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Victor S. Venida

Quiapo is geographically at the center of the city of Manila. Indeed for the many new provincial arrivals in the capital city of the Philippines, Quiapo has often been regarded as the center. A substantial number of public transport routes converge in this district. The most attractive bargain shopping, both retail and wholesale, is available throughout the area until Divisoria. Many of the most traditional crafts, eating places and published materials thrive in its streets. And the most popular center of devotion is that of the *Nazareno*, the Lord of Manila.

But Quiapo also has a substantial collection of old houses, one of the greatest collection in the whole city. They are in various states of repair and disrepair, of use and abuse, of beauty and pity. However one sees them, they are key elements of the city and the country's artistic and cultural heritage. A familiarity with the personal and social history of these houses further enriches the flavor of life, art, style, history and tradition in this city. Thus the preservation of these structures is a necessity that is already widely shared, however controversial it may be. Nonetheless, one of the major issues is how preservation can be a cost-effective activity. In an era of scarce resources and increasing social demands and expectations, any issue, no matter how critical and crucially desirable, needs to show a measure of cost-effectiveness to emerge and endure.

This paper will therefore propose certain long-term directions that can increase the economic life of these old mansions. At the start, it will need first to identify and analyze three major economic forces that can have a heavy bearing on the effective revitalization of historic districts in general: the shift of investment activity, the growth of tourism and the increase in land speculation. It will then analyze the various aspects of the state of obsolescence of these buildings. Then the possible general

directions of revitalization, more specifically the creation of economic value in these buildings, shall be discussed. Finally, specific recommendations on revitalization and on broader fiscal issues shall be presented and discussed.

The Broad Perspective

In the global environment, a number of factors specifically related to globalization will have direct impact on the future of historic districts. First is that in developed countries, major cities have shifted from being centers of production to centers of consumption. While several production sites—factories, plants and other processing centers and corporate headquarters—have relocated to the outer suburbs, many have also begun to locate in the developing countries, particularly in especially developed export processing zones, industrial estates or even the established cities. Many less developed countries, including the Philippines, have competed with each other to attract these forms of foreign direct investment. Fortunately for the historic districts, these industrial sites tend to be located outside the city centers where real estate prices are lower and the land can still be developed to realize the latest infrastructure.

Second, tourism has become one of the fastest growing industries in the world. Traditionally, investments in the revitalization of old buildings or in entire historic districts are justified by the expected income stream from tourism and tourism-related revenues that would be generated in the district and its vicinity. Such districts attract art galleries, curio and souvenir shops, restaurants and other retail establishments. Aboveground, they then provide valuable rental properties for commercial, business and residential purposes. Many substantial buildings can be reused as hotels. Moreover these buildings eventually translate to substantial tax revenue from sales taxes, income taxes and property taxes. In addition, they furnish the city with a signature district or landmark that can prove useful in marketing the city to tourists and investors.

Examples that come to mind are the Covent Garden district and Paternoster Square in London; SoHo and the East Village in Manhattan; Georgetown in Washington, DC; and the central district of Antwerp, Belgium. These districts have largely retrofitted old buildings for modern use. Modernist buildings can be found but the design and size harmonize with the rest of the district. These have proved to be successful public and private investment ventures. More importantly, they have kept these districts alive, dynamic and a place of pleasant human habi-

tation, and not a mere museum district, lovely but sadly, even deathly still, like the ruins of Pompeii. Thus to some extent, heritage can be made to pay for itself especially since tourism is one of the fastest growing global industries.

Throughout North America, Western Europe, even Japan, and among the expatriate Filipino communities, long-term trends indicate a pattern of growing incomes and higher levels of education. These comprise the major market for tourism in the future. These are the types of tourists who aim at cultural and heritage tourism. They are the types that purchase informative, illustrated and detailed guidebooks of places, complete with their political, cultural and social histories. They look for museums and art galleries, well-preserved old buildings and historic districts, characteristic landmarks and distinctive structures, souvenirs and items that bring out the flavor and character of a particular city or even a mere district.

Tourism is also multi-functional in nature. Leisure and amenities form part of the tourist package. But those places that provide a wide range of attractions such as leisure facilities, shopping opportunities, adventure opportunities, ecological sites and heritage and cultural attractions will have a greater advantage in attracting tourists for a longer stay and a larger per capita expenditure. This would especially be the case for the East Asian countries because of the wide geographic distances. Unlike in Europe, East Asian countries are so far apart with only air travel being the feasible option to move about for a traveler; hence, the decision to stay longer in a particular locality is more cost-effective. In Europe, the compact geography allows for easy cross-country travel over land; and the ability to see several countries in a short period of time is actually rather inexpensive by comparison, particularly now that a common currency is in use among many of them.

Indeed research has shown that new travel patterns are emerging (Payumo and Aliño 1998). Traditional tourist directions tended to be short holidays with single-activity focus, such as packaged tours to tropical islands or noted beach resorts, and separate packaged tours to cities and their noted cultural and artistic landmarks. But the new travel patterns seem to have tourists staying longer and looking for multi-activity focus: the leisure of enjoying a tropical beach resort, exploring natural landmarks such as forests and coral reefs, and learning about a locality's history and culture. The tourist markets that are growing are those that cater to adventure tourism, ecological tourism, and

cultural and heritage tourism. The more of all three that a country provides, the more it can attract tourists in the future.

Thus for the Philippines to attract more tourists into the country, there is need to diversify the range of offerings and to develop a unique sense of place and culture. The Philippines already has its sites for leisure tourism, adventure tourism and ecological tourism. The facilities for cultural and heritage tourism, such as museums, galleries, and historic districts, on the other hand, need to be developed as well. There is now an opportunity to develop them in an integrated and systematically planned manner. Alongside coral reefs, marine reservations, forest and mountain treks, old buildings and historic districts are essential elements of a locality's sense of place and unique identity.

Quiapo is an excellent model for heritage revitalization as it is at the center of Manila, the main gateway to the Philippines. Many who plan on an adventure and leisure tourism holiday can thus obtain a measure of heritage tourism before departure or upon arrival.

A well-developed conservation plan, the reuse of these old structures, and an ingenious program to develop viable business activities in Quiapo will eventually generate the necessary revenues that will justify expenditures on renewing old structures. The undertaking will certainly generate multiplier benefits on other sectors. The regeneration of a district necessarily spills over to neighboring districts.

Industries that cater to the establishments in the historic district will also have a new and expanding market to cater to. These industries include suppliers of the food and beverage requirements of restaurants and other eating places, suppliers of souvenir items and curios which are usually traditional handicrafts, and the like.

Moreover, the restoration project itself creates a market for those skilled in the traditional crafts associated with the construction and renovation of these old structures, such as carpenters, masons, sculptors, metalcraft, furniture-makers, upholsterers and the like. The skills of these craftspeople can be harnessed in developing new products to cater to both tourists and the local market. They also pass on the knowledge of these crafts to future generations that might need this to recreate the lifestyle that a future middle class might wish to adopt.

But an important issue also looms as a major threat to heritage preservation: land speculation. Like many East Asian cities, cities in the Philippines are expected to grow rapidly in population. The population of the entire Philippines is expected to double in 35 years, with over half

of the population already in urban areas. To be precise, as of the 1995 census, the population of the Philippines was set at 68,616,536, with Metro Manila at 9,454,040. By the year 2020, the population of the Philippines will be anywhere from 98,864,348 to 110,715,179. By then, a little over half will be residing in urban areas (NEDA, 1998), thereby increasing the demand for urban space and efficient infrastructure.

The increased demand for urban space is the real threat to the preservation of old buildings. Quiapo is ideally located for commercial and office buildings which have bigger and huge rates of return over a shorter period of time than revenue from conservation and renewal can ever offer. This increased demand for urban space can fuel real estate speculation that will cause real estate prices to skyrocket even more, and in effect, make all space in the city centers excellent prey. In fact, this is the reason why many Quiapo residents remain in the district, because of its excellent access to livelihood and commercial activities. That Quiapo is also attractive for its location means that the increase in land speculation can translate to a greater demand for the demolition of old buildings, to realize the value of the real estate.

Thus while the revitalization of Quiapo presents opportunities for tourism and consumption-related activities; land speculation is a real threat it has to contend with.

For an effective program of conservation and renewal, there is therefore need to analyze the current status of the old district. For a systematic analysis of the existing condition in this district, the model of obsolescence and renewal of Tiesdell et al. can be used (1996).

The Issue of Obsolescence

Old buildings in a historic district have to deal with the problem of obsolescence (Tiesdell et al. 1996). Obsolescence is the decrease in the useful life of a capital good—in this case of the old buildings and of the entire district itself—and is often the outcome of social changes, whether expected or unexpected, with the buildings and the district remaining fixed, as structures and location. When these structures were constructed, they would arguably have fulfilled the most advanced building principles of those days to be useful for their intended functions in the actual localities. Many of the buildings of Quiapo were indeed the mansions of the high-income commercial classes then residing in one of the tonier residential districts of a colonial capital. Quiapo, in fact, was located right in the middle of the capital's centers of government, commerce, finance and pilgrimage that were all scattered about San

Nicolas, Binondo, Santa Cruz, Intramuros, Ermita, and San Miguel. During that era, transport was done both by land and water, so that many mansions were located beside *esteros*, which were a major transport artery. And in common with many old districts worldwide, streets were narrow in Quiapo, made for light, often animal-driven vehicular traffic.

Over the years, as obsolescence set in because of social and economic changes, these structures remained fixed in Quiapo, while Manila changed in less than a century from a colonial capital to the capital of the thirteenth largest nation in the world, to being at the center of one of the twenty megacities of the new century. The main centers of commerce and finance that were formerly in the district have since moved elsewhere to Makati or Ortigas, as has the posh crowd who have established their residences elsewhere. Government centers, as well, are all over the metropolis. What remain in Quiapo now are low-income and working class retail establishments, vocational and educational establishments, a few old residents, and mostly migrant low-income tenant residents. But the district has one great focal point it can boast of still: the city's arguably most popular devotion center, even as infrastructure changes have brought vehicular traffic jams and pollution, and the *esteros* have become open sewers and reluctant storm drains; even as the old mansions of Quiapo are now obsolete residences of the upper class.

Evidently, the revitalization of old districts to be economically viable has to address this issue of obsolescence. To be specific, for effective preservation, the means to extend the economic life of these buildings in particular, and of the district, in general, need to be identified.

Obsolescence has many dimensions, some of which refer to the buildings alone and others to the district as a whole. And obsolescence is not absolute as it is relative to other available alternative uses for a building or a site. For example, a power plant in the middle of the city may be obsolete as it is a major source of air and noise pollution, but the structure itself can become an art gallery, as has happened to the Tate Modern in London. Similarly, the former airport of Manila, the Neilsen's Tower, was initially transformed into a posh restaurant, and is now a library. Even the runways have become the major thoroughfares of the country's premier financial and business district—proof that old structures can be preserved and made viable provided that a new economic use has been identified.

As a first step, the specific dimensions of obsolescence need to be analyzed. A systematic presentation of this issue can be very instructive in approaching the economic analysis of the preservation of old

buildings. Moreover, this first step will also help identify possible feasible modes of action.

The first type of obsolescence is the most obvious: physical or structural obsolescence. Many of these old buildings are in a decrepit state and do require substantial rehabilitation. Again, not far from these decaying structures are equally old but still well-maintained and useful buildings that are models for physical and structural rehabilitation. Also a peculiarity of a building is that it is an interdependent asset. Though privately owned, its value depends a lot on the quality, appearance, maintenance and condition of the surrounding buildings and of the infrastructure. A building is a publicly viewed structure and its very sight can be an eyesore or a pleasure to others who pass by or live nearby. The decay of a number of structures can be enough to impress upon viewers the degree of deterioration of an entire district.

A more problematic type of obsolescence is functional: many of these old buildings were designed not to accommodate aspects now regarded as necessary. Many of them need to be redesigned to accommodate plumbing, electricity, telephone lines and the correct location of toilet facilities. A number of factors external to the buildings can underscore this functional obsolescence, and these are mainly the infrastructure of the district. For example, the absence of substantial parking facilities, the narrowness of the streets and the lack of adequate sewerage are factors that need to be resolved to revitalize an area. Thus a complete re-creation of the old structures as they may have been is no longer feasible; a substantial degree of modification is essential to make these old buildings functionally relevant.

A broader type of obsolescence is that of image, of the public perception of the district. For a long time, inner city areas were regarded as noisy, dirty, and polluted, thus no longer attractive as residential areas or locations for many types of activities. But this perception can change over time. Since the 1980s, large areas of Manhattan and the East End have become attractive residential areas and districts for a wide range of service activities and cultural establishments. Even in Manila, Malate has undergone quite a sea change in the last decade: from a notorious red-light district, it has been transformed to a sophisticated district of restaurants, clubs, bars, art galleries, fashion houses and an upper middle income residential area. Incidentally, it seems Quezon Boulevard has gone in the opposite direction, accidentally perhaps.

Quiapo until the 1930s was regarded as a quiet, attractive, upper middle class residential area. Among its residents then were families

whose names make up the who's who of Philippine politics, culture and business. Indeed the district still has the educational institutions that catered to this social class: San Beda, San Sebastian, La Consolacion and Holy Spirit, among others. But this image has long disappeared so that any effort at restoration and preservation will need to develop a new image of Quiapo. The image has to be one that can attract investments and residents, while still preserving the old buildings and even retaining the longtime residents.

Related to image obsolescence is location, which is a feature of the functional activities in a district. A building is constructed in a particular location because of its original function. It is accessible in that specific location to other necessary facilities, such as transport, market, suppliers, educational institutions and the like. But because of changes in the overall pattern of accessibility to many of these facilities, the district has become obsolete for its original function. For example, the central business district may have moved elsewhere, making buildings in central Manila, along Calle Colon in Cebu, and the warehouses and factories in SoHo and Tribeca in Manhattan obsolete as workplaces. Or a major business activity may have had to be relocated, as for example the Covent Garden's fruit and vegetable market because it caused massive traffic jams in its original location in the city center.

Clearly Quiapo can no longer be what it used to be—a residential district with neighborhood provisions stores, schools, churches and other facilities that make for a self-contained, posh community. Quiapo is at the bustling center of Manila, a city that is no longer the country's main business and financial district, but one that harbors the most extensive historic district in the country. It still has residents and the facilities that will make it a proper residential community, but it now also houses educational establishments that offer technical and vocational courses, small retail establishments, a thriving and self-contained but much misunderstood Islamic community, and arguably the most popular and commercial pilgrimage center in the country. Moreover, even for a district with no pretensions to gentility, its infrastructure requires substantial repair: the massive traffic jams that result from the district's very centrality, the pollution mainly from vehicle exhaust, the foul estero and riverfront that blight the streetscapes, the unsightly electrical and communication posts and wirings, and the roads needing even paving and pedestrian curbs and sidewalks.

All these then are the results of the district's economic obsolescence. Capital is being invested elsewhere. Further, the cost of investment in

preservation may well be higher than investment elsewhere or investment in new structures. Quiapo can no longer be mainly a tony residential area like before. Given its location, Quiapo will attract investment for the construction of new commercial and office buildings, but not for the preservation of its old buildings. To preserve these old buildings, the district needs to develop an image that will attract investors to re-use the huge stock of old structures to be preserved in the exact same location. Moreover the preservation has to be an area-based program. The preservation of just one historic building will not be enough to attract residents, investors or patrons precisely because of the interdependent nature of buildings as assets. This explains for example the real threat faced by the Metropolitan Theater. Despite its lavish restoration and rehabilitation in the late 1970s, it has never since been able to attract sufficient customers for the performing arts as the area around it remained primarily a transport artery, without the necessary restaurants, parking areas, shops and other amenities that theater patrons would normally look for.

The Creation of Economic Value

To create economic value, one needs to rehabilitate and convert not just one building, but several collectively in a given area. As pointed out, buildings are interdependent assets; the value of one is dependent on the quality of the other buildings and the infrastructure in the vicinity. While it is true that the creation of one major structure can revitalize an entire district, the success stories of the Bilbao waterfront with the Guggenheim Museum and of the Covent Garden area with the Jubilee market and the Opera House underscore the fact that area-based renewal has to be done consciously and deliberately by an organization. This seems to be happening with Malate and the Malate association; while the sorry state of the Metropolitan Theater emphasizes the fact that the renewal of a district does not follow automatically the refurbishing of just one structure.

To effectively realize economic value in the long-term, one then needs to identify an area's competitive advantage relative to other areas, an image and economic function that can enable it to attract investments and residents the way the other areas do. The image would have to focus on the economic and other human activities that the area could provide. Three ways can be chosen.

The first choice may be functional restructuring whereby new uses or activities replace those formerly existing. As examples, the former

garments factories in SoHo in Manhattan have been converted into residential quarters, while the fruit and vegetable market in Covent Garden has become Jubilee market, a mini-mall of upscale restaurants, shops and a flea market. At its most extreme, the lovely already abandoned neo-Gothic Episcopal church along Seventh Avenue and the Twenties has been preserved as a discotheque; whereas an also abandoned Plateresque church in Alcala de Henares has become a college library. These efforts have certainly preserved not just old buildings but entire districts. Moreover, they generally involved private investments, and thus minimized the need for actual public subsidy other than public expenditure on the area's infrastructure and some tax incentives, given that the rehabilitation of old buildings is more costly than the construction of completely new structures.

Unfortunately, unless the buildings have already been abandoned in the first place, functional restructuring suggests displacing existing activities and along with them, the current residents. The very rehabilitation of buildings and the surrounding infrastructure cannot help but increase land values and rents. Thus restructuring can also result in the gentrification of a district, as has happened in London's Docklands and Manhattan's Lower East Side and SoHo, so that much of the area's local color and character have been diminished with the departure of old-time residents and their memories of local history. It also gives preservation a rather bad name, especially in countries with a high incidence of poverty or income inequality.

A second approach is functional regeneration, which involves improving the profitability and efficiency of existing activities in the area. This approach has to address the locational obsolescence of the district and to improve the competitiveness of existing industries. By increasing the profitability of these firms and activities, the firms themselves could gain an incentive in investing in the rehabilitation of the buildings themselves. In this way, current residents can remain in the area and thus maintain the local flavor and color, to proffer a sense of authenticity to the district's historic character. The preservation therefore is not simply a matter of *façadism*, which often presages gentrification. Generally speaking, functional restructuring may be a more attractive option if most of the structures are abandoned or owner-occupied as then, displacement would be minimal.

The problem with this approach is that first, it will not attract the necessary external investment because as already pointed out, the rehabilitation of an old building is often more expensive than the construc-

tion of an entirely new one. Besides, existing industries may not necessarily offer reasonable rates of return. Second, it suggests a much larger commitment of public funds or fiscal incentives to support the restoration, beyond the investment in basic infrastructure itself. This is particularly the case if a large number of the buildings happen to be used as rental properties or residences, educational institutions and as the site of other non-profit activities. Moreover, these buildings will need some subsidy for rehabilitation as the existing firms under this approach will logically invest in rehabilitating only those structures that they actually occupy. Third is that some of the existing activities, such as storage and warehousing, may themselves not be compatible with the revitalization of historic districts.

A third approach is functional diversification, a compromise between the first two. This will involve maintaining and enhancing the competitiveness of existing activities while also allowing limited restructuring to bring in investments in new activities, but not to the degree of displacing residents or current businesses. This approach will try to realize the benefits of restructuring and regeneration while minimizing the costs of either. Definitely some of the existing activities may need to be displaced if they happen to further the deterioration of the building fabric, such as auto repair, storage and warehousing, some heavy industrial activities. But all others can be enhanced especially with the entry of new activities that support and are in harmony with the current ones. As an example, the rehabilitation of Madrid's Chueca and Malasaña maintained the old residents while allowing bars, cafes, art galleries and upscale shops to locate there. The government had to finance infrastructure development and the development of a number of open spaces into parks and gardens. Police presence also was stepped up to rid the area of criminal elements.

But as with all compromises, this approach could well be the most feasible yet least satisfactory to many. For one, hard choices need to be made with regard to which existing industries to discourage and which to attract. Public assistance will be even more crucial. And a committee or association will need to spend time in consultation with residents and current businesses, and in monitoring the revitalization program. The very creation of a new image for the district will be a long and tedious consultative and deliberative process, which in itself involves substantial opportunity losses. Besides, the image has to be focused but still broad enough to encompass a reasonably wide range of activities, as any urban district will always be multifunctional in nature.

An area with a single function is not likely to survive long-term changes in the economy and society. This job could be eased if neighborhood associations are functioning and social capital is present; otherwise revitalization will truly be a backbreaking activity.

Possible Economic Value for the Antique Mansions of Quiapo

One can now consider some possible long-term directions for the economic uses of antique mansions in Quiapo. It will be presumed that the direction of revitalization is toward functional diversification. Quiapo still has a substantial number of residents in both owner-occupied dwellings and in tenanted establishments. Many remain in the district because of easy access to livelihood opportunities. A number are still among the old-time residents such that in one neighborhood, activities such as street parties during the district fiesta continue (Zialcita, 1999). The Globo de Oro area has a close-knit, peaceful and hardworking Islamic community around Manila's first mosque. They are engaged in substantial retail activity. Diversification will thus allow Quiapo to retain much of the flavor of an established residential community whilst promoting activities that will enhance this nature.

As already pointed out, it can be expected that the center of Manila will not attract substantial investments in manufacturing activities, but rather more consumption-related ones. The tourism opportunities are also quite substantial and real. However, part of the attraction of a district is its own particular sense of place so that even a completely residential area like large sections of Greenwich Village and East Village in Manhattan still attract tourists and a limited measure of tourism-related retail activities. Thus the very residential nature of Quiapo needs to be retained and enhanced for its unique sense of place and atmosphere to emerge.

It can then be proposed that the old residences be rehabilitated. For the tenanted ones, it is proposed that some form of a Community Mortgage Program (CMP) type of financing be availed of to rehabilitate the mansions and redesign them as multiple-dwelling units where tenants can then purchase units on a condominium-type basis. Many of these structures are effectively multiple-dwelling units already, and converting them into owner-occupied structures can go a long way in preserving these buildings and creating a viable community. Indeed, since many of the current tenants are low-income, neighborhood associations will need to be developed among the residents to maintain these structures effectively. It is the formation of these associations that can create

"patterns of relationships between actors or collectivities reproduced across time and space" (Giddens 1981, 27), and ensure that the physical facilities of an area shall be maintained and operated efficiently. As for the owner-occupied houses, a similar financing package can possibly be arranged with the National Shelter Program for their rehabilitation.

Currently a number of educational institutions are already established in Quiapo and in the immediate surroundings. Some occupy old buildings so that donations from a benefactor can be obtained to rehabilitate these structures. Others can also be converted into student or faculty residences, but this will require more resources for effective management and maintenance over time. This would also mean that the ground floor of many buildings can be allocated to retail establishments, for household and student requirements.

A few old houses have been occupied by religious organizations. Given that several organizations have been established in Metro Manila, it is possible to attract more of them to occupy any of the old mansions. The preference would be contemplative religious groups so that the peace and quiet of the neighborhood can be maintained. This is especially the case along the Bilibid Viejo area. Moreover, generous benefactors will need to be enticed to invest in the rehabilitation and redesign to fit the requirements of these religious. One can then encourage retail establishments to set up shop and sell religious items.

Finally, other structures, especially in the R. Hidalgo and Globo de Oro areas, can be rehabilitated to serve the expected tourist market. These areas can house art galleries, souvenir shops, restaurants (that can possibly showcase Quiapo cuisine) and other retail establishments. Already, a number of ateliers for various crafts occupy the ground floor of many buildings and even old houses. The products can have a ready retail outlet right in the district, thereby adding to the character of the area as a center of traditional and modern crafts.

These are modest proposals that can be implemented by private investors, benefactors or by a local community development association. More drastic proposals are those on a more macro level. They entail developing district infrastructure and a need for fiscal incentives from the local government.

The infrastructure of the district, like most areas in Metro Manila, requires substantial improvements. But in addition to the basic infrastructure requirements, a number of other infrastructure requirements have to be identified specifically for Quiapo and other historic districts

in the inner cities. Power and telephone lines can be installed underground so that the vistas in these districts can be more attractive, particularly to the tourist trade. Doing so will protect these lines from damage during typhoons besides. Further, unsightly electric posts could be replaced by more artistically designed lightposts, like the *farolas* common in many old districts in Madrid.

A parking building, pedestrian lanes, and paved and widened sidewalks would be attractive and convenient. After all, many of these old districts derive their charm from their very compactness and the narrowness of the streets that should make walking around a pleasure. One can even propose some mosaic paving on the sidewalks like the ones common in Brazilian cities. The parking buildings can also be designed to be efficient and visually delightful.

Along these lines, one can also propose some rerouting of traffic for public utility vehicles. Much of the soot on the walls of old buildings come from the fumes of jeepneys that use R. Hidalgo as an artery toward Barbosa and Elizondo, which are the main transport terminals. The construction of a transport terminal building nearer Legarda would negate the need for these vehicles to drive all the way down R. Hidalgo or Arlegui. Commuters need not then be too inconvenienced if the sidewalks of these streets were improved to make walking easier and pleasurable.

Another worthy proposal would be for a number of streets to be closed to vehicular traffic and to become the site of a more organized flea market. This will especially add character to the area and attract tourists and budget shoppers. Certainly some mechanisms for an orderly assignment of slots and regular cleaning and maintenance can be developed, that could also be used in other street markets in the city. In addition, certain sections can be designated as areas for vendors of street food where running water is available to improve the sanitary practices of these establishments. Reasonable user fees can be charged to pay for the cost of water and for the management of the flea market.

Finally, one will need to consider the problem of land speculation that will affect the activities not just of the historic district, but of the entire city. The previous suggestions mainly focused on the economic uses of Quiapo's antique mansions. One would now need to consider the tax system that can effectively promote such a program of functional diversification for revitalization. Specifically, one needs to propose some modifications in the property tax system especially because of its impact on land speculation and the cost of rehabilitation.

Local government fiscal policy will play a crucial role. The basic principle of fiscal incentive is for the market to absorb the costs of rehabilitation and land speculation, and thus put a price on the value of conservation. This can be done through appropriate tax measures and zoning ordinances. A major source of local government revenue is the property tax (Llanto 1990). Owners of property pay an annual tax which is a percentage of the property's market or assessed value. The rate is usually based on the nature of the use of the property. Based on the Real Property Tax Code, at least before the Local Government Code of 1992 came into force, the rates on lands and their improvement were as follows:

- a. For provinces and municipalities: one-fourth of one percent ($1/4$ of 1%) to one-half of one percent ($1/2$ of 1%) of the assessed value of real properties;
- b. For cities: one-half of one percent ($1/2$ of 1%) to two percent (2%).

The schedule of the assessment value would then be as follows:

Land Use	Assessment Level (percent of market value)
Residential	30
Agricultural	40
Commercial and industrial	50
Building and Improvement	
Residential	15 to 80
Agricultural	40 to 80
Commercial and industrial	50 to 80

If properly administered, the real property tax can diminish real estate speculation and preserve the character of many districts. Unfortunately, both in terms of design and implementation, the property tax system can stand substantial improvement. In terms of implementation, local governments seem not to have fully tapped the potential revenue of the property tax (Llanto 1990). Estimates from the 1980s show that local governments have been collecting only about 60 percent of potential revenue from property taxes. There have not been substantial increases overall even after the Local Government Code of 1992 was implemented.

There is apparently a need to regularly update the valuation of urban properties. Ideally this should be based on current market values, but often, the market values used in the assessment are about eight

years outdated. With such undervaluation, the amount of tax due becomes very minimal. It has been the experience of European countries that a properly collected property tax based on current market values significantly discourages land hoarding and speculation (Musgrave and Musgrave 1989). With a huge tax due annually, land ownership does not become an attractive investment unless one actually develops it. To use an arithmetic example, if the actual provision of the Real Property Tax Code were applied to a 1000-square meter residential property in Quiapo, at a current market value of P80,000 per square meter, one would need to pay a property tax of P240,000 ($P80,000 \times 1000 \times 0.3 \times 0.5 \times 0.02$). Hence, one has to either sell this property and be relieved of the burden of this tax, or one has to develop it.

But in actual fact, only a few might be paying this huge amount. What if the valuation used the value of 1988 rather than current market values? At land prices then of P8,000 per square meter, the tax due is P24,000. And in practice, the valuation used by government is even lower than the actual market value as available information on actual market sales are not being used. Because of the low property tax due, land then becomes an attractive investment so that a substantial amount of urban land is simply being hoarded from the market to await the next highest purchase offer which often results in keeping the land idle for some time, at least until the next highest bidder comes along.

If the tax were to be enforced strictly using the actual current market values, one attractive probable outcome is that land values might actually moderate, if not decline. This is because more lands would be made available for sale by landowners that wish to reduce their tax liabilities. This is one reason why economists as early as the middle of the 19th century argued for the equitable feature of a land tax. A land tax generates substantial government revenue from the landowning classes (who are of course among the high-income classes) and makes land available for purposes more productive than mere speculation (Lacey 1983). Strict enforcement would require the prompt and accurate reporting by real estate firms of their recent sales.

But more importantly, in terms of design, the real property tax can realize an ideal land-use and zoning pattern for the city. For quite some time, the identification of the assessment rate has been based on the actual use of the property, regardless of whether this might be its best use or not. One can develop a proposed land-use map for the city and assign tax rates accordingly. Thus, for example, establishments in an area zoned for medium-density commercial establishments should all be

assessed the same rate regardless of actual use of the establishment at the time of implementation of the new zoning rules. Any establishment that does not follow the zoning ordinance on use and building density can be slapped a much higher sumptuary rate. Thus all establishments will be forced to convert themselves into medium-density commercial structures. The tax rate can as such be used as an effective instrument for enforcing zoning and land-use ordinances.

The land-use map for Quiapo should recognize the district as a historic one where old structures will be assigned a lower tax rate than the newer ones. In fact, an inventory has identified a substantial number of old buildings, nearly all houses and some of them, mansions. One can suggest that on these antique houses a lower tax rate or a lower rate of assessment be applied.

New structures that conform to the density and architectural requirements of the district should also have a similar tax rate. Expenditures for the renewal of old buildings can likewise be granted tax relief for a certain number of years or a lower rate of assessment on improvements. Corollarily, buildings that do not conform to the architectural and density requirements of the district, and those intended for demolition should be slapped a higher, even punitive tax rate. The cost of demolition should not be considered as depreciation expense so that it could not be deducted from the taxable amount.

These tax measures and zoning and land-use mechanisms will cause the market to appraise these old buildings closer to their cultural and historic values in order to preserve them for the future. But it would be necessary to, first of all, ensure that the property tax collection is implemented effectively. Even if old buildings do not yet receive preferential tax treatment, any mechanism to discourage land speculation will be a necessary first step in allowing these old buildings to be preserved.

Conclusions and Recommendations

The crisis in East Asia has created breathing space to work for the effective conservation of these old buildings. The crisis has thus far reduced land speculation, construction and thus, demolition activities. It is therefore opportune to plan for the long-term development of these structures and the community around them. A number of activities can be done now.

First, we can start identifying the specific infrastructure requirements for the renewal of these areas. These include the installation of new

water pipes, sewer lines, electricity lines, telephone cables, road and sidewalk improvement. The very provision of these services requires that designs be in harmony with the district's aesthetic goal. Also needed would be a strategy for cleaning up the Estero de Quiapo and the Estero de San Sebastian, and then developing open green spaces along the waterfront. One can also begin to think of rerouting vehicular traffic flow and locating and designing the appropriate parking and transport terminal buildings, perhaps nearer Legarda.

The old buildings can be incorporated in the land-use maps and the tax maps so that we can now negotiate for lower tax rates and some form of tax relief or subsidy for their renovation. But one must also insist and lobby for an effective program of implementation of the real property tax, one that will generate revenues for the local government and at the same time reduce land speculation that will greatly aid in the revitalization, not just of Quiapo, but of all other historic districts in the metropolis. This will be the crucial point of partnership between the local government and the revitalization program, which can presumably be undertaken by a community development council or association.

We need to continue to do research on the architectural, artistic, social and personal histories of these buildings. This research will guide us in the process of adaptive reuse, the development of guidebooks and the identification of other appropriate business activities that can be encouraged in the district. It will also involve continuing research on the history and tradition of the entire Quiapo. It will yield the necessary information not just for the guidebooks, but also for the integrated development plan for the district. The preservation, conservation and revitalization of Quiapo can then be seen not as a mere beautification program, but as a viable local development program that can be applied in all other historic districts not just in Manila but in the entire Philippines.

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