



# **The Sustainability of Urban Heritage Preservation**

## **The Case of Oporto**

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**Inter-American  
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## 1 Introduction

Managing urban development is a major challenge in this era of globalization and competitiveness (UNESCO, 2005). Cities around the world have been facing an unprecedented urban growth, and it has been estimated that at the end of the twenty-first century, 75 percent of world population will be living in urban settlements. However, the trend is for the population not to concentrate in “gigantic” cities, but rather into interconnected middle-size cities, which tend to form metropolitan areas (UNESCO, 2008).

Meanwhile, the historic cities, and particularly the historic centers of those cities, have been faced with the inverse problem: abandonment and deterioration. Around the world, historic centers have been registering a progressive loss of some segments of the population, which, according to some studies (UNESCO, 2008), is connected not only with urban decay but also with the exponential rise in rental costs and property speculation registered with the revitalization programs (structured or not). Also, the victims of this socioeconomic pressure are often the inhabitants and citizens who belong to the lowest social income groups (UNESCO, 2008).

According to UNESCO (2008), “every revitalization operation must take into account the right of citizens to live in the city and in their usual environment,” a concept that often results into a conflict between, on the one hand, inhabitants claiming integration and evolution and, on

the other, the rejection of a social and cultural mix. The solution must start with the acceptance of the principle that an integrated revitalization approach should combine preservation with development (UNESCO, 2008) and that this condition is fundamental for strengthening local identity, attracting investment, and retaining communities in historic centers (Beatley and Manning, 1997; Nasser, 2003). Also, the recognition of the “role of political will and the need to preserve tangible and intangible heritage, cultural diversity, and social cohesion are the very elements which lead cities to attain their dual aim—equitable economic competitiveness and harmonious development” (UNESCO, 2008).

The concept of sustainable development is an integral part of this approach, whereby it is a central concern to meet “the needs of the present generation without compromising the ability of future generations to meet their own needs” (WCED, 1987) and the needs and achievements of present generations (Pereira Roders, 2007). In addition, this concept entails the balance between the social, environmental, and economic dimensions (Stilwell, 2000). Indeed, the social dimension entails the people, their needs, beliefs, heritage, and culture, as well as their economy.

Early on, the local authorities of Oporto were aware of the exceptional value of the historic core of the city and the need for its preservation. The development of preservation policies, implemented by several institutions starting in the 1960s (Oporto City Hall, Commissariat for Urban Renewal of the Ribeira-Barredo Area [CRUARB], the Institute of Urban Housing and Rehabilitation [IHRU], and the Society for Urban Rehabilitation Porto Vivo [SRU]) to manage the built heritage of the city, took into consideration the strong concern of the residents for the preservation of the material and intangible heritage. Presently, these policies are widely credited for the considerable improvements occurring in the Historic Center of Oporto (HCO), either in terms of housing conditions or better provision of key facilities and services, which have significantly helped to improve the residents’ living conditions. Nonetheless, there has been a serious decrease in the population of the HCO, followed by an aggravation of its social and economic problems. Consequently, the solutions that have been implemented to stop this “urban abandonment” must consider the new challenges, such as the gentrification phenomena and the eviction of the traditional dwellers.

The Oporto authorities currently face the challenge to revitalize the HCO making it attractive for investors, without compromising the permanence of the traditional residents and their integration with new ones. In other words, how can they achieve sustainable development?

Thus, this study aims to discuss the impacts and sustainability of the rehabilitation and revitalization efforts, and discuss how authorities can prevent gentrification and desertion, which can jeopardize the outstanding universal value of the HCO.

## **2 Data Analysis**

### **2.1 Case Study Description**

Oporto is the second biggest city in Portugal, following Lisbon. Its population is estimated at 210,558, being one of the few Portuguese examples in which the city coincides with the territory of the county area (4,150 ha). It is also the head of the second Portuguese metropolitan area (Metropolitan Area of Oporto [AMP]), which includes 16 counties and 1,684,901 inhabitants (INE, 2009). However, this study will consider just the data regarding Grande Porto, which consists of the counties that constitute the urban area of Oporto.<sup>1</sup>

Oporto is a well-known city, mainly because of its port wine industry, its inscription in UNESCO's World Heritage List (WHL) in 1996, and because it hosted the European Capital of Culture in 2001. In 1997 the HCO (102 ha) representing 2.5 percent of city territory was classified as a Built Area of Public Interest and (Sousa, Magalhães, and Oliveira, 2005).<sup>2</sup> In 1996 part of this area was classified as a World Heritage Site (WHHCO); this part occupies an area of 49 hectares, which corresponds to 3.25 percent of the city (Opium, 2008), and had a population of 7,000 people in 2008.<sup>3</sup> Its limits include parts of four of the 15 parishes of Oporto county: Sé (largely covered), S. Nicolau (totally covered), Vitória, and Miragaia (half covered), inscribed inside of area classified as a Critical Area of Urban Recovery and Rehabilitation of the Oporto Downtown (ACRRU) (Porto Vivo, 2008a).

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<sup>1</sup> The Portuguese territory is divided into seven territorial regions (North, Center, Lisbon, Alentejo, Algarve, and the autonomous regions of Azores and Madeira), which in turn are divided in subregions. Therefore the AMP is included in the north region, and its municipalities belong to three different subregions: Grande Porto (Gondomar, Espinho, Maia, Matosinhos, Porto, Póvoa de Varzim, Valongo, Vila do Conde, Vila Nova de Gaia), Ave (Santo Tirso, Trofa), Entre Douro e Vouga (Arouca, Oliveira de Azemeis, Santa Maria da Feira, S. João da Madeira, Vale de Cambra) (INE, 2010).

<sup>2</sup> (IIP51) Decree Law 67/97, DR 301, de 31-12-1997; Portaria 975/2006, de 19 de Maio, DR – II Série, Nº113, de 12 de Junho.

<sup>3</sup> Due to the insufficient data available for world heritage classified area, the author was obliged to use the data regarding the HCO classified as IIP 51. However, when available, the author identified the data regarding the world heritage area as WHHCO, and regarding IIP 51 as HCO.

Its inscription in the WHL was justified through criterion IV.<sup>4</sup> The WH Committee stated that the “site is of outstanding universal value as 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” (UNESCO, 1996). The listed area includes the medieval urban fabric within the Fernandine Wall (fourteenth century), including Clérigos Tower and Church, São João Theatre, the former building of the Civil Government, the quarter delimited by Rua 31 de Janeiro, Praça da Batalha and Rua da Madeira, the quarter made up of Rua da Barbosa de Castro, Passeio das Virtudes, and Rua Dr. António Sousa Macedo (Porto Vivo, 2008a).

## **2.2 Preservation Level and Institutional Setting of HCO**

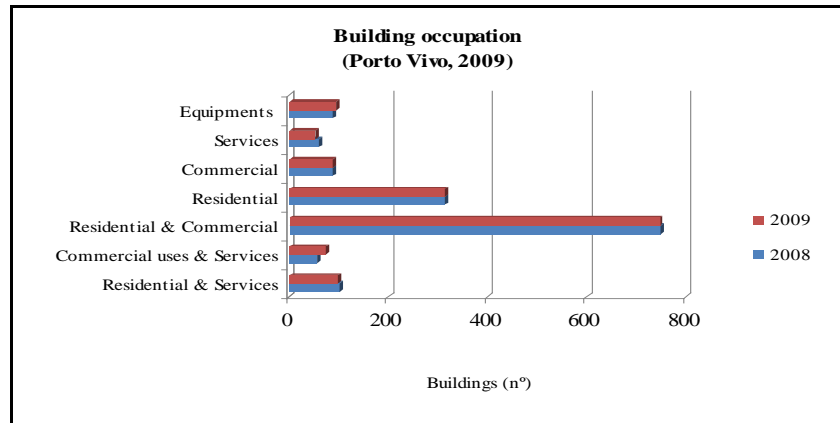
In 2009, Porto Vivo SRU identified 3,097 buildings (7,482 dwellings/accommodations) in the HCO and 1796 in the WHHCO listed zone (3,873 dwellings/accommodations). Of those, 48 percent are being used in their entirety, 33 percent are being partly used, and 16 percent are vacant (Porto Vivo, 2009). In terms of building occupation, the Porto Vivo study (2009) indicates that more than 17 percent of the buildings included into WH limits (Figure 1) were exclusively residential, contrasting to the 74 percent registered in 2001 within the HCO boundaries (FEUP, 2004). However, the residential function continues to be dominant, although it shares its lead with commercial uses (47 percent).

Comparing the data obtained for 2008 and 2009, some changes were identified: there was a decrease in the buildings containing service activities—shared or not with residential functions—and the ones mixing residential with commercial uses; inversely, there was an increase in the equipment and buildings mixing the commercial functions with services. There was no change in terms of buildings with exclusively residential or commercial functions, which constituted 17.4 percent and 4.8 percent of the WHHCO (Porto Vivo, 2008; 2009).

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<sup>4</sup> This classified area includes also the D. Luis I bridge and the Monastery of Senhora do Pilar, both located in Vila Nova de Gaia, which are not part of this study.

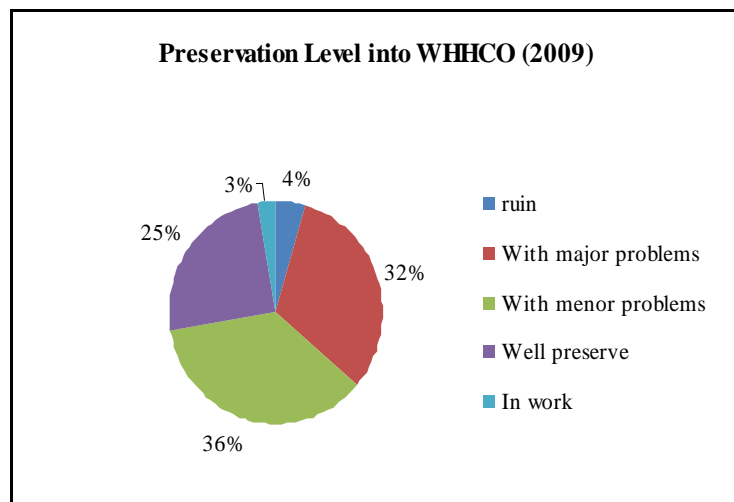
**Figure 1. The Occupation Types in HCO Buildings**



*Source: Porto Vivo, 2009*

The study of the preservation level of the WHHCO (Figure 2) indicates that 68 percent of its buildings need intervention, 4 percent are in ruins, and 25 percent are well preserved. Currently, 51 buildings (3 percent) are being intervened (Porto Vivo, 2009). The direct observation made for this study indicates that most of the conservation work concentrates on buildings located on the main streets, whereas there are still many buildings in ruins, as well as vacant houses and buildings.

**Figure 2. Preservation Level within the WHHCO**

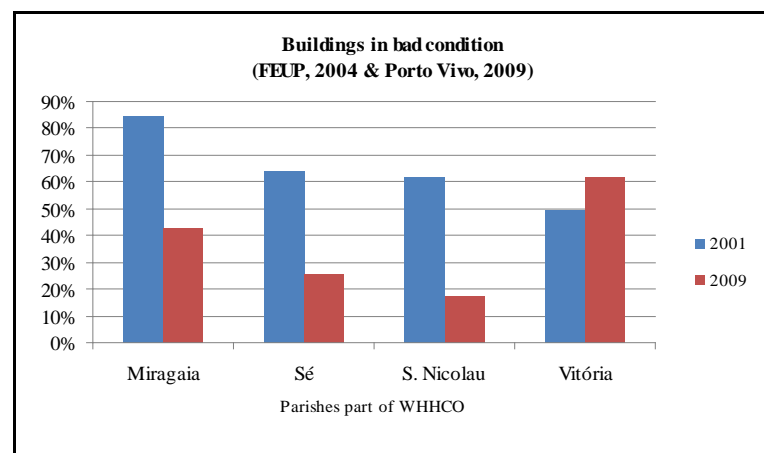


*Source: Porto Vivo, 2009*



In order to study the evolution of the preservation level of the buildings during the last decade, the author obtained data for the parishes that constitute the HCO (Figure 3). Over all, between 2001 and 2009, the number of buildings with low preservation levels significantly decreased—in 2001 more than 50 percent of the HCO were poorly preserved and by 2009 this figures was only 7 percent. However, the numbers for Vitória's parish indicates that its built stock has been decaying, and that the number of buildings in poor condition increased by 10 percent. These facts demonstrate the value of rehabilitation actions, which increase 30 percent for the same period (FEUP, 200; Porto Vivo, 2009).

**Figure 3. Buildings in Bad Condition**



*Source:* FEUP (2004); Porto Vivo (2009).

## 2.2.1 LAND REGULATION AND PUBLIC ORDINANCE

### 2.2.1.1 PROTECTIVE ZONES

The historic area is protected by different regulations, each one with different purposes. The ACRRU currently covers 1,050 hectares (one-fourth of the Oporto municipal area), making up the Porto Vivo SRU intervention area. This area includes all the other delimitations, such as the recently created Urban Rehabilitation Area (ARU) that covers an area of 1,000 hectares (52 percent of ACRRU area)<sup>5</sup>; the area classified as IIP 51; and the WH classified area and the respective buffer zone (300 ha) (UNESCO, 2006).<sup>6</sup> The WH buffer zone includes isolated

<sup>5</sup> Former Zone of Priority Intervention (ZIP).

<sup>6</sup> Includes the classified area regarding to Vila Nova de Gaia territory.

classified buildings and the respective protection zones (ZEP), as well as the areas of priority intervention (Porto Vivo, 2008).<sup>7</sup>

#### 2.2.1.2 PLANS AND REGULATIONS

The WHHCO, included in the described protective zones (ACRRU, ARU, WH buffer zone – ZEP), is under the protection of several plans and regulations, which, according to its objectives, have a mandatory or optional nature. As a World Heritage property and National Monument, UNESCO's World Heritage Convention (1972) and the Portuguese Heritage Law (Decree Law nr.107/2001) (DR, 2001) protect the HCO.<sup>8</sup>

At a local level, several planning tools regulate interventions in the HCO. The Oporto Municipal Master Plan (2007) states the rules for the occupation, use, and development of land for the county of Oporto, as well as those related to the rehabilitation and revitalization interventions within the HCO and the ACCRU. Based on the plan, all interventions are subject to IGESPAR opinion (CMP, 2007a). Also, it states that the demolitions within the HCO perimeter are just for security or strategic reasons, and allows the reduction in 50 percent of the parking requirements in the historic area (Sousa, Magalhães, and Oliveira, 2005). The Municipal Regulatory Code of Oporto City (2009) constitutes the set of the most important regulatory documents and legislation of the county, including the building code, and states that demolition licenses are only to be used under special conditions, such as for public security or the safeguard of urban heritage (CMP, 2009).

In terms of rehabilitation operations, the local government designed the SIM-Porto, a multi-criteria information and analysis system to help regulate the urban operations promoted by Porto Vivo SRU, inserted into ACRRU.<sup>9</sup> These operations should focus on issues such as the preservation of the urban heritage and the protection of low-income residents' rights (through the allocation of a minimum of 10 percent of housing for controlled-cost housing within the poorest neighborhoods). They should maintain the buildings' functional purposes, and contribute to the urban valorization of the area. Furthermore, these urban operations are subject to a feasibility

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<sup>7</sup> This constitutes incoherence inside of the Portuguese law, which differentiates singular buildings even inscribed into a classified zone.

<sup>8</sup> The HCO area is included into WH buffer zone; thus is also under protection of the WH Convention (UNESCO, 1972).

<sup>9</sup> The following are excluded: new construction, works of total demolition, detached works of rehabilitation of the building exterior, and detached works for installation or improvement of the system of fire detection.

assessment prior to granting licenses and construction permits (CMP, 2007b).<sup>10</sup> The Master Plan (2005) guides the urban operations within the ARU. Among other proposals, the plan contains an intervention manual for the ARU that regulate the granting of permits for the proposed interventions using the analysis matrix of the SIM-Porto projects. In addition, this manual includes the procedures for the inspection and certification of the works done. The plan has jurisdiction over public and private spaces, intervention units, parcels, and its subdivision, and regulates all new construction, rehabilitation, and restoration actions. According to this document, the interventions within the city should be focused on housing; business development and promotion; revitalization of the commerce; tourism, culture, and recreation; and the improvement of public spaces in the downtown area (Porto Vivo, 2005a).

Since 2008 the Master Plan is the main monitoring tool for the WHHCO, and specifies how properties should be preserved. The plan serves as a “guide for good practices in rehabilitation and possible enhancement, which is capable of evolving and improving upon annual action plans,” and involves the following stages: planning (understanding the context to identify the strategic goals, inputs, and processes); action (action plan drafting and implementation); and review (monitoring of the area through periodic reports to evaluate the implemented actions) (Porto Vivo, 2008a).

#### 2.2.1.3 INCENTIVES FOR INVESTMENT ON HERITAGE BUILDINGS

There are three kinds of incentives for people to invest in heritage buildings; that is, all the buildings within the WH property or the ACRRU (under several conditions). These are government funds in support of rehabilitation, fiscal benefits, and municipal benefits. Concerning fiscal benefits, all the interventions within the WHHCO, as a national monument, are free of specific taxes—or have a discount on this—if the interventions are the responsibility of local entities, are within ACRRU, or if the works are directly hired by the Institute of Urban Housing and Rehabilitation (IHRU).

The IHRU is a governmental institution responsible for urbanism and housing in Portugal. Thus, to support the rehabilitation actions, essentially driven to promote residential activities, this organism has programs such as the FIIAH and the SIIAH (funds and societies to

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<sup>10</sup> The parameters used for this assessment include a quantified analysis over social and physical reality, accomplished through a structured inspection and a quantified analysis over the proposal.

promote investments for residential uses). The adhesion to these programs implies the commitment from owners to preserve the residential function of the intervened buildings, with the benefit of exemption from specific taxes. Also, the Portuguese government provides others programs that directly fund actions related to building rehabilitation, such as the RECRIA<sup>11</sup>, the RECRIPH<sup>12</sup> and the SOLARH.<sup>13</sup>

Oporto City Hall and Porto Vivo SRU are the sponsors of other benefits, such as the SIM-Porto and the Viv'a Baixa programs (grants to the owners, landlords, and tenants of the buildings located within the ARU to facilitate the purchases—with reduced costs—of services, building materials, equipment, and other components to use on building rehabilitation projects). Also, Porto Vivo SRU establishes cooperation agreements with some financial institutions (banks) located in the area to provide funding for housing investments within the ARU (Porto Vivo, 2008a). On the other hand, there are also penalties for those who contribute to the decay of the heritage area, such as an additional 30 percent municipal property tax, which is assessed when the building condition represents a danger for people and goods (Sousa, Magalhães, and Oliveira, 2005).

#### 2.2.1.4 MANAGEMENT ORGANIZATION FOR HERITAGE AREA

Presently, Porto Vivo SUR, a society of urban rehabilitation created in 2004, manages the HCO. It has been replacing, in some issues, the former Commissariat for Urban Renewal of the Ribeira-Barredo Area (CRUARB), which, from 1971 to 2003, worked to rehabilitate an area with serious physical and social degeneration problems (Ribeira-Barredo neighborhoods). In 1975 its intervention area was declared as a “decayed zone” and one of “urgent public utility.” This allowed CRUARB to start an expropriation process, enabling the acquisition of a significant number of heritage properties, which—after being recovered—could trigger the transformation of the image and the social condition of the area. One of the first actions was the relocation of the

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<sup>11</sup>Special Regulation of Grant into Recovering of Rented Buildings (RECRIA: benefits the investors (owners or tenants) with grants for 75 percent of the total cost of the intervention (Sousa, Magalhães, and Oliveira, 2005).

<sup>12</sup>Special Regulation of Grants and Founding into the Recovering of Urban Buildings within the Framework of Horizontal Property (RECRIPH): the grants could reach 20 percent of the total cost of intervention (60 percent from the government and 20 percent from city hall) (Sousa, Magalhães, and Oliveira, 2005).

<sup>13</sup>Special Financial Support to Works in Permanent Housing (SOLARH), which helps provide permanent housing with interest-free loans to people with limited incomes (Sousa, Magalhães, and Oliveira, 2005).

resident population into new social housing neighborhoods, which contribute to the decrease of residents in the Oporto central zone (Sousa, Magalhães, and Oliveira, 2005).<sup>14</sup>

In 1983 the intervention area of CRUARB was extended to include all the area within the HCO limits. Further, in 1990 CRUARB expanded its capacity to intervene through a partnership with the Foundation for the Development of the Historic Area of Porto (FDZHP), which is the main promoter of the urban recovery and the social reintegration actions in this HCO. Since the 1980s, direct public funding had decreased and the costs for expropriations have increased (the acquisition of buildings through expropriation have become more difficult and the owners and residents have started to aggressively claim the property of rehabilitated buildings). A restructuring of the Oporto municipal government decreed the dissolution of CRUARB in 2003 (Porto Vivo, 2008a). From 1971 to 2003, the CRUARB rehabilitated 300 of the 7,482 homes that constitute the HCO (Sousa, Magalhães, and Oliveira, 2005). After its dissolution, the Municipal Division for Conservation of the Historic Center of Oporto took over the functions of the CRUARB (Sousa, Magalhães, and Oliveira, 2005).

In 2004 the Municipality of Oporto and IHRU created the Porto Vivo SUR to manage the areas declared as ACCRU, and more specifically the ARUs. Its main objectives are to guide the rehabilitation process, to prepare an intervention strategy, and to mediate among all involved parties in the process (investors, owners, and tenants). Other objectives include to select investors; execute all agreements related with the rehabilitation process; project inspections; assure high levels of mobility and security of residents and properties; reduce the cost and time required to obtain licenses; propose special fiscal policies; license and authorize the urban operations; acquire by eminent domain properties and associated rights for urban rehabilitation; constitute administrative processes for the same purposes; and manage reallocation actions (both voluntary and temporary). Therefore, their priority actions include creating strategies to attract new residents to the HCO (re-housing); developing and promoting business; revitalizing commerce; stimulating the dynamics of tourism, culture, and recreation activities; and converting the public spaces into livable and socially integrating assets (Porto Vivo, 2008a). Its intervention plan follows the general one defined for all the SURs (Decree Law 104/004), which is described in Figure 4. Due to the size of the intervention area, the activities were divided into six priority

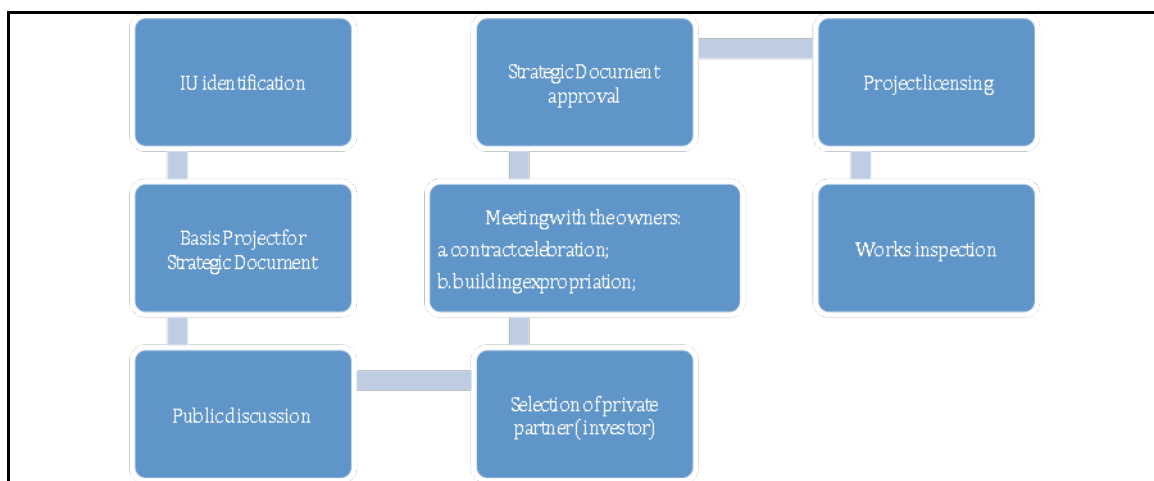
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<sup>14</sup> The intervention action of CRUARB began with the expropriation, reallocation, project, and intervention (with direct administration by the government).

intervention areas and three special action areas, for which specific the intervention units defined specific rehabilitation programs.

Within the Oporto Vivo Sur framework, the Unit of Urban Area Management (UGAU) was created, which has the responsibility to support the entrepreneurship and the local commerce, to manage the institutional arrangements for buying and selling buildings, and to integrate the population into the rehabilitation process, creating a relation among them and the government institutions (Porto Vivo, 2005a).

**Figure 4. Intervention Plan for Oporto Vivo SUR**

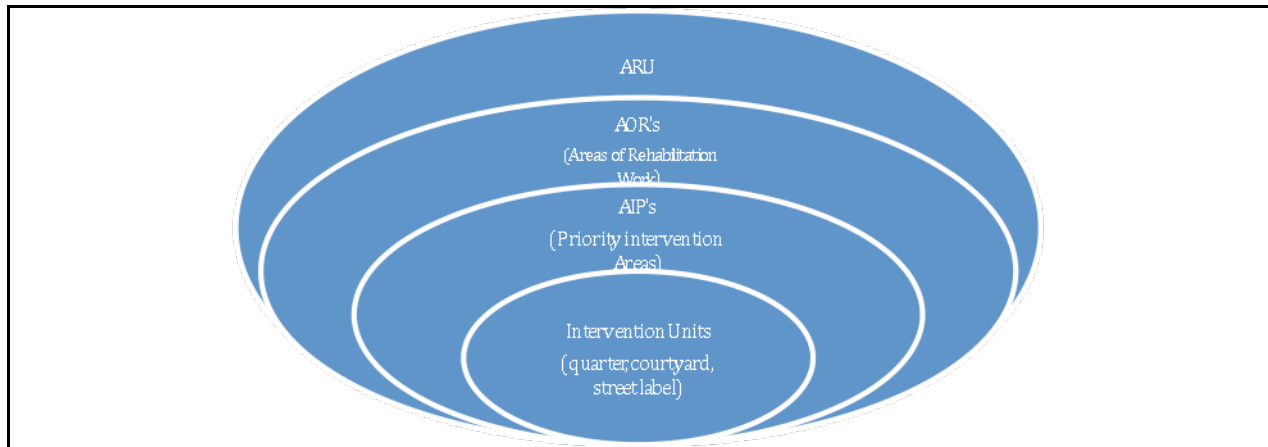


*Source:* Adapted from Porto Vivo (2005a).

#### 2.2.1.5 REHABILITATION PLANS AND PROGRAMS

As previously stated, Porto Vivo SRU is the main promoter of the rehabilitation and re-housing of the ACRRU. The key objectives of the master plan, the basic document for ARU interventions, are the physical rehabilitation and the economic and social revitalization of the zone. The plan enables authorities to identify strategies and actions to tackle the problems and project the development opportunities (Figure 5).

**Figure 5. Intervention Framework**



*Source:* Adapted from Porto Vivo (2005a).

The process illustrated in Figure 5 takes about 48 months, starting with the identification of the intervention unit. Then the strategic document is drafted, which, beyond the re-housing actions, contains strategies to attract tourists and business investors capable of taking advantage of the unique features of these territories. This strategic document works as a dissemination tool.<sup>15</sup> It also serves as a basis for public discussion of the proposals, as well as a tool to attract private partners interested in collaborating in the rehabilitation efforts and in partnering with the owners. It could result in a formal cooperation contract, or to the acquisition of the building through eminent domain (if the owner does not want to cooperate). Although it takes time to prepare, once the strategic document is ready for implementation it represents the will and consensus of the involved parties. The last two steps of a project are licensing by the Municipality of Oporto and the regular inspections while the work is being completed to ensure the accomplishment of orientations drafted into the strategic document (Porto Vivo, 2005a).

The partnerships among the owners, Porto Vivo SRU, and the investors are important. Moreover, the fiscal, financial, and public incentives—essentially the funding programs such as the RECRIA or Viv’a Baixa described previously—are fundamental to attract new investors and to hold the owners’ interests. Currently there are two rehabilitation programs under implementation within the WHHCO area: Rehabilitation Program for Sé (within the Priority Intervention Area of Sé/Vitória) and the Rehabilitation Program for Mouzinho/Flores Area,

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<sup>15</sup> The Porto Vivo SRU uses this document to describe all the features that constitute the quarter and the intervention expected, as well as gather possible investors by indicating the advantages of investing in this specific area.

which currently runs 10 operations and 83 intervention units. Within this framework, one operation is completed (Ribeiro/Barredo), two are in development (Mouzinho/Flores e Sé), and the others are in their initial stages of preparation (Porto Vivo, 2008c). The following outlines two of the operations.

- **Rehabilitation Program for Morro da Sé**

Corresponding to the first stage of the intervention projected for WHHCO, this program aims to revitalize the Sé parish, proposing the rehabilitation of public and private spaces, either in use or vacant, accompanied by the revitalization of the residential, commercial, and tourism activities. The objective is to revert the physical decay, economic devaluation, and population loss to turn this zone into a key axis for city development. The target area has 6 hectares and is organized in 11 intervention units. In this operation, Porto Vivo SRU partners with planning agents, such as the Municipality of Oporto, and private investors such as NOVOPCA Imobiliária, Associação Porto Digital, and the Widescreen.

In sum, the actions proposed for this area aim to enhance the quality of life of current residents (e.g., expanding the retirement home, increasing the value of the homes [i.e., making them more energy efficient]); implementing the UGAU strategy (finished) and the Entrepreneurship Project (finished); promoting self-esteem stories and workshops (under execution); executing a documentary; installing a technical support structure; developing a communications plan (under execution); and building a student residence and visitor center).

This program started in 2008 with the signing of the funding protocol, and should be completed in July 2012. The budget for this program is about 15.5 million EUR, of which 7 million EUR are reimbursable grants from QREN (European Community funds). In addition, the public sector will invest 8 million EUR and the private sector 15 million EUR (Porto Vivo, 2006).



- **Strategic Document for the Mouzinho da Silveira/Flores IU**

This intervention unit covers the Priority Intervention Area Sé/Vitória (such as the rehabilitation action for Morro da Sé described above) and the operation area of Mouzinho/Flores; nine strategic documents were drafted for each IU identified. This IU, in particular, was finished in 2006 (Schereck, 2010). The objective of the Mouzinho da Silveira/Flores IU was to create conditions to attract new residents and activities to this area. Towards this aim, the strategic document aimed to enhance the well being of the residents, as well as the functionality, security, and aesthetical condition of the buildings to promote the development of commercial, service, and residential activities. The interventions were executed over an area that included eight buildings, one of which was in good condition, two of which needed slight or moderate intervention, and four of which were in poor conditions (Porto Vivo, 2008b).

## **2.3 Economic Sustainability**

### **2.3.1 Socioeconomic Profile of Resident Population**

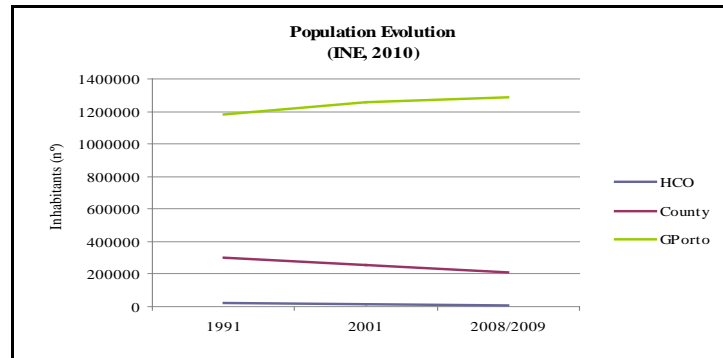
Inversely to the Grande Porto area, the Oporto county has registered a significant decrease in population, a trend specially noted in the HCO (Figure 6), which, during the last 10 years, lost about 60 percent of its residents (from 13,000 in 2001 to 7,000 in 2009).<sup>16</sup> But this trend comes from the 1970's with the construction of social housing neighborhoods outside the HCO to solve the overcrowding affecting the HCO.<sup>17</sup> Today, increasing emigration and the movement of the younger people to other parts of the city can be observed, which have resulted in the aging population in the HCO (INE, 2010). The high population density of the HCO (130 inhabitants/km<sup>2</sup>) results from the fact that most buildings have three or more stories (Sousa, Magalhães, and Oliveira, 2005).

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<sup>16</sup> In 2001 the population of HCO represented 5 percent of city population, and the population density was 130 inhabitants/km<sup>2</sup> (Sousa, Magalhães, and Oliveira, 2005).

<sup>17</sup> Overcrowded was considered by CRUARB technicians as one of the main problems of the city center, along with the poor life conditions.

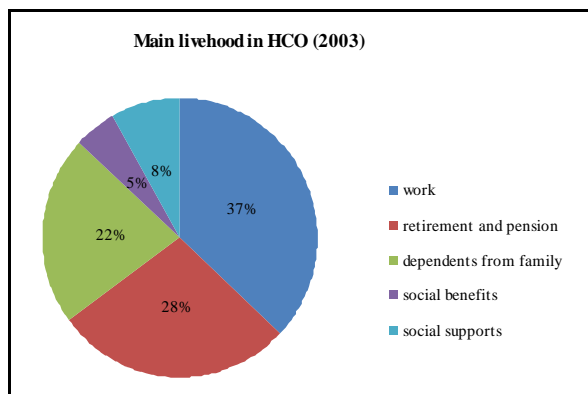
**Figure 6. Population Evolution**



*Source:* INE (2010).

According to last census (2001), more than 24 percent of the population of the HCO was over 65 years old, corresponding to an aging ratio of 203 percent (Opium, 2008); the average age of the residents was 43 years old (in 1991 the average was 38 years old). Also, single-parent families became characteristic of the center, representing 59 percent of the resident families in the HCO in 2001, 8 percent more than in 1991 (FEUP, 2004). According to the census, the active population represented 64 percent of HCO population; 43 percent of the residents were employed and 15.6 percent were unemployed—representing 8.1 percent of the employment and 43.1 percent of the unemployment values registered for county (the unemployment figure represents 10 percent of the national ratio). In comparison with the rest of the city, less than 37 percent of the population in the HCO depends on income from their work (Figure 7), while 66 percent of HCO residents depend on social support—not only retirement benefits and pensions (28 percent), but also subsidies, social integration incomes, disability, and unemployment benefits (5 percent of HCO).

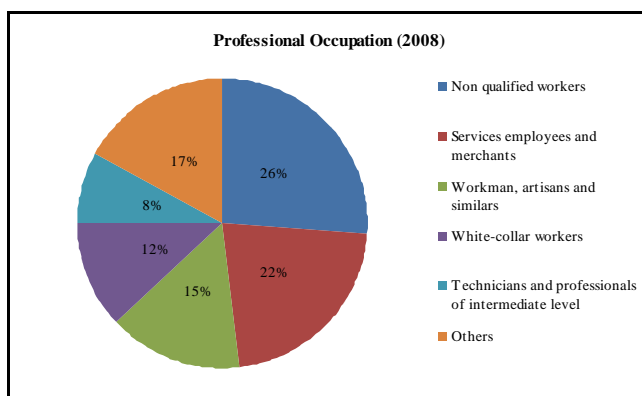
**Figure 7. Main Livelihood of Residents in the HCO**



*Source: Opium (2008).*

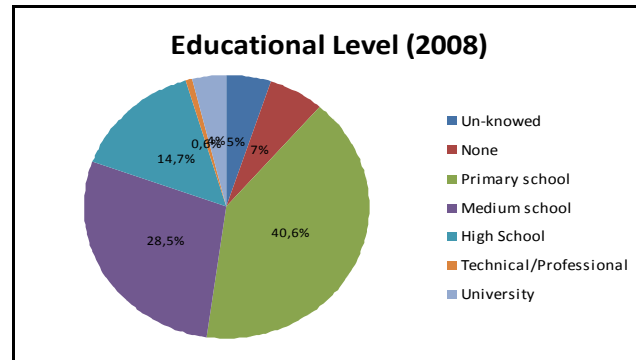
Regarding professional occupation (Figure 8), based on the lower education levels of much of the population (Figure 9) there is a much larger percentage of nonqualified workers in comparison to the number of residents with technical/professional degrees (8 percent). Most of the nonqualified residents have jobs in commerce or repair work, or in other areas of the service industry (employs 50 percent of HCO active population) (Opium, 2008). The percentage of residents that work in hotels and restaurants in the HCO is high relative to figures obtained for the whole county.

**Figure 8. Professional Occupation of Residents in the HCO**



*Source: Opium (2008).*

**Figure 9. Education Level of Residents in the HCO**



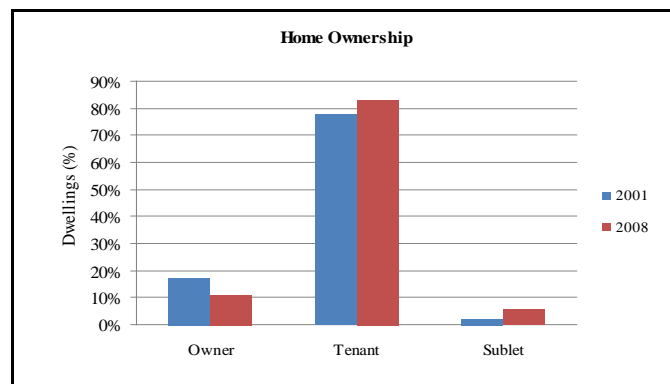
*Source: Opium (2008).*

The aging population is also reflected in the education levels (Figure 9); more than 40 percent of the HCO population have completed primary school, which corresponds to the education level that was mandatory until 30 years ago. Nonetheless, the education level continues to be lower in this part of the city, where just 4 percent have higher degrees, 0.6 percent has technical/professional degrees, and just 5 percent have completed high school. About 28.5 percent have completed compulsory education (middle school), and 7 percent are illiterate.

#### 2.3.1.1 HOME OWNERSHIP STRUCTURE

In 2001 almost 70 percent of the HCO residents rented their houses (Figure 10); more than 17 percent owned their homes; and 2.4 percent were subletting.

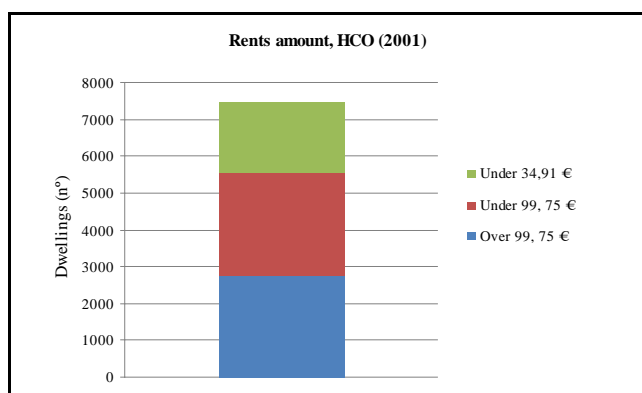
**Figure 10. Percentage of Home Ownership in the HCO**



*Source: FEUP (2004); Opium (2008).*

Regarding the rental market (Figure 11), about 26 percent of the dwellings in the HCO had rents under 35 EUR per month in 2001, and 36 percent of 75 EUR. Thus, in 2001 the rental scenario of HCO was characterized mainly by low-cost rentals under 100 EUR per month (62 percent).

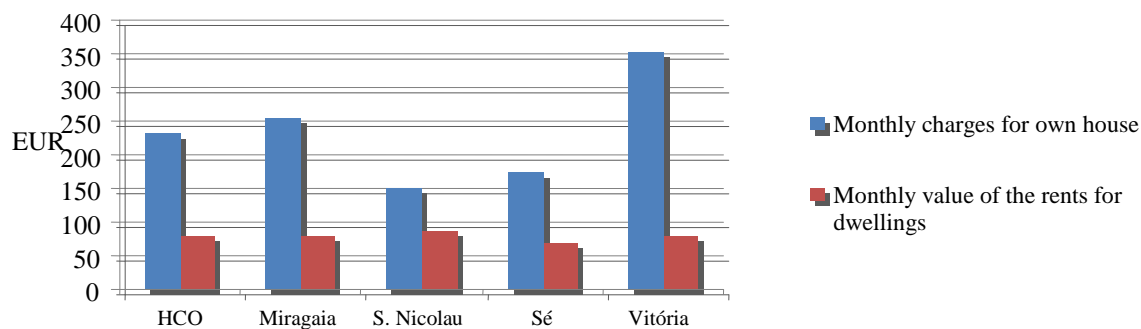
**Figure 11. Rent Amounts**



*Source: FEUP (2004)*

Renting a house in the HCO is significantly less expensive than owning one (Figure 12). The lowest rents were found in S. Nicolau (150 EUR per month) and the highest in Vitória (353 EUR per month). The average rent was less than 90 EUR; more than 3,000 dwellings had rents of less than 100 EUR per month, and 2,500 had rents under 35 EUR per month. The parish of S. Nicolau had the lowest rent values, inversely to Miragaia (FEUP, 2004).

**Figure 12. Monthly Charges**



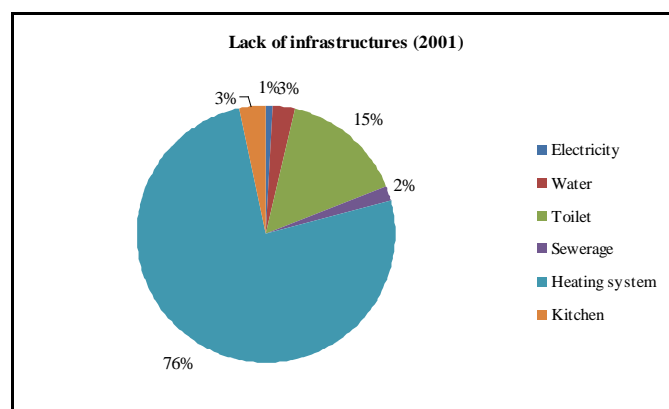
*Source: FEUP (2004)*

### 2.3.1.2 HOUSING CONDITIONS

The county of Oporto faces serious problems in terms of housing conditions. Those are reflected, for instance, in the overcrowding problem that affects between 33 and 42 percent of the dwellings inside the HCO. This problem is a consequence of the difficulties that low-income residents face in obtaining homes of their own (even renting or subletting) with suitable conditions, which pushes them to continue living in overcrowded conditions (Martins, 2008a). Regarding income levels, an estimative in 2006 (Martins, 2008a) concluded that 60 percent of the active population have incomes below 400 EUR per month, corresponding, most probably, to population that depends on social benefits (66 percent of HCO active population); or those who only work part time; or those who receive the minimal salary established by Portuguese government in 2008 (426 EUR per month).

In terms of infrastructure, in 2001 there were 3,629 dwellings in the HCO that had serious problems with basic infrastructures, such as lack of sewerage systems in 73 dwellings, water in 102, and electricity in 32 (Figure 13). The widespread lack of heating systems reflects the number of dwellings that have not been recently rehabilitated (Porto Vivo, 2005a). These buildings are older than others in the city (75 years old), which explains their low levels of conservation and preservation, as well as comfort. Regarding conditions for residents with special needs (especially the aging population), the HCO is not prepared for them. The absence of lifts and ramps is a serious problem in an area where the majority of population is over 65 years old.

**Figure 13.** Dwellings with Lack of Infrastructures



*Source:* Porto Vivo (2005a).

## 2.3.2 Economic Activity

### 2.3.2.1 RESIDENTIAL GROWTH

Oporto County houses 6 percent of the population in the north region of Portugal, of which S. Nicolau parish has the highest concentration (Opium, 2008). Since the 1940s and 1950s, the demographic evolution of the HCO is characterized by a constant decrease in numbers, a phenomenon also affecting the rest of the city. During the period between the last two censuses (1991 to 2001), the city lost 8 percent of its population. The parishes located in the HCO registered the higher decreases, losing 35 percent of its residents (68 percent since 1940). In 2008 the HCO housed 5 percent of the municipal population. Local authorities have highlighted several causes, such as the re-accommodation programs, and the migratory movements.<sup>18</sup> The deterioration of buildings and public spaces and the shortage of amenities that characterizes the HCO contribute to the incapacity of the area to attract new residents, which results in the decrease in population and the replacement of younger residents with elderly residents (Opium, 2008). As a consequence, 16 percent of the WHHCO buildings were vacant as of 2008. About 79 percent of these vacant buildings were private property (firms, individual owners, etc.) and 11.7 percent of were public (Opium, 2008).

In addition, the data on licenses for new buildings, expansions, and rehabilitations indicates a low volume of real estate investment flowing to the HCO; within Oporto city, just 3 percent of approved urban licensing corresponds to HCO, where 31 percent of it has been used for new construction and 41.3 percent has been used for expansions and rehabilitation. The number of building licenses peaked between 2007 and 2008, reaching 4,000 m<sup>2</sup> in approved works for the territory. Besides, the activity of Porto Vivo SRU indicates that between 2005 and 2009, this institution undertook rehabilitation works in 37 buildings and received 10 applications for the RECRIA program (Porto Vivo, 2009).<sup>19</sup>

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<sup>18</sup> One of the catalysts of this situation was the politics from 1970's which aiming to solve the population overcrowding that affected the HCO, implement wide reallocations actions from the HCO to the new social houses on the outskirts of the historic area.

<sup>19</sup> This program is only available for rented buildings with housing agreements previous to 1980.

### 2.3.2.2 COMMERCIAL ACTIVITIES

Commercial activities have been changing, with some decaying and others emerging and increasing, however not with equal force.<sup>20</sup> A recent study by the UGAU (2008) divided the business structure of HCO into several retail and wholesale commercial areas. It concluded that most businesses are small and family-managed enterprises, with very restricted or specific areas of activity, such as personal articles, restaurants, and home equipments. An estimated 71.7 percent of costumers are between 21 and 60 years old, being self-employed, businesspersons, or employees. The same study concluded that the percentage of foreigner costumers is significant, resulting from tourism, with a heavy flow of visitors from Spain. However the hours of operation are restricted (9am to 8pm), making these establishments inconvenient for customers from outside the area (UGAU, 2008a).

In 2003, 1,427 companies (629 of them commercial enterprises) were identified in the HCO, corresponding to 7 percent less than the estimated number in 1996. According to the merchants, the key factors for this decrease was the abandonment and decay of the buildings and the difficulties related to traffic and parking. Nonetheless, the merchants believe that increasing the investment in their businesses is a good way to change this trend. Thus, 71 percent of them made investments in their businesses (between 2006 and 2007). The survey concluded that 39 percent of the respondents were able to invest as much as 5,000 EUR and 11 percent more than 40,000 EUR (Opium, 2008). Of the investments, 27 percent was for furniture, 27 percent for building works, 19 percent for better equipment, 13 percent for marketing, and 12 percent for the creation of a Web site. More recently, establishments linked with arts and crafts (Figure 14) have started to appear in the HCO. In 2003, there were 145 establishments directly connected with the artistic area, such as the handcraft shops, bars and restaurants, design and architecture ateliers, and others (event organization, galleries, etc.).<sup>21</sup>

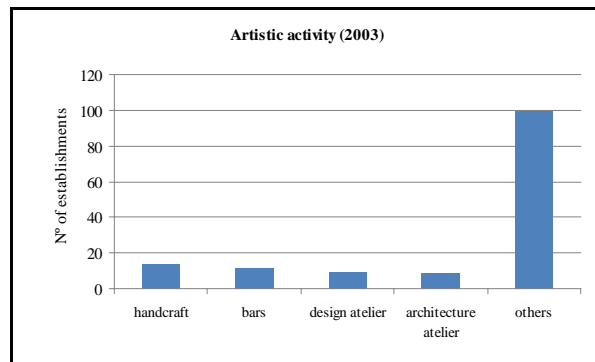
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<sup>20</sup> During the 1960s, some infrastructures connected with the fluvial trade were closed (the port, Estiva quay, Customhouse, and Ferreira Borges market), dictating the disappearance of a type of commerce characteristic of this zone.

<sup>21</sup> Opium, 2008



**Figure 14. Artistic Activity**



*Source:* Opium (2008).

Lastly, it is important to mention that although there has been a decrease in commerce, the majority of which is traditional, there is the emergence of “alternative” shops related to artistic and design areas, which have been attracting new customers. Local authorities have been studying the extension of the Cluster of Creative Industries Miguel Bombarda (created during the Oporto 2001: European Capital of Culture) to HCO streets.

#### 2.3.2.3 INSTITUTIONAL DIVERSITY

The HCO is home to diverse institutions that provide services in areas such as education (institutes for higher and professional education), social care (professional education and support for the unemployed, home health care, support for the elderly, facilities and activities for children, juridical and psychological support, etcetera), and programs that support economic and cultural activities, sports and recreation, tourism, traditional arts, health care services, professional associations, among others.

About 40 percent of the institutions within HCO area are focused on social care, which well reflects the social profile of the population in the HCO. These institutions are essential to support the quality of life and integration of the population, working to reduce exclusion and, consequently, to prevent further abandonment of the area. Most of the organizations—88 percent—are nonprofit, independent, and have a mission to serve the public. They also have limited monetary resources (state subsidies, founded projects, donations, etcetera). Most of them

have sufficient infrastructure and have offices in their own buildings, although they face problems with space availability and inadequate equipment, especially for sport activities. Human resources are managed both by trained professionals and volunteers. The majority of the problems they face result from financial problems in part due to lack of communication and dissemination of their activities, which has a significant influence on the populations' acknowledgement of their work, initiatives, and services, as well as on their ability to attract public resources (UGAU, 2008b).

Government institutions continue to have a significance presence in the heritage area, the result of its history and central position in the city. Central and local government institutions (parishes' councils, Municipal Direction of Culture, the Municipal Department of Archives, Casa do Infante, Municipal Department of Education and Youth, SRU Porto Vivo, and the Porto Digital Association) are concerned with several of the intervention areas, such as culture, education, social care, and security. Cultural activities are well represented (Portuguese Center of Photography, the Archive of Oporto District, and the National Theatre of S. João), as well as justice and security (Justice Palace, Criminal Court, Forensic Institute, the Institute for Sea Rescue, Regional Traffic Authority, Traffic Detachment of the National Guard, and the Metropolitan Command of the Traffic Division of the Police). There are also the institutions related to agricultural development, such as the Regional Directorate of Agriculture, Douro and Oporto Wine Institute, and the Commission for Viticulture of the Vinho Verde Region. Finally, in terms of the health sectors, important institutions include the Delegation of Ricardo Jorge Institute, the Santo António Hospital, and the António Sérgio Institute (GEP, 2009).

#### 2.3.2.4 SPORTS, CULTURE, AND RECREATION ACTIVITIES

The HCO is a significant cultural hub in the city, housing an archaeological site, several museum, two archives, five churches, and others cultural sites, such as the S. João National Theatre, São Bento da Vitória Monastery, the Portuguese Center of Photography, and the Palácio da Bolsa (Opium, 2008). However, there are no sports facilities, and residents must go to neighborhood parishes to find these centers. In 2003 there were 311 associations (cultural, sports, and recreation) in Oporto city. The HCO had the most associations per 1,000 inhabitants (which was indeed influenced by the high population density ratio) (Martins, 2008a).

### **2.3.3 Investments in the HCO**

Between 1995 and 2007 there were 27 new building licenses issued for construction and 213 for building intervention in the HCO, among which 61 were for residential use (Porto Vivo, 2009). According to the budget estimated in the Rehabilitation Program for Morro da Sé, the investment expected by the public sector is half of that expected from the private sector. This confirms the information gathered in focus groups, which concludes that the private investments have been stronger than the public ones (coming from public programs such as the RECRIA or through EU reimbursable grants) (QREN).<sup>22</sup> The situation was the opposite 10 years ago: the public sector was the main investor both in public and private buildings. Nowadays, with the political and economic changes, the private sector is more involved, essentially because of the programs and incentives developed by Porto Vivo SRU to attract new private investors for the HCO.

### **2.3.4 Accessibility**

The medieval urban structure of the HCO, such as narrow streets and the scarcity of public spaces, results in a serious problem in terms of traffic circulation in the HCO. Nonetheless, despite the dominance of private transportation, there are a wide range of public services in the HCO, including buses (SCTP – Society of Collective Transportation of Oporto), trains (S. Bento Station), a funicular railway (Funicular dos Guindais), and the metro. The introduction of the metro in 2001 was a major improvement in terms of transportation services to and from the HCO. It is possible to travel to the HCO in 10 to 20 minutes via metro from most areas of the city and in an hour from the airport and the other AMP counties. According to data from the Oporto Metro Web site (Metro do Porto, 2010), in 2009 the occupation rate for this mean of transportation was 26.32 percent (globally) and 66.79 percent between 8:00 pm and 9:00 pm (between the S. Bento and Aliados circuit).

In terms of private transportation, an estimated 14,000 automobiles per day entered the HCO in 2007, more than double the number of cars that belonged to people living there (Oliveira, 2007). As of 2008, there were 10,277 parking spaces in the HCO within seven parking facilities located in and on the outskirts of the core; residents pay a discount tariff in the lots (CMP, 2010).

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<sup>22</sup> Presently City Hall does not want to acquire more properties and wants to reduce the public investment in rehabilitation (Sousa, Magalhães, and Oliveira, 2005).

There is pedestrian access throughout the HCO to the touristic, residential, and services zones, although the use of automobiles is allowed in 80 percent of the streets. Therefore, traffic continues to constitute a serious problem, for both residents and customers; the latter face problems due to commute time and the scarcity of available parking spaces, and the former are challenged by finding solutions to everyday residential needs without jeopardizing the street designs and consequently their intrinsic heritage values.

### **2.3.5 The Attractiveness of the HCO**

The HCO has always attracted tourists, not only for its intrinsic value and history, but also because it is often the site of important cultural, recreation, and sporting events. For instance, part of the events for “Porto 2001: European Capital of Culture” occurred in the HCO, as did the annual event of “Red Bull Air Race,” which receives thousands of visitors every year. Moreover, the cultural institutions, such as the museums and churches, and the fact that it is listed as a UNESCO World Heritage Site create a strong cultural appeal. The quality of the bars and restaurants in the HCO, as well as its gastronomy, make it a top destination for travelers in Europe. Nevertheless, the HCO has been experiencing a progressive economic downturn; the shops have been disappearing and a significant number of administrative functions have moved to other parts of the city. In turn, local authorities has been introducing initiatives to bring back these activities to the historic center, trying to counterbalance the pull of the new centralities emerging in the metropolitan area. The younger people, in general, are engaged in these new activities, as they recognize that the HCO is one of the most suitable areas to develop their work, much of which is related to the performing arts. Indeed, local authorities foresee the extension of the cluster of creative industries created on Rua Miguel Bombarda (near the HCO), integrating the HCO into the global art market.

In conclusion, both potential business owners and residents agree that the attractiveness of the HCO depends on its rehabilitation; the abandonment of buildings and decayed public spaces are—in the opinion of most—the main cause of the unattractiveness of the area. The cultural and historic value of the area entices residents to remain living there and tourists to continue visiting (Opium, 2008).

## **2.4 Social Sustainability**

### **2.4.1 Living and Working in the HCO**

#### **2.4.1.1 HOUSING**

The social profile of the HCO indicated that the majority of residents are probably low-income households making up about 60 percent of the HCO population. They live in poorly maintained residential buildings and suffer from overcrowding and lack of basic infrastructure. Since the 1940s, the number of social housing units in Oporto city has been increasing. Between 1960 and 1980, more than 6,000 dwellings were built, in which a significant number of families were relocated—some of them from the Barredo neighborhood of the HCO—because there were living in deplorable conditions.<sup>23</sup> Today there are 48 social housing neighborhoods, including 13,095 dwellings, that house 18 percent of the Oporto population, none within the limits of the HCO (Martins, 2008b).<sup>24</sup> In spite of the fact that there is no social or subsidized housing within the HCO, there are services for those with economic and social needs, such as the community kitchen and bathhouses. Also, the social solidarity work done by public and private institutions is fundamental to provide education, professional orientation services, low-cost food, and clothing to help these families meet their daily needs.

#### **2.4.1.2 ACCESS TO HEALTH, EDUCATION, AND RECREATION SERVICES**

There are several private, public, and nonprofit institutions that offer health, education, and recreation services in the HCO. In terms of education services (Figure 15), the HCO has facilities for residents of all education levels, from kindergarten to university level. Kindergarten education is provided not only by private and public institutions, but also by nonprofit institutions (which constitute the majority). Primary and preparatory education is provided through both public and private institutions, while high school and professional education is only offered through private ones. There are four institutions of higher education: two campuses of Oporto University, the Lusófona University of Oporto, and another private school (Martins, 2008b). The occupation ratios reflect the number of existing facilities (Figure 16). As it is not clear as to how many available spaces each facility has, it is not possible to calculate the

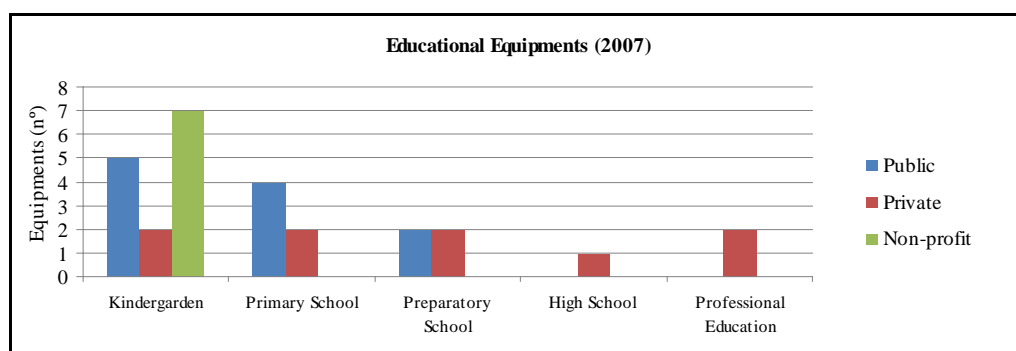
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<sup>23</sup> Reallocation campaigns during CRUARB period.

<sup>24</sup> In 2001 the HCO represented 5 percent of Oporto city population (Sousa, Magalhães, and Oliveira, 2005).

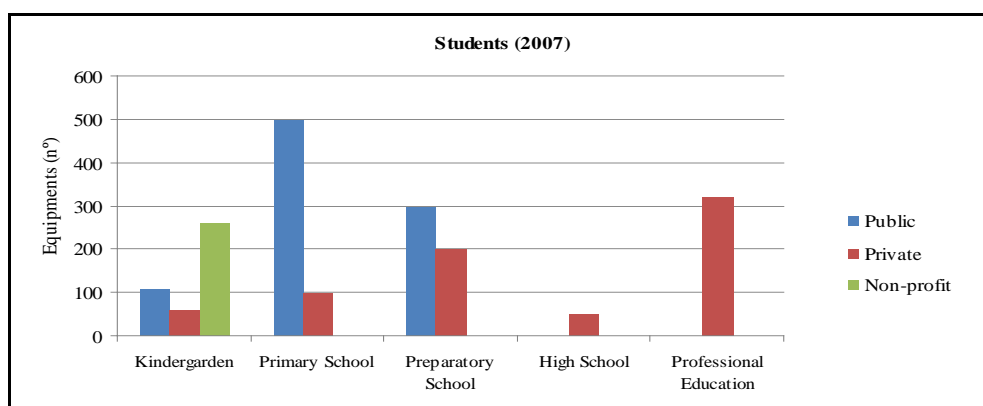
occupation ratios; however, based on the number of students calculated in 2007, it is possible conclude that there is sufficient space for the student population.

**Figure 15. Education Services in the HCO**



*Source:* Martins (2008b).

**Figure 16. Number of Enrolled Students, 2007**

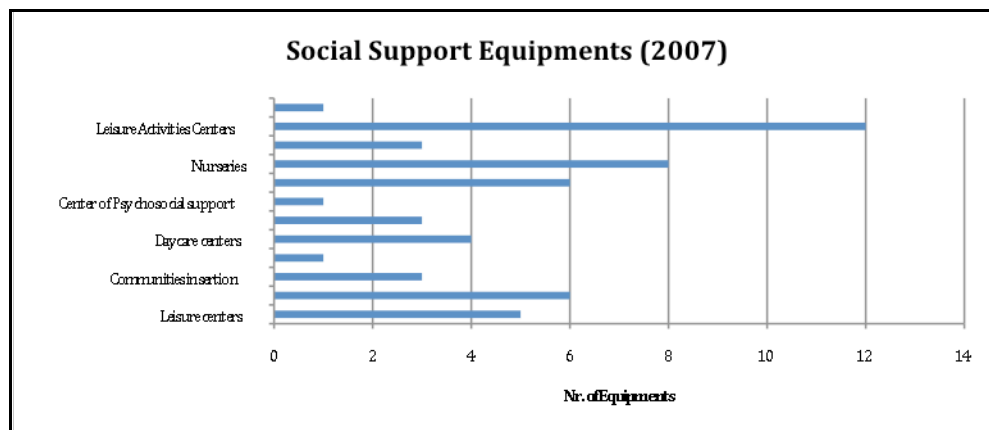


*Source:* Martins (2008b).

Health services are also well represented in the HCO, with one public hospital—Hospital de S. António—and four private hospitals. There are also two health centers—S. João and Bonfim/Batalha—serving also residents outside the HCO and two extensions of these centers (Martins, 2008b). Regarding social services, the HCO has 57 facilities that support people with special needs—such as disabled adults, the elderly, and children at risk—and provide other

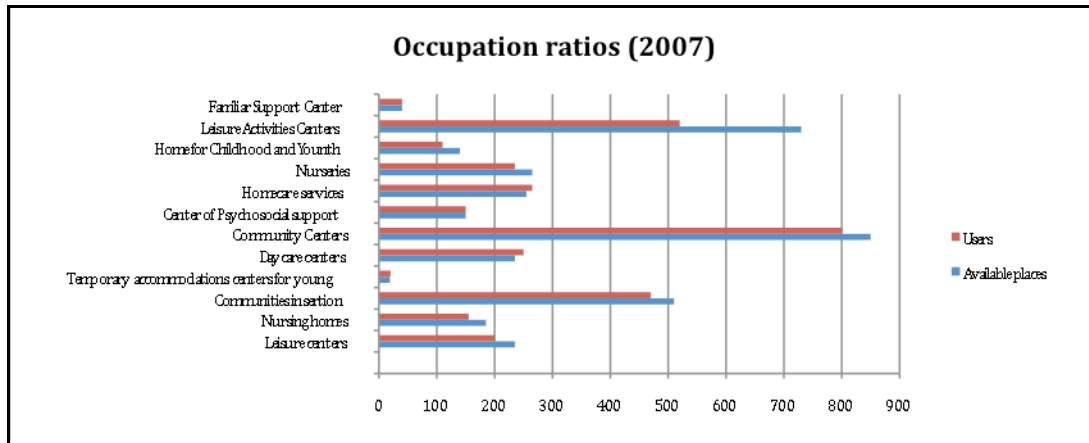
services of social solidarity. There are three community centers for disabled adults, one temporary accommodation center for troubled youth, and one center that offers psychosocial support (the only one in the county). To serve the elderly and disabled adults in particular, the HCO has four centers for sociability, four day care centers, six institutions that provide homecare services, and six nursing homes. The problem is that more than 50 percent of these centers have more users than they can support. The same problem is observed in child and youth care facilities, such as the day care centers, recreation centers, centers for children and youth at risk, and family support centers, which are all significantly overcrowded. In summary, the number of overcrowded facilities and services indicates that the HCO does not have enough social services and facilities to meet the needs of the residents.

**Figure 17. Social Services**



*Source: Martins (2008b).*

**Figure 18. Occupation Ratios**



*Source:* Martins (2008b).

#### 2.4.1.3 SECURITY

The average criminal rate in Oporto city (60.3 percent in 2006) is significantly higher relative to the national average (36.9 percent). The highest rates are found in Sé and Vitória parishes, which register an average of 111 crimes per 1000 inhabitants (Martins, 2008a). The analysis by type of crime indicates that the crimes against people are the most frequent in the HCO (17–28 per 1,000 inhabitants); there are also a large number of crimes against property. This data confirms the opinion of the residents, who stated that insecurity and the criminal activities were the most negatives aspects in terms of quality of life in Oporto.<sup>25</sup> The same opinion emerged from the focus groups. The crime rate was determined through the same survey as the types of social problems that influence the quality of life in the HCO (Martins, 2008a). It is interesting to mention that only the HCO residents selected the decaying homes as the most negative aspect, inversely to the others that considered this the fourth most negative aspect. Thus, there is relevant data that indicate that the HCO continues to be an insecure place, mainly during the evening and night when the majority of businesses are closed (excluding the bars around the river) and the streets are empty (information gathered from direct observation). Also the presence of serious social problems, such as drug traffic and prostitution, mainly in the Sé parish, contributes to the bad image that nonresidents have of the historic center.

<sup>25</sup> The options were crime, drugs (traffic and use), unemployment, housing decay, and lack of community spirit.



## **2.4.2 Engagement and Sense of Place**

### **2.4.2.1 COMMUNITY ORGANIZATIONS**

The Foundation for the Development of the Historic Area of Porto (FDZHP) was created in 1990, and was later dissolved in 2007. It was a nonprofit private institution for public utility that participate in the urban rehabilitation process by creating the conditions to improve the residents' living conditions, the urban-social valorization, and the local development. Working in partnership with other private and public institutions, this foundation was fundamental to accomplish the education, cultural, social, employment, economic, and local development goals set for the area by the government. Also, this foundation managed the community facilities, such as the community kitchens and bathhouses, as well as 86 municipally buildings (in the HCO), where more than 130 people were living in 2007 (Sousa, Magalhães, and Oliveira, 2005).

To continue the work of the FDZHP, the UGAU was recently created within the Porto Vivo SRU structure; its first project is the Priority Intervention Area of Sé/Vitória. By implementing actions with impact over the economic activities, public space, security, and urban culture and animation, this organization has been fundamental in promoting the involvement of the residents, institutions, and economic actors in the urban rehabilitation process, as well as in enhancing its sense of belonging to the historic center. For instance, it has been organizing several activities in which the local residents are the key actors (Motivation and Self-esteem Stories; Storytellers). Through these activities, the UGAU hopes to promote the attachment of residents to the zone and the rehabilitation process, which in turn will improve their self-esteem and increase their involvement in preservation efforts, and increase the availability of recreational activities in the area. These activities are implemented in partnership with different institutional actors, such as the FDZHP, the Sé Parish Council, Social Center of the Sé Cathedral of Oporto, the Insertion Community Eng. Paulo Valado, Widescreen, Porto Tours, Porto Digital, and the Youth Foundation (Porto Vivo, 2010b).

### **2.4.2.2 CITIZENS INVOLVEMENT IN DECISIONS ABOUT URBAN HERITAGE REHABILITATION**

Many buildings in the HCO are privately owned, with their management being the exclusive responsibility of their owners (Porto Vivo, 2008a). The responsibility of the Municipality of Oporto and the diverse organizations that constitute the Porto Vivo SRU is to identify the

intervention units, define the strategies and program for urban rehabilitation, contact the owners, and mediate among owners, investors, and construction companies. Thus, the involvement of the citizens, mainly the property owners, is fundamental for the definition and implementation of those rehabilitation programs. During the diagnosis stage, which takes place after the identification stage, the citizens (residents, owners, merchants, and investors) are briefed on the situation and the needs of the residents and customers. Also, while drafting the strategic documents, owners, tenants, and other actors can state their ideas in public discussions, especially if the intervention will intervene in the public spaces and change its shape. The public space is clearly understood as a community property and one key component of its heritage.

Moreover, the promoters of the rehabilitation process have attempted to involve the citizens in the urban rehabilitation process, at least in terms of the improvement of the knowledge related to the intangible value of the HCO. Also, those initiatives could work as an opportunity to promote and enrich the intangible heritage of the HCO, based on their people and daily life. The spirit of a little village, where everybody is known and welcome and where the doors and windows are always open, it is what the people of the HCO would like to preserve.

#### 2.4.2.3 GENTRIFICATION

The rehabilitation processes must always deal with problems related to the permanence of the local population. In terms of the HCO, this problem has been one of the main concerns of the program promoters, essentially because of the abandonment of this area by its original residents a sustained process since the 1940s. Some reasons have been indicated for this situation, such as the decay of housing conditions and the increase in rents after buildings are rehabilitated, which forces some families to move to other parts of the city where social housing is available. During the CRUARB action, the problem with increasing rents was slightly resolved through policies that used the acquisition of properties by eminent domain, a strategy that facilitated the rehabilitation process and prevented the unsustainable increase of land prices. The policies around the rental market continue to be an obstacle, essentially because of the higher percentage of private investors involved in the rehabilitation process and because residents and program promoters cannot interfere with the increases in rents imposed by the owners after the rehabilitation works are finished.

### **3 Conclusions and Recommendations**

The HCO faces serious problems in maintaining its value. The continuous loss of its population and of its central functions has made it more of a museum area, where the cultural spaces proliferate. Despite the problems and difficult issues that persist in the area, local authorities, at least, seem to be aware of the importance of the HCO and the issues impacting its sustainable preservation. The proposals contained in the Oporto Master Plan concerning the HCO are proof of this awareness, as well as the efforts to find sustainable solutions to the problems. In the least, the objectives and strategies proposed match the strategies defined by UNESCO concerning the sustainable revitalization of economic districts (UNESCO, 2008). These include political will; connection with the rest of the city or region; socially sustainable and economically viable revitalization; enhancement of public spaces while protecting the cultural and natural resources; creation of social links by improving inhabitants' living conditions; response to current needs while maintaining the city's identity and enhancing traditional knowledge; support for creativity and cultural diversity; development of cultural tourism and the control of this development within several sectors of activity; and the protection of listed urban heritage areas.

Early on, different actors, including residents and others users, agreed that urban rehabilitation was the best solution. They believed that a well-built environment and suitable public spaces would increase the attractiveness of the HCO for tourists, residents, and investors. However, despite the efforts of CRUARB and Porto Vivo SRU to reach this goal, the problems persist. The resident population in the HCO continues to decrease; the economic spaces are disappearing; the built environment continues to decay; and there has been no improvement in the housing conditions for long-time residents. Regarding residential issues, the problem with Oporto is not the real estate speculation, but the retention of properties by owners in spite of the low rents they fetch for the unimproved properties in the deteriorated parts of the HCO.

Regarding institutional and economic activities, in spite of the persistence of a few government institutions—mostly from the cultural sector and lately increasingly from the services sector—the HCO has been undergoing a progressive loss of dynamic economic and social activities. Commercial activity is also decreasing, in spite of the emergence of new businesses focused on the performing arts, which have not yet grown enough in number to reverse this trend. Local authorities have been trying to solve these problems for many years. In the first stage, they tried to improve the housing conditions for residents, reallocating some of

them into new neighborhoods with social housing, which has contributed to the decrease in population in the HCO.

Today, one of the solutions devised by the promoters of the rehabilitation process is to attract new residents, which, on one hand, could enhance the image and economic status of the historic center, but, on the other, could provoke gentrification. Indeed, the preservation of the residential function of the HCO is clearly a key factor to increase its attractiveness, a factor considered in all the plans guiding public interventions in the area (SIM Porto, FIIAH, and SIIAH). Other solutions could be to decrease the pressure to build rental properties and promote home ownership and to increase investments in the rehabilitation of existing buildings, rather than focusing on new construction (the current trend).<sup>26</sup> Furthermore, sustainable rehabilitation requires the attraction of new residents and a balance between the demand for rentals and owner occupied housing.

Regarding the economic sector, furthering the current emphasis on the performing arts, the promoters of the rehabilitation process are looking to further develop the creative industries and encourage the opening of more galleries, design shops, architecture ateliers, and events companies, among other business (some of which include touristic features), in the area. However, this just can only be sustainable if these businesses do not replace the ones that are indispensable for residents' daily activities—such as grocery stores, cafés, bakeries, butcher shops, and pharmacies, among others—and bring an intangible value to the area. At the same time, specialized commerce should be maintained and supported.

The permanence of the long-time residents has also been understood by local authorities as a key factor to preserve the value of the HCO. The UGAU has the function to research, register, and promote the cultural traits that characterize this historic area, integrating the residents into the entire process. Indeed, this works as a condition to keep residents, making them feel like a fundamental part of the process, while at the same time promotes their values and traditions.

This study attempts to reveal and understand the current condition and consequences of the rehabilitation policies applied in the HCO. The current situation seems to be a changing context in which the population and the local authorities are more conscious of their territory and

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<sup>26</sup> Just 5.6 percent of the activity of Portuguese construction industry is for urban rehabilitation, compared to an average of 33 percent in Europe as a whole and 22.5 percent in Spain (Sousa, Magalhães, and Oliveira, 2005).

their needs and finally feel able to interfere in a sustainable way. Perhaps the residents still need to be more active, but this is something that must be worked on and has been a focus for the UGAU. Any conclusions regarding the consequences of this revitalization program application are still premature, as it is only within the first few years of implementation. However, hopefully this study serves as a basis document in which the contexts meet the strategies.

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