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RECOVERING HISTORIC TREASURES IN QUITO

Rehabilitating historic city centres is a complex and expensive undertaking anywhere in the world, but particularly in cities in developing countries, with serious economic and social pressures of rapid urbanisation. In Quito, Ecuador, a process is underway to preserve and rehabilitate the historic centre as a cultural treasure, restore its commercial importance, and foster the appropriate use and maintenance of its public and private buildings, making them more attractive to residents. A central element of this project was the establishment of a 'mixed capital' company to execute the programs and promote private-sector investment in the historic centre.



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Quito has a rich historical centre and cultural heritage. The western hemisphere's first hospital was founded here in 1565 and one of its first universities in 1603. Fifteen elaborately decorated churches, convents and monasteries and dozens of other priceless buildings are found in the old district's 72-block area. In 1978 it became the first urban site in Latin America to be declared a World Heritage Site by UNESCO, which called it "the best preserved and least modified historic centre in Latin America."

But Quito's historic centre has been witnessing decay as a result of social and economic change. As well-off residents moved to newer neighbourhoods much economic activity followed suit. A surge of suburban growth took place in the 1970s to the north and south of Quito, transforming the downtown area into a heavily congested transit area. Despite having only 70,000 residents, an estimated 300,000 people and

85% of the city's buses pass through this area each day.

These changes had a devastating effect on buildings and public spaces. Many stately mansions previously occupied by Quito's wealthy classes were subdivided into rental dwellings occupied by poor families. Old retail and service businesses have been replaced by some 5,000 pavement vendors who clog the district's narrow sidewalks and produce unmanageable amounts of waste.

At first, the government attempted to halt the decline by issuing laws to protect specific buildings and monuments and to restrict owners of historic buildings in the use of their properties. In many cases, the laws backfired with some owners neglecting their buildings to hasten decay so as to be able to demolish them and build new structures. Meanwhile,

practically no restoration or investment was taking place. A strategy of linking heritage conservation with tourism was also unsuccessful when it became clear that tourism could only realise a small part of the investment required to conserve the historic centre.

Drawing on the experience of historic districts in other countries, the municipality of Quito decided to develop a comprehensive restoration plan based on the revitalisation of the historic

district's economy. Based on Barcelona's successful rehabilitation of a large section of its historic centre spearheaded by a 'mixed capital' company, the municipality of Quito created a new, semi-autonomous, non-profit development corporation - the Empresa del Centro Histórico de Quito (ECH) - the first such public-private urban development entity in Latin America. It was given funds and properties previously purchased by Quito municipality and, in 1994, the Inter-American Development Bank approved a US\$41 million loan to help finance its first six years of operations.

Creating the company was a critical step as it made it possible for a public authority to work with the private sector. The company operates in many ways like a private company, using streamlined contracting and procurement procedures and incubating business enterprises within the historic centre. ECH's mission is to entice private investors by taking the up-

front risk in the rehabilitation of public spaces and contributing to the rehabilitation of buildings for private use through joint ventures with owners and private investors. After completion, the company sells its share in the buildings to free up capital for new operations and further rehabilitation.

Not all of the ECH's projects, however, have a commercial dimension. Among its first accomplishments was the renovation of the old hospital building as the Museo de la Ciudad dedicated to the colonial history of Quito. ECH also financed the rehabilitation

complete with kitchens and private bathrooms. Tenants must make a down payment equivalent to 25% of the cost and obtain a mortgage from a private bank. But up to one-third of the cost can be subsidised by the Ministry of Urbanisation and Housing



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of badly deteriorated pavements in the 72-block area and the construction of 2,000 new enclosed parking spaces. Other projects involve upgrading and synchronizing traffic lights, posting new road signs, and optimising traffic flow around a new trolley bus system.

One of the most difficult problems associated with rehabilitation of historic districts is gentrification. Restored buildings and renovated public spaces attract new residents and economic activities, boosting land and building prices, pushing out low-income families and less profitable economic activity. At present, about 4,000 people live within Quito's historic centre, with many families crowded into one or two rooms and as many as 15 families sharing a single toilet and water tap. One of the goals of the plan is to retain 3,000 of these residents by remodelling substandard rental housing and selling it back to current tenants,

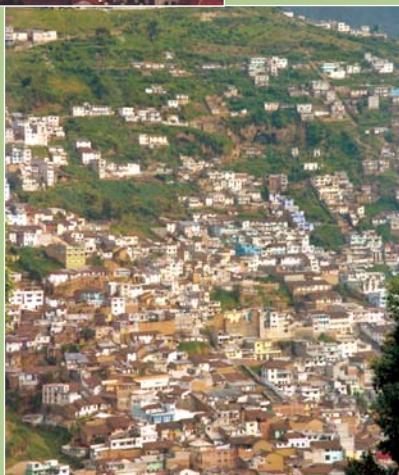


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as an incentive for the families to save for their down payments.

By working with the community, strictly controlling costs, and with the help of the direct government subsidies, the company has succeeded so far in retaining 75% of the original occupants of one of the first renovated buildings. This programme had been extended to several other buildings in a plan to rehabilitate 1,000 dwellings. NGOs and neighbourhood groups are also working with low-income residents, organising them into cooperatives and micro-enterprises to support their economic activities, and the ECH has managed the construction of new commercial complexes to accommodate the thousands of pavement vendors.

The Quito initiative is now well known throughout the region and has prompted several similar initiatives such as those in Santo Domingo, Montevideo, Buenos Aires and Recife. It has shown that the conservation of historical urban environments and heritage can be achieved by enhancing their economic viability through private sector investment while promoting social inclusion by keeping existing long-term residents.



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