

## **PUBLIC PRIVATE INVESTMENTS AND PROJECTS THE CASE OF THE REHABILITATION OF THE HISTORIC CENTRE OF QUITO**

### **IADB Bank Supported Project, including low-cost housing and Adaptive Reuse of buildings for economically viable activities**

The Inter American Development Bank-supported program in Quito started in 1994. The 51.3 million budget was provided by a 41 million loan of IADB and 10.3 million from local funds. The major components of this project, which is still in implementation, are.2009

- urban infrastructure;
- construction of new or adaptive reuse of buildings for parking lots;
- urban environment for the Cultural Centre of the City of Quito and Museum of the City (renovation of old hospital);
- rehabilitation projects with the private sector in various fields;
- institutional strengthening, surveys and studies.

A major and salient component of the program is addressed to low-income housing

**. Deteriorated residential buildings make up a large portion of the real estate in Quito's Historic Centre, and the majority of the 17.000 households in the area are working-class and poor families The semi-public Corporation for the Development of the Historic City Centre (EHC) is acting as a traditional real-estate developer to address this problem. EHC started to carry out a low-cost housing program that will provide 1000 housing units in rehabilitated historic buildings over a five-year period.**

Target groups are households with monthly incomes of USD 280 – 800, who do not own their homes but have some savings. The EHC is executing this component of the project with technical assistance from PACT-ARIM of France, a NGO specializing in slum rehabilitation and UNESCO's Sciences Department. Problems have been faced and need to be addressed and evaluated. The financing is recovered from the beneficiaries' own savings and from mortgages and subsidies, the latter provided by the Ministry of Urban Development and Housing.

The EHC relates to practically all real-estate development activities associated with this project, including:

- Purchase of buildings to be rehabilitated if they are not already municipally owned;
- Identification of beneficiaries (in conjunction with the Banco Ecuatoriano de Vivienda),

- Some current tenants or occupants of the building and others taken from a list of applicants on file with the EHC. The projects generally open additional capacity in rehabilitated buildings because they make more rational use of space, and because not all current occupants meet the requirements in terms of minimum savings or ability to pay;
- Preparation of the rehabilitation project itself, including obtaining all necessary construction permits. Special attention is paid to costs, which can not exceed the financing capacity of the beneficiaries;
- Development of a financing plan that includes the beneficiaries' savings and individual debt, as well as subsidies from the Ministry of Housing;
- Temporary relocation of occupants of a building under rehabilitation for an 8 to 10-month period;
- Entering into contracts for rehabilitation works, project supervision and final delivery of rehabilitated buildings, including titling and connections to utility services;
- Marketing of the rehabilitated housing units to potential beneficiaries and registered applicants;
- Temporarily assuming responsibility for management of rehabilitated buildings when they are first occupied. Management is subsequently turned over to the new co-owners.

With Bank assistance, the Municipality of Quito has attempted an approach similar to Barcelona's to rehabilitate the central section of the extended historic centre of the city. Based on proposals of the Master Plan for the Rehabilitation of the Historic Centre, the Municipality embarked on the implementation of a first phase of investments to turn around the deterioration of the physical and economic fabric of a section of the historic centre comprising 72 blocks around Independence Square.

The activities under execution include:

- Public investment to improve accessibility to the area;
- Restructuring of traffic patterns and provision of parking space;
- Quality of urban services (using historic buildings to house the Municipal Library, and information centre and the City Museum);
- Quality of public space (lighting, signaling and equipment).

The investments are complemented with regulations to organize the use of public spaces by informal activities.

Actions in the public space are complementary to joint ventures with private capital to rehabilitate historic buildings.

A mixed capital society operates with resources provided by the Municipality, private investors and a Bank loan to undertake projects that are intended to be sold in the

market. It is expected that the Corporation will be self-sustaining in the future; however the Municipality is prepared to shoulder losses in order to generate the required externalities. Recently, an Assessment Mission of IADB has looked into all these matters and global project implementation. Results are expected and will be appended to this paper by September 2010..

There are some similarities in this programme with some PPPs in Europe specially Amsterdam. Exchange of information and experiences could be suggested early in the 2015 \*s.... as these kind of partnerships are key elements in housing improvement projects and the up keeping of the urban fabric in context of urban heritage.