidation		
	Promoting economic development		
Traditional public sector functions	Direct subsidies		
	Tax incentives		
	Preservation of heritage sites		
	Improvements to public spaces		
	Improvements to infrastructure		
	Revitalization plans		
	Regulations for preservation		

Note: Darker shading indicates a more dominant role, while lighter shading indicates lesser involvement.

Source: The format of this table was borrowed from Rojas (1999), pp. 35.

Much of what has been stated previously in the context of commercial private investors also applies to homeowners and absentee landlords, who generally will not invest in upgrading dilapidated properties unless some type of economic incentive for doing so is offered to them. Further, rewarding participation by residents of historic neighborhoods draws them into the revitalization process in a way that takes account of the potentials, needs, and limitations of the resident community, and is sensitive to preexisting cultural, economic, and social patterns. In addition, the resident community often serves as a useful barometer of the adequacy and feasibility of specific interventions.

Equally, the role of heritage campaigners and nongovernment organizations (NGOs) can be useful in providing guidance, helping assess the impacts of particular initiatives, and giving constructive criticism during implementation. Their concerns often relate to costs of housing and essential services, property values, and the social and

economic impacts on those negatively affected by conservation, as well as those benefiting from it (Lichfield 1989, Martin 1978, and Hutter and Rizzo 1997).

## IMPLEMENTATION OF URBAN REVITALIZATION PROJECTS

Many historic urban centers have successfully implemented urban revitalization projects using approaches similar to that outlined in Box 1.

### **Box 1: Implementation of Conservation Projects and Heritage Interventions**

The process is initiated by establishing a conservation task force that plans and implements the urban heritage projects in question. It comprises the following members:

- relevant municipal corporations and/or urban local bodies;
- urban development authorities;
- agencies responsible for financing the initiative, including infrastructure and housing; and
- private sector investors and developers.

An urban heritage committee is then established for the purpose of monitoring the implementation process and providing advice to the conservation task force. It comprises the following:

- relevant NGOs;
- municipal corporations and/or urban local bodies;
- urban development authorities; and
- individuals and specialists with an interest and stake in the initiative.

Proposals for specific development projects within the heritage zone are routed through the urban heritage committee prior to reaching the conservation task force. This ensures that such proposals have the concurrence of the urban heritage committee members, as well as those they represent prior to reaching the conservation task force. However, care must be taken to avoid procedures based on subjective, bureaucratic control; instead, procedures should emphasize transparent, objective criteria for approving or supporting specific interventions.

Any special limitations on development within the heritage zone must be routed through the urban heritage committee prior to being put into place. As well, the urban heritage committee may wish to organize public hearings on specific development proposals likely to impact the urban heritage zone resident community.

The purpose of the above structure is to separate planning and implementation functions from monitoring and technical advice. To ensure that these functions remain separate, guidelines are then established for both the conservation task force and the urban heritage committee that delineate how planning, implementation, monitoring, management of the information database, and advocacy are to be carried out.

An information campaign targeting all members of the community that stresses the need for conservation is then formulated and implemented to ensure participation by all members.

A list of buildings, precincts, or heritage zones that merit conservation is also drawn up. This list is then used to establish urban heritage zone status for the area concerned in accordance with relevant urban planning statutes.

The second stage of the information and awareness campaign is then implemented. The purpose of this second stage is to encourage owners and occupants of heritage buildings to collaborate with the conservation task force and urban heritage committee in the formulation and preparation of specific interventions. These interventions are then implemented.

Throughout the initiative, the conservation task force and urban heritage committee remain the primary actors in formulating specific interventions, including:

- adaptive reuse projects for rehabilitating landmark buildings of historical significance to the heritage zone;
- revenue-generating development projects that raise sufficient revenue that then can be used to subsidize rehabilitation of heritage buildings or monuments for which the revenue-generating potential is weak or entirely lacking;
- provision of affordable home improvement loans for homeowners or renters;
- mitigation of the negative impacts of removing rent control (e.g., through the formation of renters' cooperatives as in the case of Bombay's shawls [mass housing complexes for workers] redevelopment projects); and
- provision of infrastructure appropriate to the renovated heritage zone in question, as well as financing for its construction or upgrading.

The following often facilitate implementation of specific interventions such as those referred to above:

- tax incentives that support private investment;
- ensuring availability of sufficient financing from urban financial institutions for specific interventions;
- procuring as much technical assistance as is practicable from urban financial institutions, urban heritage campaign organizations, NGOs, and state governments;
- obtaining written commitments from all persons with an interest in particular revitalization projects; and
- generating public interest in schemes that facilitate replication of successful demonstration projects.

Processes similar to that outlined above have been successful in moving from small-scale demonstration projects to a full-blown development master plan and an integrated conservation policy for specific heritage zones.

Source: Steinberg 1998.

While, at the time of this writing, there exist few examples of private sector involvement in urban conservation projects in Asian and Pacific developing countries, those that do exist deserve mention since they illustrate recent trends in urban revitalization as well as an interesting array of issues that emerge in financing, commercialization, and land use and management.

In Bhaktapur, the revitalization project supported by Government of Germany led to a wide array of private investments. The same is true for United Nations Educational, Scientific and Cultural Organization's (UNESCO) projects in Fez and Tunisia, and the projects funded by the Government of Spain in Havana and Panama City.<sup>5</sup> Government-sponsored investment programs cofinanced by the World Bank and Inter-American Development Bank—such as those in Mostar (Bosnia–Herzegovina), Bahia de Salvador (Brazil), Lijiang (People's Republic of China [PRC]), Quito (Ecuador), St. Petersburg (Russia), and Iran—have likewise produced a substantial amount of private investment.

<sup>5</sup> In the case of Havana, these investments are managed by commercial investment companies of the city's heritage administration (Historiador de la Ciudad).

## MANAGEMENT PLANS FOR HISTORIC CITY CENTERS

The experience of many cities implementing urban revitalization programs underscores the importance of appropriate management, not only of individual projects, but also management of all aspects of urban revitalization. UNESCO has heavily promoted urban heritage conservation in part through its listing of World Heritage Sites, which includes not only specific monuments but entire historic city centers, and in part by management plans for historic urban areas (UNESCO 1982). These management plans are based on analysis of existing management systems with the addition of appropriate improvements, including strengthening of the management capacity of institutions in charge of administering historic areas, development of asset information management systems, formulation of local economic development plans, and revenue mobilization measures. All stress participation by all persons affected by plans for urban revitalization.

Given competing demands for public funds, particularly in jurisdictions that administer urban zones with a rich cultural heritage but that have limited revenue-raising potential, private investment funds must be used to the maximum extent possible. This requires interventions that stimulate private investment, including (i) tax incentives for heritage investments, (ii) providing advisory services to property owners and potential investors for the purpose of generating interest in investing in revitalization, and (iii) establishment of a historic center real estate company owned by a public-private partnership that coordinates or directly operates revitalization projects. Innovation in management of historic urban areas is key in formulating similar mechanisms for raising private funds for revitalization and conservation projects.

Public sector aspects of management plans for the revitalization of historic urban areas also cannot be ignored, such as (i) institutional strengthening, (ii) regulatory intervention, and (iii) direct investments by the public sector.

**Institutional strengthening.** The most important aspect of institutional arrangements for managing revitalization of historic urban areas is transparency. As mentioned previously, what attracts private investors to specific investments is certainty and predictability, since these make the planning of investments with reasonably certain out-

comes possible. Transparent management of revitalization initiatives thus encourages private investors by raising the level of predictability of investment outcomes.

**Regulatory intervention.** Passing municipal bylaws that transparently define regulatory features of urban revitalization schemes such as land use, permissible floor space indexes, and development guidelines do much to reduce uncertainty on the part of private investors. They likewise provide guidance to both public and private actors regarding the intent of the body managing an urban revitalization scheme.

**Direct interventions by the public sector.** Ensuring adequate investment in infrastructure, public open and recreational spaces, and public cultural institutions are important aspects of any urban revitalization initiative. Such investments are rightfully the province of the public sector. The same is true of ensuring adequate financing for such investments, which is often accomplished by putting into place a multiyear plan for raising the revenues necessary for such investments.

## IMPACT OF GENTRIFICATION

Gentrification is an aspect of urban revitalization that has received considerable attention in both popular and professional literature. Williams (1983) finds that gentrification indicates whether an urban rehabilitation program has been successful in that the principal purpose of urban revitalization is to produce a profitable real estate market. By increasing demand for houses in the revitalized area, property values increase, which in turn increases tax revenues. Ley (1986) points out that heritage designation is commonly sought as an instrument for enhancing the socioeconomic status of neighborhoods undergoing gentrification, which he defines as a change in household social status, independent of the housing stock involved, which might occur by renovating housing units.

Holcomb and Beauregard (1981) see gentrification in terms of migration back to the city by the middle and upper classes that constitutes a vote of confidence for urban renewal. However, Smith (1979) views gentrification as a back-to-the-city movement of capital rather than people, since the people taking the advantage of this returning capital are from the city.

## **WHEN DOES GENTRIFICATION OCCUR?**

There has been a significant amount of discussion in literature regarding the conditions that must be fulfilled for gentrification to occur. For Holcomb and Beauregard (1981), it is replacement of a neighborhood's residents with newcomers of higher income, who, having acquired homes cheaply, renovate them and upgrade the neighborhood. On the other hand, Carpenter and Lees (1995) see a turnaround from disinvestment to reinvestment as being the necessary prerequisite. Smith (1979) sees a rent gap wide enough for gentrification to be initiated by various actors in the land and housing market as being the condition that triggers gentrification. Ley (1986) claims that it is downtown employment opportunities drawing population to the inner city that triggers gentrification.

## **CONSEQUENCES OF GENTRIFICATION**

According to Fainstein (1994), redevelopment has been supported by elite and middle-class consumers seeking improvements in downtown areas and attractive, centrally located housing. Although lower-income groups have in some cases benefited from redevelopment, the urban poor, ethnic minorities, and small businesses have in general suffered economic and locational marginalization as a consequence of gentrification (Nyden and Wiewel 1991).

Holcomb and Beauregard (1981) look at gentrification from a psychological point of view, seeing that the costs of displacement are not only financial (e.g., moving expenses, security deposits, increased rent, new utilities), but social in nature (e.g., loss of community ties and reduced proximity to friends, relatives, and medical and other social services), as well as emotional (e.g., trauma resulting from displacement from familiar locations).

## **THE GLOBAL HABITAT AGENDA: CONSERVATION AND REHABILITATION OF HISTORIC AND CULTURAL HERITAGE**

The Second United Nations Habitat Conference on Human Settlements of 1996 (HABITAT II) strongly supported conservation and rehabilitation of historic and cultural heritage, since historic places and objects of cultural, scientific, symbolic, spiritual, and

religious value are important manifestations of the culture, identity, and religious beliefs of particular societies. Historic places and objects play an important role in producing a sense of cultural identity and continuity in a rapidly changing world. As well, buildings, spaces, places, and landscapes associated with spiritual value provide stability in human social life and engender a sense of community pride. Conservation, rehabilitation, and culturally sensitive adaptive reuse of urban, rural, and architectural heritage are also consonant with sustainable use of resources. In the view of HABITAT II, access to culture and the cultural dimension of development are of utmost importance, and all people should be able to benefit from such access. Box 2 lists the specific actions outlined by the United Nations Habitat Agenda.

**Box 2: The Global Habitat Agenda: Conservation and Rehabilitation of Historic and Cultural Heritage**

To promote historic and cultural continuity and to encourage broad civic participation in all kinds of cultural activities, governments at the appropriate levels, including local authorities, should:

- (i) Identify and document, whenever possible, the historic and cultural importance of areas, sites, landscapes, ecosystems, buildings, other objects, and manifestations and establish conservation goals relevant to the cultural and spiritual development of society;
- (ii) Promote the awareness of such heritage in order to highlight the value and the need for its conservation and the financial viability of rehabilitation;
- (iii) Encourage and support local heritage and cultural institutions, associations, and communities in their conservation and rehabilitation efforts and inculcate in children and youth an adequate sense of their heritage;
- (iv) Promote adequate financial and legal support for the effective protection of cultural heritage;
- (v) Promote education and training in traditional skills in all disciplines appropriate to the conservation and promotion of heritage; and
- (vi) Promote the active role of older persons as custodians of cultural heritage, knowledge, trades, and skills.

To integrate development with conservation and rehabilitation goals, governments at the appropriate levels, including local authorities, should

- (i) Recognize that the historic and cultural heritage is an important asset and strive to maintain the social, cultural, and economic viability of historically and culturally important sites and communities;
- (ii) Preserve the inherited historic settlement and landscape forms, while protecting the integrity of the historic urban fabric and guiding new construction in historic areas;
- (iii) Provide adequate legal and financial support for implementation of conservation and rehabilitation activities, in particular through adequate training of specialized human resources;
- (iv) Promote incentives for such conservation and rehabilitation to public, private, and nonprofit developers;
- (v) Promote community-based action for the conservation, rehabilitation, regeneration, and maintenance of neighborhoods;
- (vi) Support public- and private-sector and community partnerships for the rehabilitation of inner cities and neighborhoods;
- (vii) Ensure the incorporation of environmental concerns in conservation and rehabilitation projects;
- (viii) Take measures to reduce acid rain and other types of environmental pollution that damage buildings and other items of cultural and historic value;
- (ix) Adopt human settlements planning policies, including transport and infrastructure policies that avoid environmental degradation of historic and cultural areas;
- (x) Ensure that the accessibility concerns of people with disabilities are incorporated into conservation and rehabilitation projects.”

Source: United Nations Centre for Human Settlements 1996, pp. 62–64.



Salvador do Bahia, Brazil:  
Revitalization program of cultural  
heritage district, cofinanced by  
Inter-American Development Bank.



Cartagena, Colombia: Public and  
private efforts in restoration of  
colonial centre.



Havana, Cuba: Public sector  
investments for rehabilitation of  
historic ocean front area.



Jakarta, Indonesia: Private efforts  
of restoration and reuse of historic  
properties.



Intramuros, Manila, Philippines:  
Private investments in adaptive  
heritage revitalization.



Mexico City, Mexico: Public and  
private efforts to conserve and  
revitalize historic centre.



Fez, Morocco: Private initiatives contributing to adaptive reuse of historic heritage properties.



Old Delhi, India: Private and public initiatives of heritage conservation.



Quito, Ecuador: Public and private revitalization initiatives, cofinanced by Inter-American Development Bank.



Zanzibar, Tanzania: Corporate reuse of historic properties.



Semarang, Indonesia: Corporate investment for heritage preservation.



Singapore: Public and private collaboration in revitalization of historic China Town at Boat Quay area, amidst modern financial and commercial centre.



Tunis, Tunisia: Renovated covered public market area, cofinanced by World Bank.



Wuxi, China: Private conservation efforts of old housing stock.



Yogyakarta, Indonesia: Historic Malioboro district, private efforts of adaptive reuse of heritage properties.