



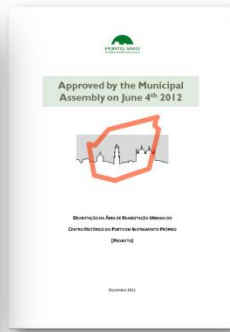
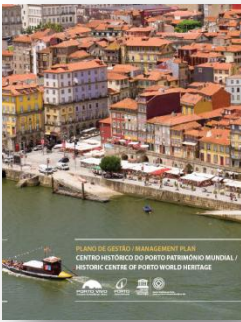
# Using Financial Instruments to support investment in a UNESCO-listed historical centre The case of Porto

**Ana Paula Delgado**  
**José Pacheco Sequeira**  
**PORTO VIVO, SRU**

Innovative Financing of Cultural Heritage

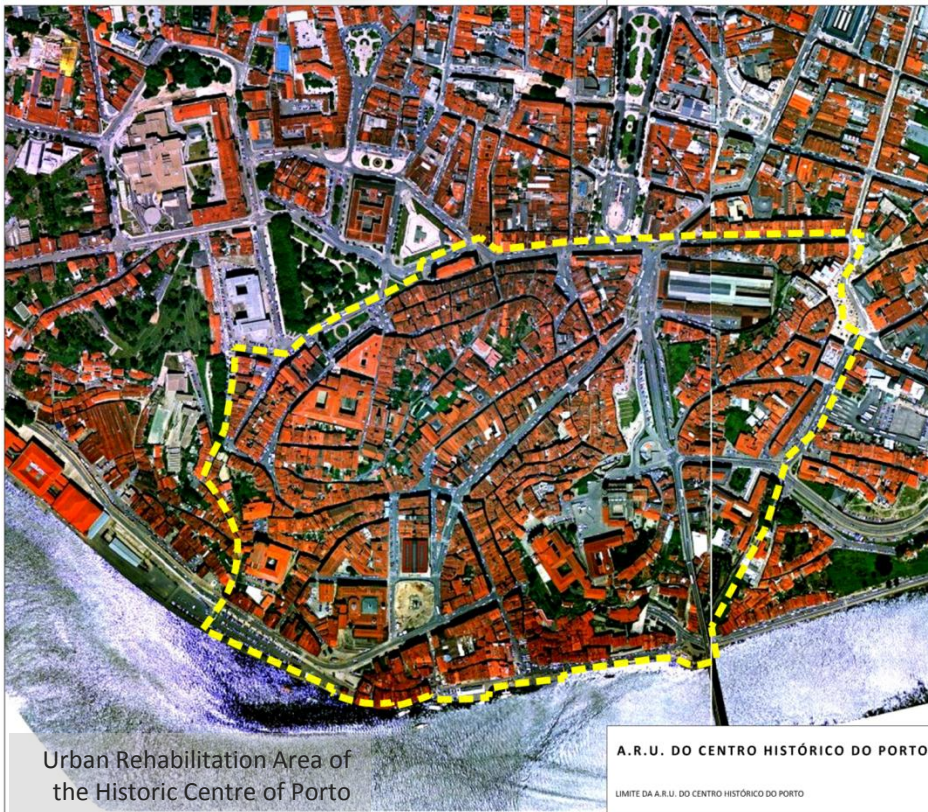
30<sup>th</sup> May 2013

Fulham Palace, London



Critical Area of Urban Recovery and Reconversion

Historic Centre of Porto World Heritage



Município do Porto
   
 Centro Histórico do Porto
   
 Centro do Património Mundial em 1985
   
 LEGENDA
   
 LIMITE DA A.R.U. DO CENTRO HISTÓRICO DO PORTO
   

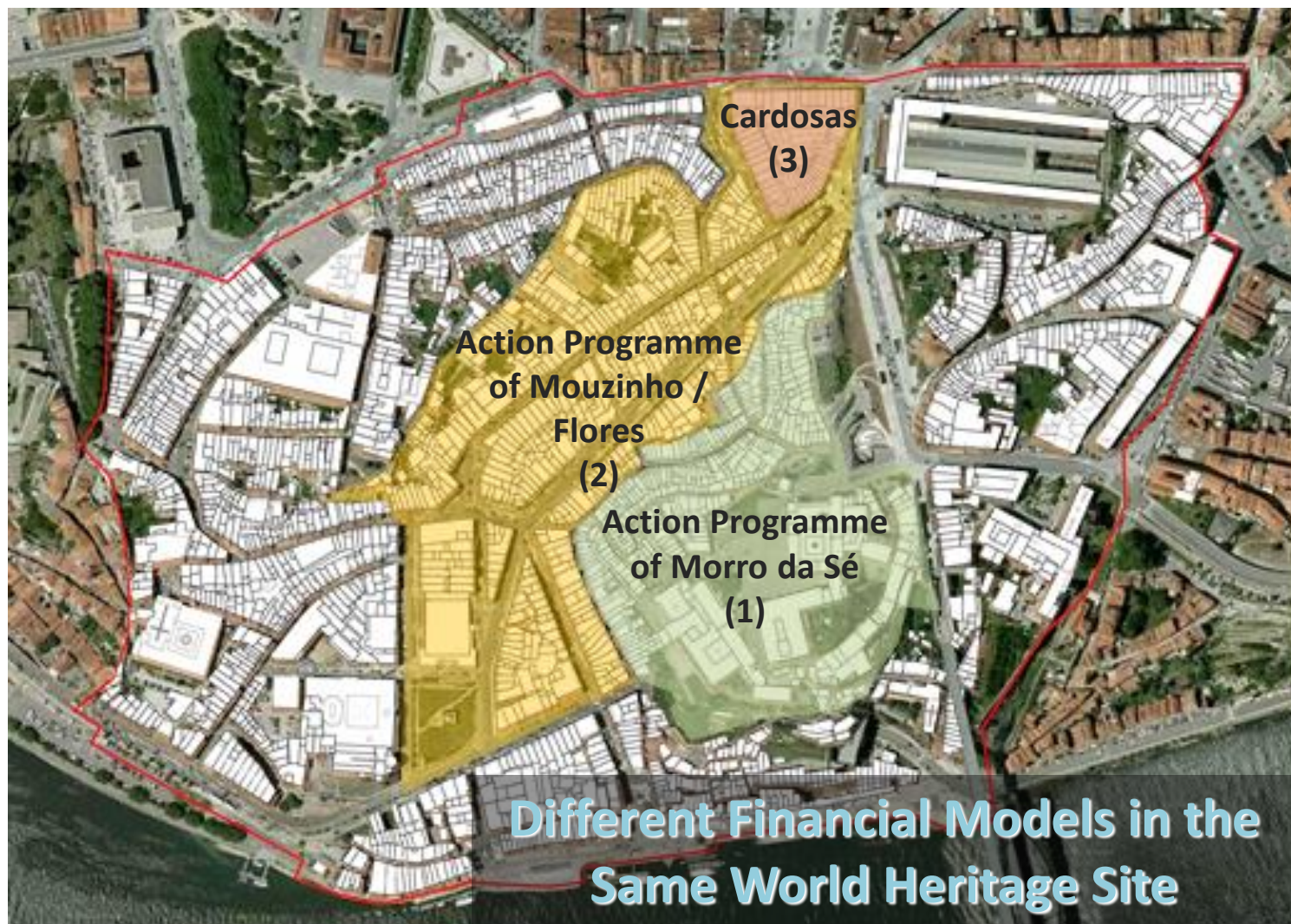
 03
   
 LIMITE DA A.R.U. DO CENTRO HISTÓRICO DO PORTO
   

 Agosto 2011



**Date of Inscription:** 1996  
**Criteria:** (iv)  
**Area:** 0,5 Km<sup>2</sup>  
**Census 2011:** 5,095 residents  
**Buildings:** 1,773

“the urban fabric and its many historic buildings bear remarkable testimony to the development over the past thousand years of a European city that looks outward to the west for its cultural and commercial links” in <http://whc.unesco.org/en/list/755>, 2013.05.23





# 1. Action Programme of Morro da Sé

|                                    |                                     |
|------------------------------------|-------------------------------------|
| <b>No. BLOCKS:</b>                 | <b>11</b>                           |
| <b>PLANNING DOCUMENTS:</b>         | <b>9</b>                            |
| <b>No. BUILDINGS:</b>              | <b>228</b>                          |
| <b>CONSTRUCTED AREA:</b>           | <b>64 886 m<sup>2</sup></b>         |
| <b>PRIVATE:</b>                    | <b>40.132 m<sup>2</sup> (62%)</b>   |
| <b>PUBLIC:</b>                     | <b>24.753 m<sup>2</sup> (38%)</b>   |
| <b>NEEDING CONSTRUCTION WORKS:</b> | <b>62.382 m<sup>2</sup> (96%)</b>   |
| <b>MEDIUM:</b>                     | <b>15.906 m<sup>2</sup> (25%)</b>   |
| <b>PROFOUND:</b>                   | <b>30.022 m<sup>2</sup> (46%)</b>   |
| <b>VACANT:</b>                     | <b>24.062 m<sup>2</sup> (37%)</b>   |
| <b>INHABITANTS:</b>                | <b>1000</b>                         |
|                                    | <b>45% WORKERS</b>                  |
|                                    | <b>30% PENSIONERS OR UNEMPLOYED</b> |
| <b>FAMILIES:</b>                   | <b>370</b>                          |
|                                    | <b>25% WITH 1 PERSON</b>            |
|                                    | <b>50% &gt; 65 years old</b>        |
| <b>INCOME PER PERSON:</b>          | <b>€ 250</b>                        |





# 1. Action Programme of Morro da Sé

## INTEGRATED URBAN PLAN

- REHABILITATION
  - . BUILDINGS
  - . PUBLIC SPACE
- SOCIAL / ECONOMIC DYNAMISATION
- ENVIRONMENTAL SUSTAINABILITY
  - . ENERGY EFFICIENCY

Partners:



Co-financing:



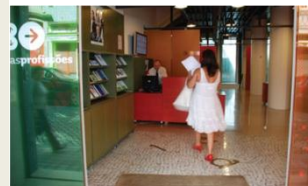
- ✓ IMPROVEMENT OF LIVING CONDITIONS
- ✓ ATTRACTION OF NEW RESIDENTS
- ✓ INVOLVEMENT OF STAKEHOLDERS

## Intangible Projects

- Creation of the Property Owners Support Office
- Installation and Startup of Urban Area Management (UAM)
- UAM / Entrepreneurship Project
- UAM / Stories of Self-esteem / workshops
- UAM / Documentary
- Creation of a Technical Support Structure
- Communication Plan



2010 publication

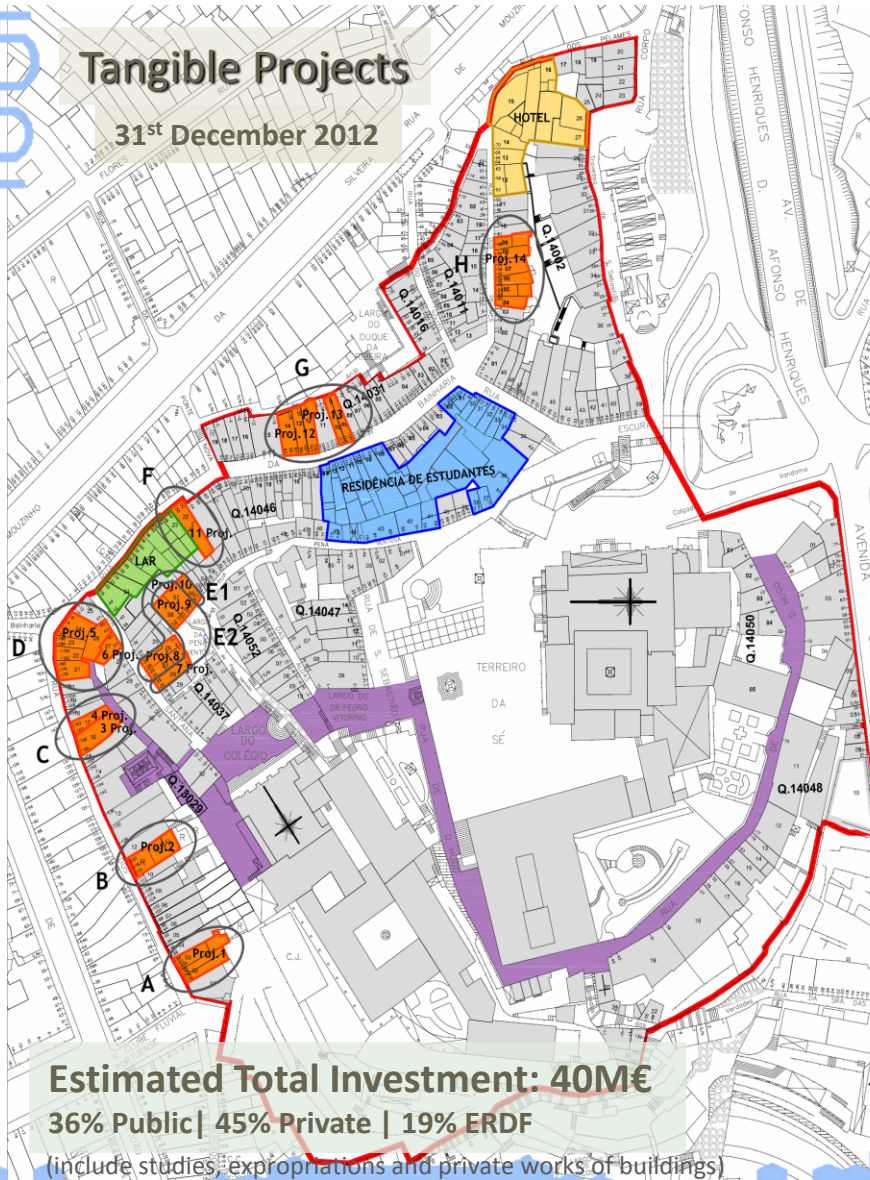


2011 publication



# Tangible Projects

31<sup>st</sup> December 2012



**Estimated Total Investment: 40M€**

36% Public | 45% Private | 19% ERDF

(include studies, expropriations and private works of buildings)

## Public Space Improvement

Porto City Council | 1,2 M€ | 62% ERDF | Completed

## Students Residence

Real Estate Investor selected by public tender | 22 buildings | GBA 7.362 m<sup>2</sup> | 125 bedrooms | 6.3M€ | 45% ERDF | Ongoing works

## Tourist Accommodation Unit

Real Estate Investor selected by public tender | 6 buildings | GBA 3.500 m<sup>2</sup> | 50 bedrooms | 4.6M€ | 40% ERDF | Ongoing works

## Residence for the Elderly

Partners: Porto City Council; Social Institution | Extension and upgrading from 6 to 12 bedrooms | 740 thousand Euros | 66% ERDF | Completed

## Resettlement Programme

Partners: Porto Vivo, SRU; DomusSocial; Operational partners chosen by public tender | 32 buildings | GBA circa 8.000 m<sup>2</sup> | 8,1 M€ | No. of families: 24 | Estimated no. of social dwellings: 71 | Ongoing works

## Urban Image and Energy Efficiency

Porto Vivo, SRU | 57 buildings | 1,9M€ | 60% ERDF | Ongoing works





# 1. Action Programme of Morro da Sé: Financial Models

## 1.a) Creation of the Tourist Accommodation Unit and the Students Residence

|               | Porto Vivo, SRU   | Private partners chosen by public tender – NOVOPCA Consortiums  |
|---------------|---|---|
| Role          | <ul style="list-style-type: none"> <li>- Project leader</li> <li>- Development of an integrated plan</li> <li>- Acquisition / Expropriation of 28 buildings</li> <li>- Landlord / Provision of the buildings to the Private Partner</li> <li>- Permits issuing and works supervision</li> </ul> | <ul style="list-style-type: none"> <li>- Projects conception</li> <li>- Rehabilitation works</li> <li>- Operation of the tourist accommodation unit and the students residence for 50 years</li> </ul>  |
| Cash outflows | <ul style="list-style-type: none"> <li>- Loan IHRU / EIB (2,5 M€)</li> <li>- Acquisition / Expropriation costs</li> <li>- Resettlement costs (DomusSocial – municipal social housing company)</li> </ul>  | <ul style="list-style-type: none"> <li>- Payment for the provision of the houses, for 50 years, to the Public Partner</li> <li>- Archeology costs and rehabilitation works</li> <li>- Operation costs of the equipments</li> <li>- Managements fees for SRU: 10% of the EBIT of the tourist accommodation unit and 12,5% of the EBIT of the students residence</li> <li>- Current application for a JESSICA Loan</li> </ul> |
| Cash inflows  | <ul style="list-style-type: none"> <li>- Payment from the private partner for the provision of the 28 buildings</li> <li>- Management fees: 10% of the EBIT of the tourist accommodation unit and 12,5% of the EBIT of the students residence</li> </ul>  | <ul style="list-style-type: none"> <li>- Grant for creation of a tourist accommodation unit and a students residence</li> <li>- Revenues of the operation of the tourist accommodation unit and the students residence</li> <li>- Current application for a JESSICA Loan</li> </ul>   |

Source: Adapted from Deloitte and Parque Expo (2009)



# 1.Action Programme of Morro da Sé: Financial Models

| 1.b) Resettlement Programme |  |
|-----------------------------|--|
| Porto Vivo, SRU             |  |
| Role                        | <ul style="list-style-type: none"> <li>- Project leader</li> <li>- Development of an integrated plan</li> <li>- Acquisition / Expropriation</li> <li>- Projects conception (internal and outsourcing)</li> <li>- Landlord / Manager of leased houses</li> <li>- Permits issuing and works supervision</li> </ul>   |
| Cash outflows               | <ul style="list-style-type: none"> <li>- Loan IHRU / EIB (8,3 M€)</li> <li>- Acquisition / Expropriation costs</li> <li>- Resettlement costs (DomusSocial – municipal social housing company)</li> <li>- Projects costs</li> <li>- Archeology costs</li> <li>- Rehabilitation works (for social housing)</li> <li>- Urban image and energy efficiency</li> </ul> |
| Cash inflows                | <ul style="list-style-type: none"> <li>- Rent from the residential and commercial areas – rents bellow market value</li> <li>- ERDF grant for the urban image and energy efficiency operation</li> </ul>   |

Source: Adapted from Deloitte and Parque Expo (2009)





# 1. Action Programme of Morro da Sé: Financial Models

## 1. c) Residence for the Elderly – Extension and Improvement

|               | Porto City Council and GOP Municipal Company  | Porto Vivo, SRU  | Private partners chosen by public tender   | Centro Social da Sé Catedral do Porto – Social Institution  |
|---------------|---|--|--|---|
| Role          | <ul style="list-style-type: none"> <li>- Landlord and project leader</li> <li>- Acquisition of one building and some dwellings to the Foundation for the Development of the Historic Zone of Porto</li> <li>- Lending agreement with the Social Institution – free transfer of the equipment for a 30-years period</li> </ul> | <ul style="list-style-type: none"> <li>- Architectural Project – Ana Leite Pereira</li> <li>- Permits issuing and works supervision</li> </ul> | <ul style="list-style-type: none"> <li>- Specialties´ Project</li> <li>- Rehabilitation works</li> </ul>       | <ul style="list-style-type: none"> <li>- Operation of the Residence for the Elderly</li> </ul>  |
| Cash outflows | <ul style="list-style-type: none"> <li>- Acquisition costs</li> <li>- Resettlement costs</li> <li>- Specialties´ Project costs</li> <li>- Rehabilitation works</li> <li>- Total costs: 740,000 €</li> </ul>   | n.a.   | n.a.   | <ul style="list-style-type: none"> <li>- Operational costs</li> <li>- Buildings maintenance</li> </ul>  |
| Cash inflows  | <ul style="list-style-type: none"> <li>- ERDF grant (488,000 €)</li> </ul>  | n.a.   | <ul style="list-style-type: none"> <li>- Specialties´ Project costs</li> <li>- Rehabilitation works</li> </ul> | <ul style="list-style-type: none"> <li>- Fee from the users (80% of their income)</li> <li>- Contribution from the national Social Security due to the operational costs deficit (fees ≠ 700€ national average per user)</li> </ul> |

Source: Adapted from Deloitte and Parque Expo (2009)

Source: Adapted from "Historic Cities in development: keys for understanding and acting" (OWHC, 2013)



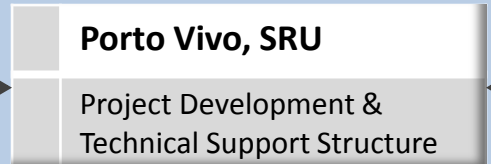
# 1. Action Programme of Morro da Sé: Synthesis

CITIZEN PARTICIPATION

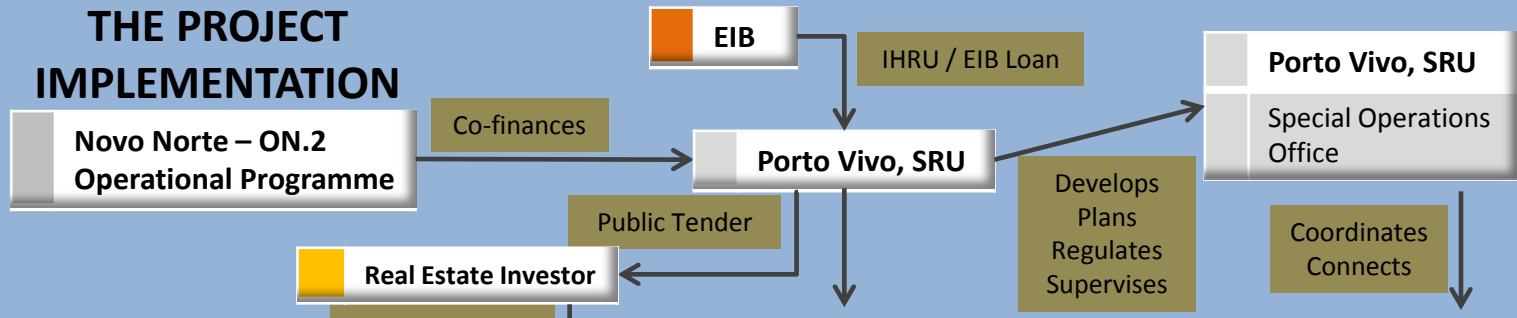
## THE INITIATIVE



## THE PROJECT DRIVERS



## THE PROJECT IMPLEMENTATION



### STAKEHOLDERS:

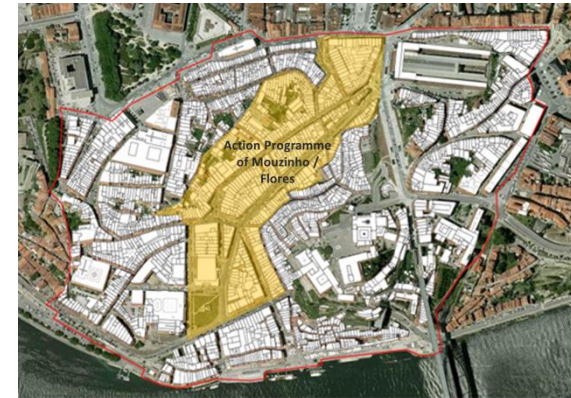
- Public local
- Public regional
- Public national
- Private
- Institutions
- Civil society
- EIB

|                        |   |  |   |   |
|------------------------|---|--|---|---|
|                        | Builds and manages  |  |   |   |
| PHYSICAL INTERVENTIONS | Porto Vivo, SRU   | Porto Vivo, SRU  | Municipality of Porto                                     | Porto Vivo, SRU                               |
|                        | Creation of the Students Residence and Local Accommodation Unit | - Resettlement Programme<br>- Improvement of the Urban Image and Energy Efficiency | - Public Space Improvement<br>- Residence for the Elderly | Rehabilitation Programme                      |
|                        |   |  | <b>Social Institution</b>                                 | <b>Private owners</b><br><b>Public owners</b> |
| URBAN AREA MANAGEMENT  | Porto Vivo, SRU   |  | <b>Porto Digital</b>                                      | Porto Vivo, SRU<br>Municipality of Porto      |
| <b>Citizens</b>        | Owners support office   | Relations with the population and public awareness                                 | Entrepreneurship support office                           | Conservation and handling of the public space |
|                        | <b>Private owners</b>   |  |   |   |



## 2. Action Programme of Mouzinho / Flores

|  |                              |
|--|------------------------------|
| <b>No. BLOCKS:</b>                       | <b>15</b>                    |
| <b>PLANNING DOCUMENTS:</b>               | <b>12</b>                    |
| <b>No. BUILDINGS:</b>                    | <b>421</b>                   |
| <b>CONSTRUCTED AREA:</b>                 | <b>207 420 m<sup>2</sup></b> |
| <b>REASONABLE STATE OF CONSERVATION:</b> | <b>30%</b>                   |
| <b>BAD STATE OF CONSERVATION:</b>        | <b>42%</b>                   |
| <b>RUINS:</b>                            | <b>5%</b>                    |
| <b>PARTIALLY OCCUPIED:</b>               | <b>38%</b>                   |
| <b>VACANT:</b>                           | <b>22%</b>                   |
| <b>ONLY COMMERCE:</b>                    | <b>12%</b>                   |
| <b>COMMERCE AND HOUSING:</b>             | <b>40%</b>                   |
| <b>PUBLIC SPACE:</b>                     | <b>34.000 m<sup>2</sup></b>  |
| <b>INHABITANTS:</b>                      | <b>1104</b>                  |
| <b>38% WORKERS</b>                       |                              |
| <b>33% PENSIONERS OR UNEMPLOYED</b>      |                              |
| <b>FAMILIES:</b>                         | <b>434</b>                   |
| <b>56% WITH 1 OR 2 PERSONS</b>           |                              |
| <b>44% &gt; 65 years old</b>             |                              |





# 2. Action Programme of Mouzinho / Flores

## INTEGRATED URBAN PLAN

### • REHABILITATION

. BUILDINGS

. PUBLIC SPACE

### • SOCIAL / ECONOMIC DYNAMISATION

- ✓ IMPROVEMENT OF TRAFFIC / MOBILITY
- ✓ ATTRACTION OF NEW RESIDENTS
- ✓ INVOLVEMENT OF STAKEHOLDERS

### Intangible Projects

- Study for the improvement of the mobility in the Historic Centre;
- Installation and Startup of the Urban Area Management (UAM)

- UAM – Support to Entrepreneurship
- UAM – “Feiras Francas”
- UAM – Space and Traditional Trade Valuation through Memory
- UAM – Technical Support Structure
- UAM – Communication Plan

Partners:



Co-financing:

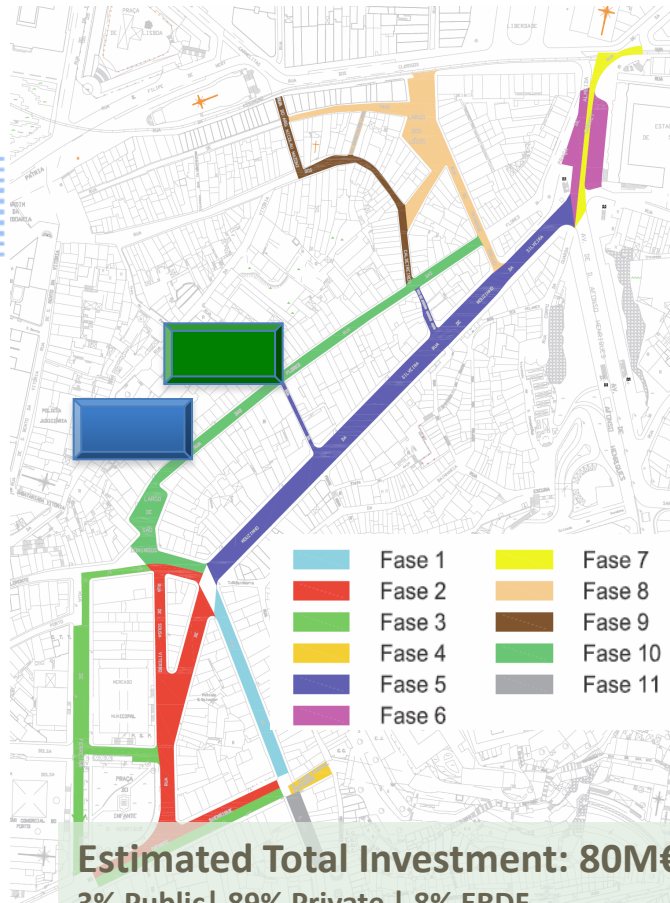


<http://www.comerciovivomouzinhoflores.com/>





## 2. Action Programme of Mouzinho / Flores: Financial models



(include studies, expropriations and private works of buildings)

### Tangible Projects

#### Public Space Improvement

Porto City Council | 7,8 M€ | | 79% ERDF | Ongoing Works

#### Museum and Archive Installation of S.<sup>ta</sup> Casa da Misericórdia

S.<sup>ta</sup> Casa da Misericórdia do Porto | 480 thousand Euros | | 53% ERDF | Completed 

#### Modernization of Business Incubators

Youth Foundation | 36 thousand Euros | | 76% ERDF | Completed

#### Port Wine Tour

Youth Foundation | 71 thousand Euros | | 80% ERDF | Completed

Source: Adapted from "Historic Cities in development: keys for understanding and acting" (OWHC, 2013)



# 2. Action Programme of Mouzinho / Flores: Synthesis

CITIZEN PARTICIPATION

## THE INITIATIVE

Municipality of Porto

National Institute for Housing and Urban Renewal (IHRU)

## THE PROJECT DRIVERS

Porto Vivo, SRU

Project Development & Technical Support Structure

## THE PROJECT IMPLEMENTATION

Novo Norte – ON.2  
Operational Programme

Co-finances

Porto Vivo, SRU  
Special Operations Office

Coordinates  
Connects

Plans  
Regulates  
Supervises

Porto Vivo, SRU

Develops

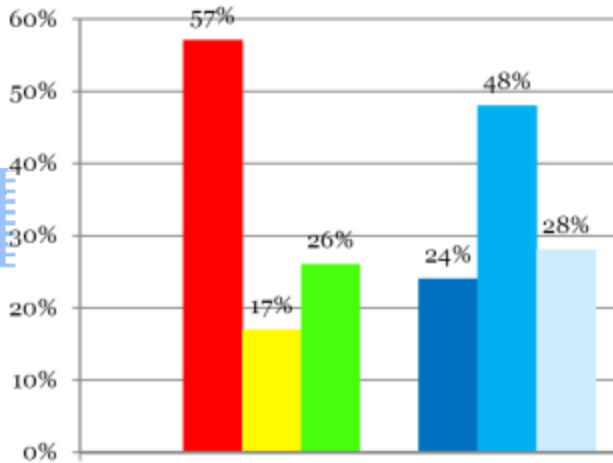
### STAKEHOLDERS:

- Public local
- Public regional
- Public national
- Institutions
- Civil society

|                        |  |   |   |   |
|------------------------|--|---|---|---|
| PHYSICAL INTERVENTIONS | Municipality of Porto  | <span style="display: inline-block; width: 15px; height: 15px; background-color: #ff69b4; border: 1px solid #000;"></span> S.ta Casa da Misericórdia do Porto | <span style="display: inline-block; width: 15px; height: 15px; background-color: #ff69b4; border: 1px solid #000;"></span> Youth Foundation | Porto Vivo, SRU   |
|                        | - Public Space Improvement   | - Museum and Archive Installation of S.ta Casa da Misericórdia  | - Modernization of Business Incubators<br>- Port Wine Tour  | Rehabilitation Programme<br><span style="display: inline-block; width: 15px; height: 15px; background-color: #6495ed; border: 1px solid #000;"></span> Private owners<br><span style="display: inline-block; width: 15px; height: 15px; background-color: #d3d3d3; border: 1px solid #000;"></span> Public owners |
| URBAN AREA MANAGEMENT  | Porto Vivo, SRU  |   | <span style="display: inline-block; width: 15px; height: 15px; background-color: #d3d3d3; border: 1px solid #000;"></span> Porto Digital    | Porto Vivo, SRU<br>Municipality of Porto  |
|                        | <span style="display: inline-block; width: 15px; height: 15px; background-color: #6495ed; border: 1px solid #000;"></span> Citizens<br>Owners support office | Relations with the population and public awareness  | Entrepreneurship support office   | Conservation and handling of the public space   |



# 3. Cardosas Operation



State of Conservation

- Bad
- Medium
- Good

Buildings' Occupation

- Vacant
- Partially occupied
- Totally occupied



## Strategy

- Demolition of the interior of the block
- Creation of a public square
- Creation of a first class hotel
- Creation of an underground parking
- Predominance of the residential function
- Retail and services facilities



# 3. Cardosas Operation Financial Models

## 3. a) Joint Intervention – Buildings, parking lot and inner square

|               | Porto Vivo, SRU   | Private partner chosen by public tender – Closed-end Real Estate Fund / LUCIOS  |
|---------------|---|---|
| Role          | <ul style="list-style-type: none"> <li>- Project leader</li> <li>- Development of an integrated plan</li> <li>- Acquisition / Expropriation</li> <li>- Permits issuing and works supervision</li> </ul> | <ul style="list-style-type: none"> <li>- Closed-end Real Estate Fund - real estate developer (share real estate risks / gains)</li> <li>- LUCIOS – operational partner</li> <li>- Project conception and rehabilitation works</li> <li>- Commercialization of the new residential and commercial areas</li> </ul> |
| Cash outflows | <ul style="list-style-type: none"> <li>- Acquisition / Expropriation costs</li> </ul>   | <ul style="list-style-type: none"> <li>- Project costs (joint intervention)</li> <li>- Rehabilitation works (joint intervention)</li> <li>- Archeological costs (joint intervention)</li> <li>- Commercialization costs (joint intervention)</li> </ul>   |
| Cash inflows  | <ul style="list-style-type: none"> <li>- 50% of sales of residential and commercial areas</li> <li>- Permits</li> </ul>   | <ul style="list-style-type: none"> <li>- 50% sales of residential and commercial areas</li> <li>- Car parking sale</li> </ul>   |

Source: Adapted from Deloitte and Parque Expo (2009)







# 3. Cardosas Operation Financial Models

| 3. b) Cardosas Hotel |   |  |   |
|----------------------|---|--|---|
|                      | Porto Vivo, SRU   | Solitaire - Empreendimentos Hoteleiros, S.A.   | Intercontinental Group  |
| Role                 | <ul style="list-style-type: none"> <li>- Project leader</li> <li>- Development of an integrated plan</li> <li>- Permits issuing and works supervision</li> <li>- Mediator between the owner (Solitaire) and the Intercontinental</li> </ul> | <ul style="list-style-type: none"> <li>- Landlord and project developer</li> <li>- Involvement of a Real Estate Investment Fund, as an instrument of financial support to the operation</li> </ul> | <ul style="list-style-type: none"> <li>- Hotel management</li> </ul>                                |
| Cash outflows        | n.a.  | <ul style="list-style-type: none"> <li>- Acquisition costs</li> <li>- Project costs, permits and rehabilitation works</li> <li>- Total costs: 32 M€</li> </ul>                                     | <ul style="list-style-type: none"> <li>- Operational costs</li> <li>- Rent for the hotel</li> </ul> |
| Cash inflows         | Permits   | <ul style="list-style-type: none"> <li>- Rent for the hotel</li> <li>- Grant (9,3 M€)</li> </ul>   | <ul style="list-style-type: none"> <li>- Operational revenue</li> </ul>                             |



Source: Adapted from Deloitte and Parque Expo (2009)



# 3. Cardosas: Synthesis

Source: Adapted from "Historic Cities in development: keys for understanding and acting" (OWHC, 2013)

CITIZEN PARTICIPATION

## THE INITIATIVE

Municipality of Porto

National Institute for Housing and Urban Renewal (IHRU)

## THE PROJECT DRIVERS

Porto Vivo, SRU

## THE PROJECT IMPLEMENTATION

Public Tender

Plans  
Coordinates  
Develops  
Connects  
Regulates  
Supervises

Closed-end Real Estate Fund / LUCIOS

|                        |   |  |  |
|------------------------|---|--|--|
| PHYSICAL INTERVENTIONS | Porto Vivo, SRU<br>- acquisition;<br>- expropriation;<br>- Relocates families & shops | Solitaire - Empreendimentos Hoteleiros, S.A.<br>Intercontinental Group | Porto Vivo, SRU                            |
|                        | - Buildings rehabilitation<br>- Parking lot<br>- Public inner square                  | - Rehabilitation of the Hotel<br>- Hotel management                    | Rehabilitation Programme<br>Private owners |

COMPETE Operational Programme

Co-finances

### STAKEHOLDERS:

- Public local
- Private international
- Public national
- Private
- Civil society





# 4. Private interventions

| 4.a) Private Interventions |  |  |
|----------------------------|--|--|
|                            | Porto Vivo, SRU  | Private owners   |
| Role                       | <ul style="list-style-type: none"> <li>- Project leader</li> <li>- Development of an integrated plan</li> <li>- Permits issuing and works supervision</li> </ul> | <ul style="list-style-type: none"> <li>- Rehabilitation and maintenance of the private buildings according to the Planning Document</li> </ul> |
| Cash outflows              | n.a.   | <ul style="list-style-type: none"> <li>- Rehabilitation and maintenance costs</li> <li>- Permits</li> </ul>                                    |
| Cash inflows               | Permits  | <ul style="list-style-type: none"> <li>- Rents</li> <li>- Sales</li> </ul>   |




Source: Adapted from Deloitte and Parque Expo (2009)




# 4. Private interventions

## 4.b) JESSICA in Porto (examples of Heritage & Commerce)

### Porto Pestana Hotel

| National Private Group   | Description   |
|--|---|
|  | <p>Location: Porto</p> <p>Promoter: Pestana Group</p> <p>Activity: Hotel</p> <p>The intervention aims to expand one existing equipment.</p> |

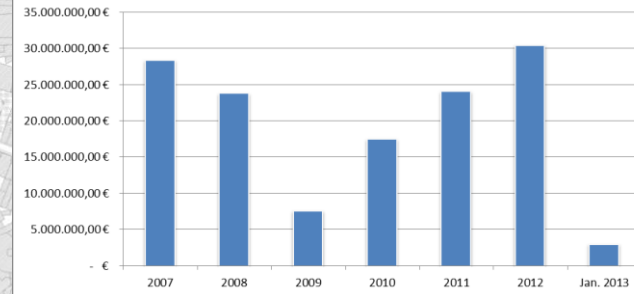
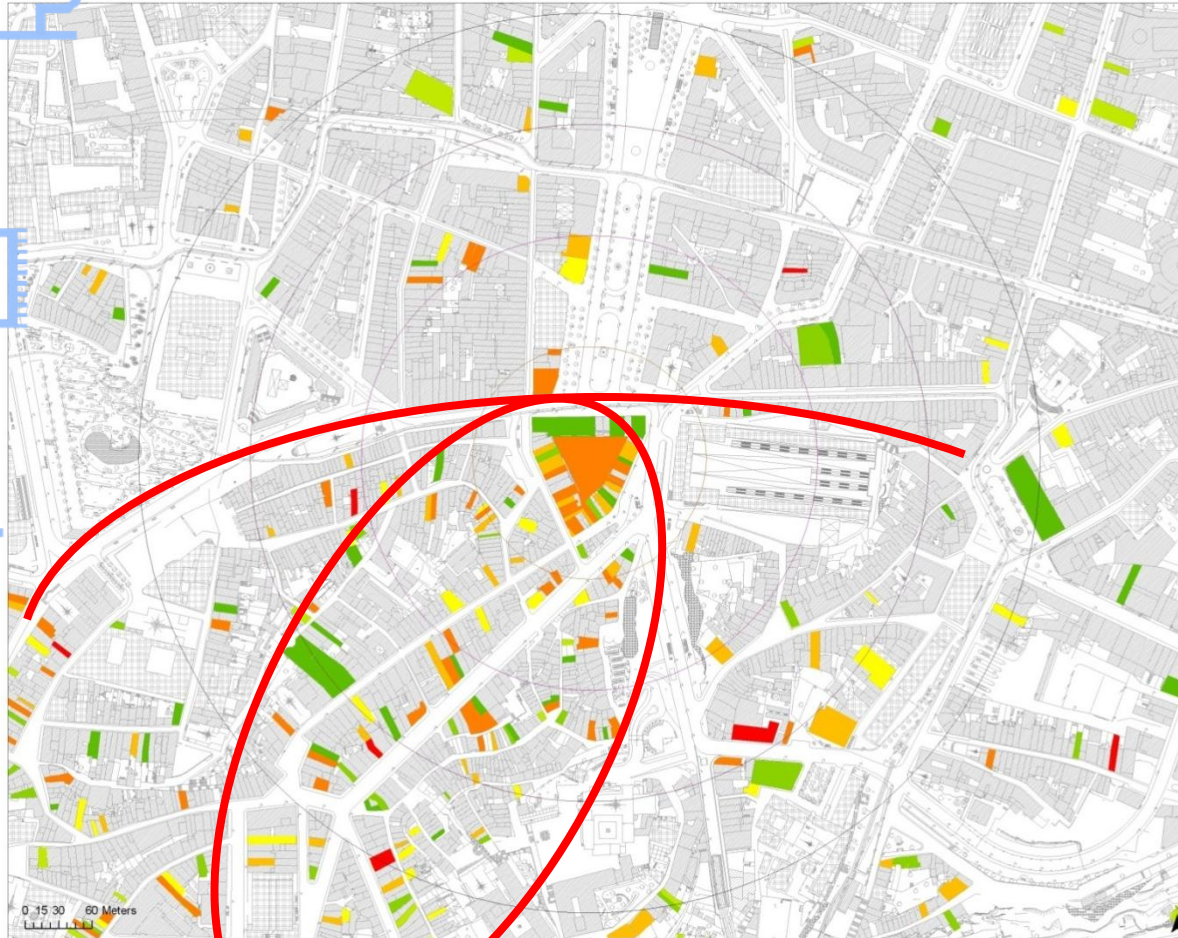
### Clérigos: Restaurants

| Local Investment  | Description  |
|---|--|
|  | <p>Location: Porto</p> <p>Promoter: Tradições, Lda.</p> <p>Activity: Restaurants</p> <p>Creation of 5 dining venues in the area of the historic center of Porto.</p> |

Source: Adapted from Pedro Couto – EIB presentation(2013)



# 5. Impact of Public Rehabilitation Policy



Total no. of Transactions (2007-Jan.2013) – 507  
 Total Value– 135.020.738 euros

### Legenda Direitos de Preferência

- 400 m
- 300 m
- 200 m
- 100 m

### Ano

- ano 2007 - 74 transacções - 28.416.831 euros
- Ano 2008 - 47 transacções - 23.836.890 euros
- Ano 2009 - 33 transacções - 7.625.254 euros
- Ano 2010 - 76 transacções - 17.520.618 euros
- Ano 2011 - 138 transacções - 24.095.158 euros
- Ano 2012 - 130 transacções - 30.485.587 euros
- até Jan 2013 - 9 transacções - 3.040.400 euros

Source: Porto Vivos, SRU (2013)

Transactions according to Rights of Preference



# 5. Impact of Public Rehabilitation Policy: the multiplier effect

Public and Private Investment 2005-2012

| 31 <sup>st</sup> December 2012    | Porto Vivo, SRU                      | Porto City Council and Municipal Companies | Estimate of the Private Investment | Multiplier |
|-----------------------------------|--------------------------------------|--|------------------------------------|------------|
| <b>Morro da Sé</b>                | 4,281,966 €                          | 2,142,047 €                                | 35,566,466 €                       | <b>6</b>   |
|                                   | Total Public Investment: 6,424,013 € |  |                                    |            |
| <b>Mouzinho / Flores</b>          | -                                    | 2,398,103 €                                | 54,676,348 €                       | <b>23</b>  |
| <b>Cardosas</b>                   | 5,976,889 €                          | -  | 89,874,878 €                       | <b>15</b>  |
| <b>Total Area of Intervention</b> | <b>51,525,823 €</b>                  |  | <b>508,581,446 €</b>               | <b>10</b>  |

Source: Own calculations; Porto Vivo, SRU (2013); Porto City Council (2013); Gestão de Obras Públicas da Câmara Municipal do Porto, EEM (2013).



# 6. Conclusions

- ❑ Heritage Sites are **heterogeneous**:
  - ❑ tangible vs. intangible heritage;
  - ❑ natural vs. built heritage;
  - ❑ monuments and historic sites vs. urban settlements;
  - ❑ even when we consider a particular Site – Porto Historic Centre – there are important differences within its territories (*e.g.*, Morro da Sé vs. Mouzinho/Flores vs. Cardosas);
  
- ❑ In Portugal, by law, **the rehabilitation of the buildings is an obligation of its owners**; complex ownership and occupancy patterns alongside with wrong public policies led to serious decay of the housing stock, mostly in the historic centre of many Portuguese cities;
  
- ❑ Previous rehabilitation programmes were supported only by public investment, based on a model of buy/relocate tenants/rehabilitate/relocate low-income families; **lesson learned: programmes based only on public investment do not work**, because its effects are limited (*e.g.*, CRUARB and Foundation for the Development of the Historic Zone of Porto);



# 6. Conclusions

❑ **Rehabilitation programmes must join together public and private investment** (tailored projects and financial models, case-by-case basis):

❑ **If the real estate market works**, public investment may be limited to **public space improvement** (e.g., Mouzinho/Flores) in the context of an existing public rehabilitation policy, as in Porto's case, in order to attract and stimulate private investment;

❑ Even in prime locations (e.g., Cardosas block), the **scale** of the operation and its characteristics, alongside with the need to push the process forward by means of an **anchor project**, determine the presence of a public body (risk sharing; the need to acquire the buildings through expropriation) in a public-private partnership, through the means of a **rehabilitation contract**, because it will generate a **positive effect and influence on the market**, revitalizing a whole area;

❑ In other territories (e.g., Morro da Sé), given the **presence of market failures**, public investment is essential, on a combined basis:

- **local investment, supported by EU grant**, as in case of the elderly residence;

- **a loan of EIB to a public body**, negotiated to get preferential conditions, as in the resettlement programme, directed to social housing;

- **a combined model** (public-private partnership, through the means of a rehabilitation contract: public property (financed by a loan), grants, private investment and JESSICA, as in the students residence and the hotel);





## 6. Conclusions

- ❑ In heritage Sites, like in Porto Historic Centre, there is a **need of financial solutions to help the private owners to rehabilitate their buildings, which are a public / common good** (“The rich and varied civil architecture of the historic centre expresses the cultural values of succeeding periods”\*) **and under important regulatory preservation measures;**
- ❑ **We need to integrate rehabilitation policies within urban growth and housing policies, at local, regional and national level;**
- ❑ Finally, **an Historic Centre** is not only about the buildings; it is mainly **about people, their traditions, memories and culture, their relationship with the outside world** (“The active social and institutional tissue of the town ensures its survival as a living historic centre.”\*). **We need also to address the issues of financing the conservation of immaterial heritage.**

\* <http://whc.unesco.org/en/list/755>, 2013.05.23

# Obrigada | Thank You