

## REVITALIZATION OF HISTORIC INNER-CITY AREAS IN ASIA

### *Urban Renewal Potentials in Jakarta, Hanoi and Manila*

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**Abstract.** A strategy for inner-city revitalization projects in Manila, Jakarta and Hanoi will need to be based on staged, highly interactive and participatory processes with public and private stakeholders. The strategy will be incremental and process-based, starting with small and strategic interventions which will build up to a broad coverage of the inner city areas. For ‘partnerships’ with the private sector to succeed it will be necessary to develop policies and projects that demonstrate how a clear concern for affordability of the less wealthy citizens and businesses in historic city centres can be combined with a commercial orientation of conservation. More specifically, private sector project concepts need to be developed for application in the urban conservation context. To make it happen an enabling legislation and framework is required, and an opening of the market, including of the removal of rent controls which have frozen developments in many historic city centres. Open minded city management can support this process through the provision of guidelines, model documents and contracts in order to generate the right confidence and investment stimuli. Heritage can become a driver of development. The Preparation of Asia’s cities towards the 21st century has to take into account the historic centres, attempt their revitalization and equip them for the challenges of globalization and environmental viability.

#### **Introduction**

The urban development strategy of the Asian Development Bank (ADB)<sup>1</sup> draws, among others, also attention to the neglected plight of historic city centres and the lost opportunities for local economic and real estate development, which would warrant more investments for the revitalization of these historic centres. Deteriorated historic areas exist for instance in Jakarta, Semarang, Manila, Malacca, Penang, Saigon, and numerous cities in India, Nepal, Pakistan and China. These historic city centres call for support that is directed at poverty reduction, improvement of infrastructure, and local economic development which are part and parcel of ADB’s country partnership strategies, and represent interesting opportunities for public-private partnership projects.

ADB’s Innovation and Efficiency Initiative (IEI)<sup>2</sup> offers a number of new lending instruments which can be applied to cities in developing member countries (DMCs), namely subsovereign lending, various mechanisms of lending support to the private sector, like equity funding and guarantees, multi-tranche lending and local currency loans. Since within the context of decentralization many cities are not so ‘poor’ any more, and control a substantially bigger share of resources, they can become clients for public-private partnership investments and sub-sovereign lending, and these investment activities can also be directed at urban renewal and the revitalization of historic inner-city areas.

In response to the call for revitalization of historic cities and the revitalization of public and private assets, ADB can provide a mix of financing instruments to address both public and private sector investments needs requiring different forms of support. These financing instruments can be geared to the dynamics of inner city revitalization, and can strengthen the role of government as facilitator and that of the private sector as main driver of physical and economic investment in historic inner city areas.

While other multilateral development banks (MDBs) like the World Bank (WB) and the Inter-American Development Bank (IADB) have successfully supported bankable ‘urban heritage’ projects in Jordan, Morocco, China, Russia, Argentina, Brazil, and Ecuador, the ADB has not yet engaged in this field of revitalization of historic inner cities. Characteristic for these projects of WB and IADB is their orientation towards local economic revitalization and development of specific sectors like tourism and environmental sustainability.

In generic terms a strategy for inner-city revitalization projects in areas like Intramuros in Manila and Kota Tua in Jakarta and Hanoi will need to be based on staged, highly

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<sup>1</sup> ADB. Urban Development Strategy. Manila, November 2005

<sup>2</sup> ADB. Innovation and Efficiency Initiative, Manila, August 2005.

interactive and participatory processes with public and private stakeholders. The strategy will be incremental and process-based, starting with small and strategic interventions which will build up to a broad coverage of the inner city areas:

- The goal of such projects is to develop and formulate a consensus-based multi-actor revitalization strategy and a bankable private-public sector approach to inner-city revitalization. The purpose is to develop mechanisms and tools for public and private financing of revitalization of the historic city centre. The assistance will develop the basis for an Urban Revitalization Fund as financial facility which can be utilized by private and public institutions which are associated with the development of historic city centers. Components to be financed include: (i) construction and/or rehabilitation of relevant basic infrastructure, and measures for the control and improvement of the physical environment; (ii) slum improvement measures, (iii) rehabilitation of existing buildings ('recycling and adaptive re-use' of existing structures) and/or construction of new commercial and housing complexes; (iv) development of a support facility for small and medium sized enterprises (SMEs) and for tourism related business, and (v) building of institutional capacity for management of revitalization activities which involve public and private actors and require intensive stakeholder consultation and participation.

A revitalization strategy will need to address issues impeding urban revitalization so far and the factors that have limited the financing for urban revitalization in the current legal, institutional, financial and market framework. The revitalization projects will deal with the required legal and institutional, planning and financial instruments which are required for a city revitalization program that could catalyze (i) basic infrastructure development and improvement of physical environment; (ii) rehabilitation of dilapidated housing in slum-like conditions, (iii) rehabilitation of existing buildings construction of new commercial and housing complexes; (iv) support for small and medium sized enterprises (SMEs), and (v) capacity for management of revitalization activities which involve public and private actors and require intensive stakeholder consultation and participation. Part A will assess issues of land ownership and procedures of land management, as far as these concern possible re-use of properties or investment into new activities. The projects will assist in the establishment of a Historic City Corporation which will undertake stakeholder information campaigns and consultations. The project preparation process will lead to detailed investment programs to be financed under ADB-financed sector projects. The expected outputs of such projects will be:

- Development of essential environmental and economic infrastructure, and improvement of the physical environment;
- Rehabilitation of dilapidated housing and elimination of slums;
- Rehabilitation/adaptive reuse of existing buildings of historical value, in combination with construction of new commercial facilities and new housing on selected sites;
- Development of small and medium sized enterprises (SMEs); and
- Capacity building for the management of multi-stakeholder-based revitalization.

For 'partnerships' with the private sector to succeed it will be necessary to develop policies and projects that demonstrate how a clear concern for affordability of the less wealthy citizens and businesses in historic city centres can be combined with a commercial orientation of conservation. More specifically, private sector project concepts which are based on principles of Build-Operate-Transfer (BOT), Build-Operate-Own (BOO) or Build, Finance, Transfer (BFT), need to be worked out for application in the urban conservation context. To make it happen an enabling legislation and framework is required, and an opening of the market, including of the removal of rent controls which have frozen developments in many historic city centres. Open minded city management can support this process through the provision of guidelines, model documents and contracts in order to generate the right confidence and investment stimuli. The orientation towards the city of the 21st century has to take into account the historic centres, attempt their revitalization and equip them for the challenges of globalization and environmental viability.<sup>1</sup>

#### SCENARIOS FROM MANILA, JAKARTA, AND HANOI

During 2007, the southeast Asia Department of the ADB undertook a comparative study of three prominent cases of historic inner city areas which are considered suitable candidates for large scale revitalization investments by the respective governments and their city administrations and private sector parties. The separate case studies are reproduced in Appendixes 1-3 of this document: Intramuros, Manila Case Study (Appendix 1) and Jakarta Case Study (Appendix 2) and Hanoi case study (Appendix 3). A generic proposal for developing ADB-funded inner-city revitalization projects is presented in Appendix 4. As will be evident, these three cases, though within the Southeast Asia are quite different from each other: Intramuros,

<sup>1</sup> F. Steinberg. 2008. Revitalization of Historic Inner-City Areas in Asia, Urban Renewal Potentials in Jakarta, Hanoi and Manila. ADB. Manila. <http://www.adb.org/Documents/Reports/revitalization-inner-city/Revitalization-Inner-City.pdf>

almost disappeared during the allied bombing at the end of World War II, and while partly reconstructed in an odd manner has largely been kept in time warp, awaiting the magic of revitalization to arrive. The Old Town of Jakarta is largely a developmental backwater, while all sorts of commercial developments take place in its surroundings, with encouraging and negative impacts which await to be garnered into a comprehensive concept. Old Hanoi is by contrast represents a very dynamic development situation of an ancient centre which is alive and thriving, threatened by modernization, but with excellent opportunities for a recovery though a carefully applied gentrification.

#### Historical differences among the three Cases:

Intramuros and Jakarta's old Town ("Kota Tua") are both colonial centers dating back to the early years of colonial domination by their Dutch or Spanish rulers. In the case of Hanoi, except for the French Quarter, which obviously is a product of French colonial times, the ancient quarter (AQ) is rather the result of an indigenous process of urban development that has evolved from the 11th century. Manila's Intramuros lost most of its colonial built heritage during the heavy bombarding at the end of World War II, however, a few jewels of baroque historic architecture have survived miraculously the war, like the overall precinct and its historic perimeter walls. In the case of Jakarta and Hanoi, there exist a large number of historic heritage buildings and both areas have a central location in the heart of the capital and are representative for the urban history of Jakarta and Hanoi.

#### City Development contexts

Due to existing heritage laws both Jakarta's Old Town and Manila's Intramuros have been excluded or suspended from many threats of urban renewal modernization. While modern developments have continued around them, both Intramuros and Jakarta's Old Town seem to have existed on 'borrowed' time. In both cases the neighboring China Towns have seen very vibrant and dynamic developments during the last ten years, and continue to be the main drivers of new developments near-by.

**Jakarta:** The Old Town of Jakarta preserves not only its precious history and buildings but has been quite much in the backwater of urban development. While Jakarta is expecting a major residential waterfront development and the expansion and modernization of its harbor, the old Town will just be located in the geographical middle between the current city administrative city center, near the national monument (Monas) and the presidential palace. This represents a locational advantage which will be an important asset for its revitalization. The recent formal inauguration of a revitalization program of Jakarta's Old Town by the Governor of Jakarta placed the

Old Town high on the urban agenda of Jakarta and the country. The recently endorsed Master Plan of Jakarta underlines these intentions. While the past decades have been marked by a state of uncertainty for the fate of the Old Town, investors and building owners are still waiting for the details of the new government policy, which by itself demonstrates that many parties still acknowledge the importance and potential of Kota Tua. The intention to make the Old Town a centre of culture and creative industries projects and interesting profile for this historic sector whose economic future has been more than uncertain for many decades.

**Manila:** In the case of Manila, the recent years have shown a tremendous appreciation of the potentials of water front developments in the bay of Manila, which is an indication of the high development potentials of Intramuros which is located in vicinity to these waterfront development area of Malate, and close to the busy developments in the Binondo, e.g. the China Town of Manila. However, in the case of Manila there exists currently no grand urban planning scheme, except for piecemeal action in Malate, or interventions covering the newly reclaimed land in the bay of Manila where major private sector investments are going to evolve, near the vast Mall of Asia, and in the harbor area which by itself is changing constantly through incremental reorganization of land-uses in this busy area of port activities. The fact that Intramuros has become attractive for many educational institutions in the city centre, has prompted a number of service providers (small eating houses and convenience stores), to Intramuros, but its overall economic profile is still rather laid back and not yet touched by the dynamics of the trades which are so dominant in the adjacent harbor or China town areas.

**Hanoi:** Urban planning, including the master Plan for Hanoi by 2020 has recognized an important role for the Ancient quarter (AQ) and the French Colonial Quarter (FCQ) as an area of high profile for international tourism and for services related tourism and international companies which have started business ventures in Vietnam. Both the AQ and FCQ enjoy the benefits of very good location and connectivity in the heart of the City. Various regulations and management plans for the preservation of built heritage have drawn attention to the AQ and FCQ, and investors have become alerted to building codes and bylaws which need to be adhered to. However, the high density and mixed-use nature of the AQ make it quite difficult for the local authorities to control all developments as per existing building and heritage legislation. With development pressure being very high, there is ample scope for incremental changes which may become non-reversible in the medium term.

### Land Markets and Real state Sector

The fact that the three historic inner-city areas are or potentially could become good locations for business and commercial activities is an important basis for the current appreciation they see in terms of land prices within their realm or nearby. It is noticeable and probably surprising that the most dynamic land market among the three cases exists in Vietnam, followed by Jakarta and Manila.

**Intramuros, Manila:** The case study has indicated that land prices in Intramuros are about P25-40,000/sqm (= \$625-100/sqm) to some extent similar, but occasionally 40% or 50% lower than in adjoining Malate and the Dagat-dagatan commercial area (next to the Manila hotel). From 1979 to 1985, the land value of Intramuros continuously increased as IA implemented and completed the restoration of the walls and fortifications, reconstructed Spanish colonial period structures in Plaza San Luis as well as the introduction of regular cultural activities such as concerts and performances in the Puerta Real gardens and in Casa Manila. The informal market *tiangge* was gentrified within the redeveloped area. IA was able to eradicate the illegally parked container vans from the inner area. Illegal settlers were continuously relocated. Private landowners started to build on their abandoned properties. The momentum of revitalization was abruptly stopped with the People Power Revolution of 1986. This was a difficult period for Intramuros again when the problems of the Intramuros Administration ranged from “return IA’s mandate to the original agencies” to outright “abolition” with the bid of other agencies and the City of Manila to acquire control over the Walled City. In the meantime the illegal settlers who have already been efficiently relocated returned in troves with all their extended families. Predictably, real estate prices in Intramuros dropped. However, the Intramuros Administration survived and continued to exercise its mandate. The preparation of the Intramuros Urban Development Plan continued; incorporated development and regulatory practices that were refined over time. Since the completion of the Plan in 1992, it has continued to guide the restoration activities and discipline the urban development within the Walled City.

The most prominent finding is that the land values of areas and districts around Intramuros are on the average a 100% higher than land within the historic core. The local government’s Zonal Valuation of the real estate within Intramuros is much lower than the values generated by a survey undertaken by IA Urban Planning and Community Development Division.

Another remarkable fact assumes importance in Intramuros, which is the existence of about 11 ha of empty or sub-utilized land, e.g. currently used as parking lots, storage space, or

being squatted upon.

**Kota Tua, Jakarta:** Currently the area has a limited floor space index compared to other areas in Jakarta. The average building floor ratio in Jakarta is regulated by the city’s spatial master plan. It stipulates that Kota Tua sub-districts have considerably building floor ratios of 2-4, e.g. about 50% less) than other areas with comparable land values. Interestingly, those sub-districts with comparable building floor ratios also have higher land values. There exist no incentives in the form of land taxation to stimulate investments and there are no mechanisms to compensate for lower building floor ratios. This condition acts as a major disincentive for new investments in Kota Tua.

Still, Kota Tua’s land prices are surprisingly high compared with normal market levels. Land prices in Kota Tua generally do not represent the ‘real’ value of the land. Average land values are about IDR 3.6 million/sqm (\$400/sqm), but actual selling prices are quoted around IDR 6.8 million/sqm (= \$755/sqm). These discrepancies in the market exist despite the fact that the heritage area is deteriorating. Any investor will encounter high maintenance costs and investments often imply the need to rid the properties of squatters or undesired users. Under these circumstances, returns on investment are difficult to attain since tight building controls and restricted floor space indexes limit the maximization of space. Thus, as quick and easy development schemes are not feasible, new investments in Kota Tua would need to be motivated by longer term expectations. The artificially high values of land in the areas can only be reasoned by the existence of a speculative element of land values being expected to raise substantially in the case of a major revitalization program which many stakeholders expect to happen one day.

**Hanoi:** The Land Law of 2003 tried to fix land prices based on actual market values. According to this, land prices are formally announced to the public on an annual basis, and these price levels will be the basis for taxation, land use fees or leases. These price lists serve also as references for compensations covering site clearance and relocation. Leases of land are categorized in four groups, ranging from \$0.06 to \$12 sqm/year and will remain unchanged for five years. After each five-year period, leases can be revised and readjusted, provided that these increases are not more than 15 % of the current rates. However, in actual practice, there are three mechanisms which determine pricing: (i) land prices which are decided by the government, i.e. People’s Committee of Provinces or Central Cities; (ii) auctions or tenders of LURs; or (iii) agreements between land users concerning transfer, lease, or sublease. Today, the scarcity of supply of well-located urban land has resulted in an overheated market situation. Between 1990 and 2004, land prices in Hanoi have gone up ten times. Surprisingly, such increases

seem to have had no adverse impacts on the growth of the economy, and appeared “normal” in the process of economic globalization. Nevertheless, in most recent years, after many years of stagnancy, land prices have increased so steeply that they are among the highest in the world, while the incomes of Vietnamese people remain still very low. In 2007, the real estate market has seen an extreme acceleration. At select auction sales, inner-city dwelling space in Hangbong, Hangngang and Hangdao streets has sold between VND 100-180 million (\$6,250-\$12,000) per sqm.

Residential accommodation, especially high-end apartments, show the highest demand and price increases in Hanoi. Buyers are mostly investors who want to lease these to expatriates. Currently, the selling price of apartments is \$1,600-\$3,500 per sqm while actual construction costs are only about \$400 per sqm. The rental market for high-end apartments is relatively stable; the rates are \$30-\$45 per month, equivalent to levels of other markets. On the other hand, leases of office space continue to increase rapidly. The price for a square meter of an A-level office has hit more than \$50 per month at locations in the centre of the city, while the price for a square meter of a B-level office is around \$40 per month, with annual price increases of 6.31% for A-level and 4.55% for B-level.

The new land prices for 2008 indicating an increase of 20% on average which in turn is believed to trigger new price increases. Analysts said that the higher land prices announced by the city’s authorities would give reason to real estate traders to push prices further up. Recently, the Prime Minister has asked the Ministry of Construction to adjust land-use tax rates and to apply progressive taxation to those who own a large number of properties, those who own vacant housing and unused land, and those who buy property to sell a short time later. This is meant to make property speculation less popular.

Hanoi authorities are planning to increase land availability by removing old factories and facilities from high-value inner-city locations to the suburbs. These factories have taken up space on the most central and best locations, which experts consider to be an enormous waste and a source of pollution. It is expected that soon some 1,000 establishments will be moved to the city’s suburbs. In 2003, Hanoi People’s Committee released a document saying the factories removed would create space for public works, including schools, parks and business centers. Facilities which are being relocated will receive Government compensation of up to VND5 billion (\$312,500). However, Hanoi’s Mayor Nguyen The Thao observed that VND5 billion (\$312,500) would not come close to actual land values.

### The role of the Private Sector

**Intramuros, Manila:** In Manila’s central areas (Manila city centre, Binondo China Town, Malate and Manila harbour, and water front areas of the Bay of Manila) a very active urban transformation is taking place with private sector investors driving this development. Malate and Binondo has seen many significant high-rise projects emerging in recent years, transforming parts of these areas which had been affected by neglect and decay during recent Post-Marcos-regime years. There is strong evidence of optimism of the real estate industry which not only aims at developing a modern face of Manila, but promotes a sea change in urban lifestyle and consumer behavior, orientated at more high-density high-rise living in the centre. It is interesting to note that many of the residential high-rise projects aim at middle class consumers, and not necessarily only at high end users. This development seems supported by the strong inflow of remittances and an urban middle class which has experiences city life abroad. Both in Malate as well as in the Manila Bay this is complemented by major developments of large shopping malls (Shoemart near the city hall of Manila, Mall of Asia in the Bay of Manila). The land reclamation works of the Philippine Reclamation Authority are aiding the process of high end commercial development in the Bay of Manila which is part of a major facelift and urban renewal operation of the city. Further north, the harbor areas is undergoing dynamic changes with more areas being opened up for dry harbors, used by container and harbour related storage operations which are of prime importance in import-export dependent cities. Manila’s drive to rid the city centre of organized crime and drug business has done good in terms of making the areas more attractive for private sector investments.

In the case of the adjacent Intramuros area, private sector has taken to a ‘wait and see’ approach. Investments in Intramuros during the recent years are still rather cautious (boarding houses for students or seamen, branch offices for traditional Manila-based companies; refurbishments of educational institutions, e.g. schools and university) or of temporary –transitory nature (open air restaurants in un-utilized plots or open air parking and storage facilities. Existing building bye laws, floor-space restrictions, and existing flaws in infrastructure (absence of proper sewerage, and flood control) and the existence of a sizable squatter population which would need to be relocated, are considered as quite an unattractive setting for major new investments. To break the impasse, a concerted effort of the public and private stakeholders is considered necessary, and a more promotional role of the Intramuros Administration (or any other body) to stimulate private investments in Intramuros.

**Kota Tua, Jakarta:** With the recent declaration of the Kota Tua restoration project by the city government, the private sector is more optimistic in regard to investment opportunities. Tourism and entertainment, and culture-related investments have taken place or are under preparation: restaurants and bars, galleries, hotel projects are sprouting in many locations, encouraged by the pedestrianization program covering the core area of the Kota Tua.

Similarly to Intramuros, Investments are still rather cautious or of temporary–transitory nature (open air parking and storage facilities, since existing building bye laws and floor-space restrictions are considered as quite an unattractive setting for major investments. The private sector is awaiting more clear signals from the government concerning permissible land use, the definite transport plan, and the expected impacts of the principal mega-projects, e.g the near-by water-front city and the expansion/modernization of the harbour area. A major threat to the private sectors’ interest to invest in Kota Tua must be seen in the absence of effective and

comprehensive flood control. Deforestation in the interior of Java island is producing the regular phenomenon of flash flooding reaching Jakarta, while raising sea levels, and underground intrusion of sea water, enhanced by extensive depletion of ground water resources through deep wells, represent a secondary cause of flooding from the Java sea. These environmental threats need to be dealt with before major private sector investments can be stimulated.

**Hanoi:** Hanoi’s ancient quarter (AQ) an the French Colonial Quarter (FQC) have seen a very buoyant and vibrant private sector development in tourism and handicraft production and commerce during recent years since the opening and internationalization of the economy. There is an optimistic spirit which has encouraged skyrocketing land prices and there is high competition for good investment locations. Investment in private homes (new real estate development, mostly for the high-end market) and the integrated refurbishment of traditional high-density residential neighborhood has started and is expected to lead to a certain gentrification over time. As

Comparison of Investment Proposals			
Aspects of Revitalization	Public Sector Investments	Private Sector Investments	Comments
<b>Intramuros, Manila</b>			
Infrastructure – Environment	Rehabilitation of infrastructure: roads, sidewalks;	water supply; sewerage; electricity connections (surface and underground cabling); parking facilities;	In Manila, water supply and electricity have been privatized.
Residential Improvements	Relocation of informal settlers to alternative sites nearby.	Relocation of informal settlers to alternative sites nearby.	The Government has spearheaded already some relocation of Intramuros suatters to the nearby Baseco area in the harbor region.
Heritage Properties	Rehabilitation Reconstruction of residential, commercial and cultural buildings.	Rehabilitation Reconstruction of residential, commercial and cultural buildings.	The Intramuros Adminsitration is still engaged in rehabilitation of heritage buidings like the old customs (‘aduanas’) building.
Business Promotion	Formation of SMEs.	Boutique hotels Handcrafts and arts centers; Hostels and dormitories for users of educational facilities.	The governments has tried with some mixed success the promotion of arts fairs and handicrafts markets.
Others		Business formation	
<b>Kota Tua, Jakarta</b>			

demonstrated by the Hanoi Case study (Appendix 3), there exist proposals how architectural conservation principles could be married with high density area development and creation of added real estate values. The city's policy to relocate polluting industries from the AQ and to free-up highly valuable land will show very essential for future private sector investment.

#### Identification of investments needed

Strategic investments being pursued by Intramuros, Kota Tua and Hanoi can be summarized as follows:

#### Suggested Strategies for Implementation Management in Jakarta, Hanoi and Manila: the Way Forward

All three case inner cities do have very different institutional set-ups for the implementation of their revitalization programs. The current institutional and management set-up may not be ideal in all cases, but the needs for further transformation are evident and will determine eventual change in management of these inner city areas.

**Intramuros, Manila:** Manila's case illustrates the operation of a dedicated administration, the Intramuros Administration (IA) which administratively belongs to the Department of Tourism (DOT), not the city of Manila. IA's position which operates as a quasi municipality along with the city administration of Manila, makes this a peculiar case. However, budgetary limitations and a perception of conservative administration, or 'preservation', of this heritage district has not contributed to much of innovation in Intramuros. However, DOT has taken a lead in certain initiatives like the relocation of hundreds of squatter families from the Intramuros city walls facing the Pasig River, financed by a Japanese aid, and their relocation to the Baseco reclamation land in the harbor area of Manila. But the with regard to promotion of private sector investments, assistance in deal making and marketing of business options, IA seems less prepared to play this role. This suggests that IA's role might need to be expanded in order to come to the fore and play a more active and marketing role, that of a project broker if not that of a project developer. The statutes of the IA would permit an expansion into more commercially oriented, BOT-type of operations. In the eyes of DOT, the political support for Intramuros revitalization is quite obvious, but the institutional response seems not yet to underwrite this.

**Kota Tua, Jakarta:** The recent political support of Kota Tuas' revitalization is a very strong momentum. Equally the recent urban planning initiatives which have accompanied the Governor of Jakarta's pronouncement of a revitalization program. The institutional modus operandi for Kota Tuas, to be dealt with through the Provincial Planning Board (Bapeda) is currently assessing the possibility of

forming an autonomous management body for Kota Tua to allow effective planning and governance. In late 2007, DKI has established a Technical Implementation Unit (TIU) within its Tourism Office which is meant to be the initial, fully dedicated body that looks after revitalization of Kota Tua. Due to its sectoral limitations, this TIU will, however, not be able to fulfill the required inter-agency coordination that is associated with the multi-dimensional revitalization agenda. It can only be hoped that the city administration will realize that a further proliferation of a business dialogue with the Private sector will require the formation of a more powerful, autonomous body, capable to market and steer PPP developments. This entity could be either fully integrated within the government, or be a semi-autonomous or fully autonomous body, possibly with participation of private sector partners (e.g from the real estate sector).

**Hanoi:** The Government's decision on "Renovation and Development the Old Quarter of Hanoi" of 1995 aims at sustainable urban development through partnership among all actors from public, private, non-governmental sectors. It was recognized that Public Private Partnership (PPP) seems to be one of the most appropriate strategies for this purpose. Since 1993, the Government has endorsed various regulations and development plans for the Ancient Quarter, the Hoankiem Lake and adjacent areas. In 1998, a Department of Conservation Management of AQ was formed, and under Hanoi's People's Committee (the highest local authority) an office of the Architect-in-Chief is directly in control of developments. However, the Department of Conservation Management of AQ has limited capacities and is limited in its concern to historic monuments. In order to more effectively manage PPP processes, this agency would need to conduct more frequent communication between the local government, the residents and business people of the AQ. This could be done through the introduction of a stakeholder steering committee, or extended powers of the Department to deal with more authority with investors and project developers.

#### THE PROSPECTS FOR PARTNERSHIPS IN URBAN REVITALIZATION

Many cities are still, asking themselves, how can they make heritage working for themselves. The success story of Singapore in regard to refurbishing and marketing its historic districts for heritage tourism ("immerse yourself in a mystical heritage") and commercial investments has been widely recognized. There are many cities which would like to make their case a similar success.

While there is a growing number of cities which have engaged in revitalization of historic inner city areas,

the general picture today seems complicated because many cities which have great potential for heritage conservations, and urban and economic revitalization, like Manila, Jakarta and Hanoi, these have been troubled by lack of political will and underinvestment, both on the public and private sectors. Often these have only focused on the most "profitable" projects such as historic areas with tourist potential. The lower income residents are still not seen as part of the development effort but rather pushed out by existing renewal policies.

There is an urgent need for rehabilitation approaches which maintain -- or better "sustain" -- the typical and essential qualities of the historic city areas, and of the environments of the resident communities, but which can also adapt these physical structures and economic activities in accordance with the needs of the present society and economy. A continuous and organic approach of revitalization is needed - the type of approach which characterized all urban areas in the pre industrial era and which has given form to older urban areas everywhere. Adaptation of form and function can proceed, however, within a stable pattern of buildings and urban patterns. This implies, for example, a choice of new design concepts and relevant new technologies to enable older buildings and areas to successfully adapt to modern needs but without destroying existing urban form (Richards 1952).

Through historic inner-cities rehabilitation programs, preservation and adaptive reuse of built heritage assets of historic value is supported, and the heritage-related economic base of the cities will be reinforced. Directly and indirectly, such projects will strengthen the capacity of cities to respond to the social and economic needs of their inhabitants which engage in tourism related products and services. It will also support the institutional reform of local governments and heritage-related authorities, and help update guidelines and heritage laws and regulations. The project as such will make a major contribution in formulating and testing innovative urban planning tools in urban heritage areas through revitalization and conservation plans, zoning and building regulations, preservation norms and regulatory and tax incentives. Further, such projects will help to rationalize cultural asset management through inventories of heritage assets, planning, monitoring and evaluation activities.

Major challenges in this process are to develop trusted working relationships with relevant stakeholders who have already initiated regulatory and institutional reforms, and build consensus-based partnerships between private sector partners and international agencies which are interested in participating in such projects. Financial and technical capacity limitations of cities and national agencies are additional challenges during the

implementation of such projects.

To achieve effective partnerships for urban revitalization in cases like Manila, Jakarta and Hanoi, it will be necessary to change the attitudes of professionals - of economists, architects, planners, developers and administrators. It will be necessary to create a changed political environment in which the historic centres are revalued according to their true value, and that policies and practice of municipal government are modified accordingly. Institutions must be geared towards the challenge of revitalization, and economic and administrative instruments for control and promotion of investments must be worked out.

Municipal authorities need to put on their agenda the rehabilitation and re-use of old and historic properties which are not under municipal protection and use. These properties should be listed, and their rehabilitation and re-use promoted. Those under public ownership could be brought to appropriate community or private sector uses. In the case of privately owned properties, owners should be provided incentives such as property tax exemptions and transfers of floor space indexes if they rehabilitate and conserve old and historic properties and put them to new economic uses, such as residences, hotels, restaurants, shops, offices, etc.

For 'partnerships' with the private sector to succeed it will be necessary, for instance, to develop policies and projects that demonstrate how a clear concern for affordability of the less wealthy citizens and businesses in historic city centres can be combined with a commercial orientation of conservation. More specifically, private sector project concepts which are based on principles of Build-Operate-Transfer (BOT), Build-Operate-Own (BOO) or Build, Finance, Transfer (BFT), need to be worked out for application in the urban conservation context. To make it happen, an enabling legislation and framework is required, and an opening of the market, including the removal of rent controls which have frozen developments in many historic city centres. Open-minded city management can support this process through the provision of guidelines, model documents/contracts etc. in order to generate the right confidence and investment stimulus. An orientation to create the 21st Century City has to take into account the historic city centres, attempt their revitalization, and equip them for the challenges of globalization and environmental viability.

The objective these kind of urban revitalization projects is the increase of economic development potentials and the enhancement of the quality of life in historic inner city centers, and the conservation and better management of built cultural heritage. Such urban revitalization programs need to be tailored to

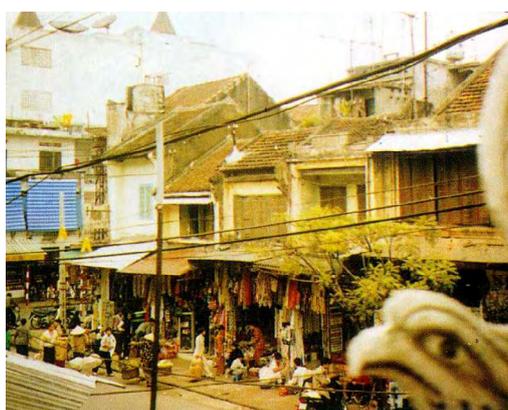
each city's character and potential and to include:

1. heritage sensitive zoning and building regulations, which stimulate urban renewal and economic growth, and promote adaptive reuse of built heritage objects;
2. funding for public infrastructure;
3. funding for support and promotion of economic development; and funding for rehabilitation of private housing.

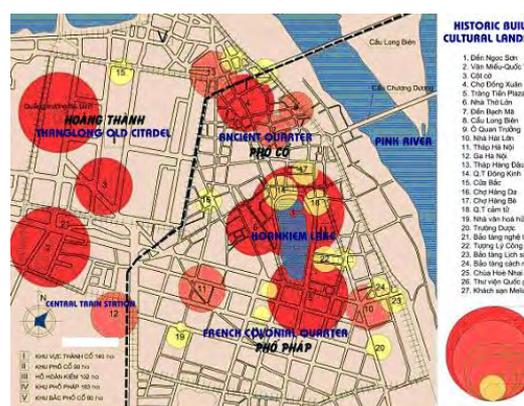
There remains some opposition to such changes towards area conservation and rehabilitation. Landowners, speculators, government administrators, big construction companies, and many public agencies have vested interests in demolition and re-development, instead of conservation and rehabilitation, and will fight for their stakes towards "modernization". These groups have their political allies as well. But a counter-movement to this is growing. This can lead to substantial

change, and indeed change is required if anything is to be done about the sustainability of urban heritage. A wider spectrum of alliances for urban conservation and new 'partnerships' needs to be sought, and more resources and investment capacity need to be brought forward to freeze the deadlock and to mobilize an age old process: the continuous renewal and rehabilitation of cities, representing the dialectics of "tradition" and "change", of "continuity" and "modernization".

As Jakarta, Manila and Hanoi demonstrate, the growing number of cases of public-private partnership for rehabilitation and conservation of the urban heritage zone needs to be seen as a constant indicator that this will be the way forward. The role of the public sector will become more and more that of a facilitator which underlines the importance of management. Inclusive and positive management of urban heritage is essential for the stimulation of partnerships and more investments.



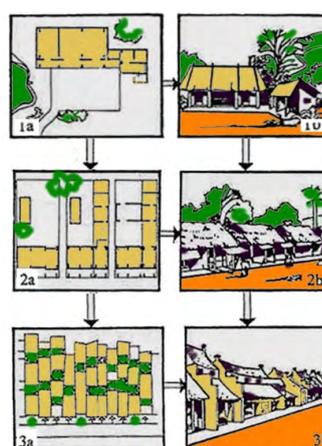
Hanoi: Old Quarter Scenery



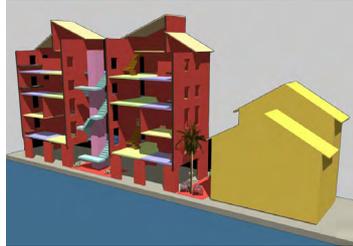
Hanoi: Old Quarter - Historic Buildings



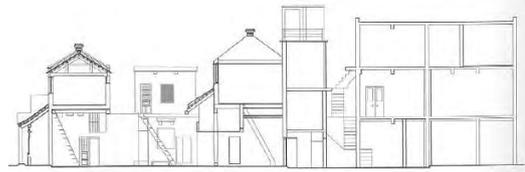
Hanoi: Old Quarter – land parcelation



Hanoi: Old Quarter – densification process



Hanoi: Old Quarter – densification proposal



Hanoi: Old Quarter – densification proposal



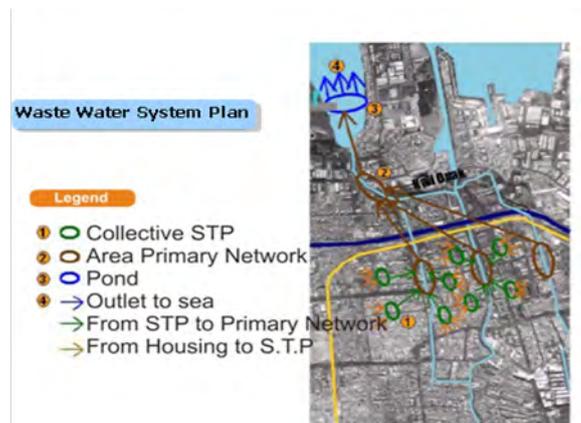
Jakarta - Kota: Private efforts of restoration and reuse of historic properties



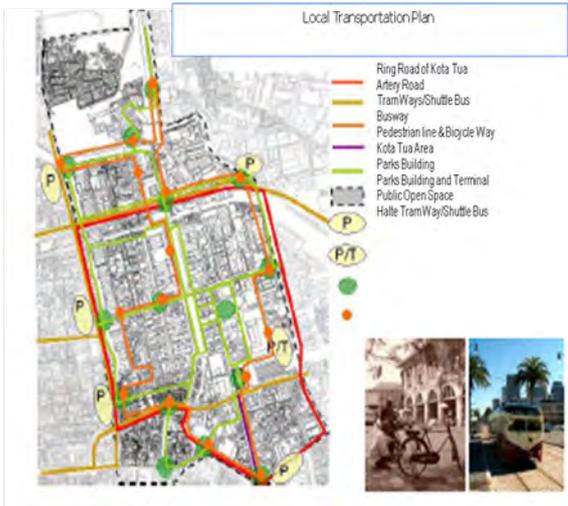
Jakarta - Kota: Restoration plan for central area



Jakarta - Kota: Water Management Plan



Jakarta - Kota: Water Management Plan



Jakarta - Kota: Local Transportation Plan



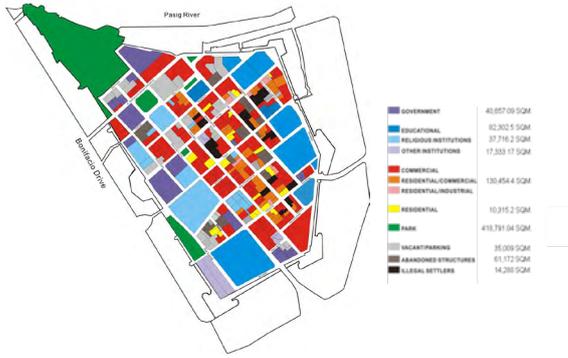
Jakarta - Kota: Real Estate Developments



Manila – Intramuros: Historical Building

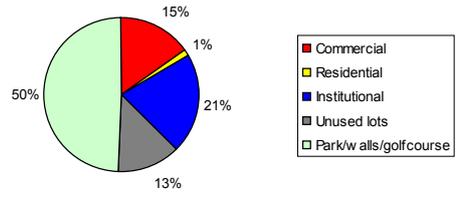


Manila – Intramuros: Historical District, largely destroyed during World War II



Manila – Intramuros: Land Use

Intramuros Existing Land Use (August 2007)



Manila – Intramuros: Land Use



Manila – Intramuros: informal Settlers



Manila – Intramuros: informal Settlers

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