

Preserving a Pueblo : A Plan for the Future of Guayama, Puerto Rico

by

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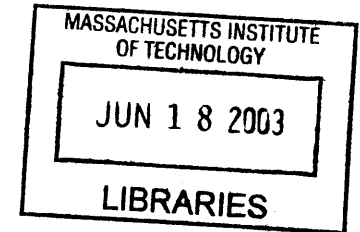
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By Larisalena Ortiz

Submitted to the Department of Urban Studies and Planning on May 15, 2003
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ABSTRACT

Since the 1980's, Puerto Rican development has been marked by low-density automobile-oriented growth, and commercial decentralization. This type of growth has increasingly put Puerto Rico's traditional downtowns, or 'pueblos,' at risk of continued abandonment as people and businesses move to the suburbs. The result has been increased residential and commercial vacancies, a redundancy in physical infrastructure that Puerto Rico can ill afford to support, and the continued loss of natural, architectural and cultural heritage resources.

The goal of this thesis is to prevent the further demise of Puerto Rico's pueblos by providing a model for the revitalization of Guayama, Puerto Rico, a community of 45,000 people located about 40 miles south of San Juan, the capital city. Guayama remains one of Puerto Rico's most vibrant pueblos, yet the decline of downtown is unmistakable. Abandoned homes and empty commercial spaces are common. However, Guayama's relative strength compared to other pueblos means it has the potential to lead Puerto Rico in a series of innovative downtown development strategies aimed at reversing this slow decline. Working from analysis of Puerto Rican economic conditions, Guayama's own strengths and weaknesses, and case studies, this thesis culminates in a work plan based on three guiding principles: the preservation and celebration of Guayama's heritage and culture; the support of local businesses, and a better downtown for the pueblo's resident population. This vision is supported through recommendations that develop local institutional capacity and increase local and visitor demand.

Institutional capacity, or the ability of local organizations to develop and implement revitalization strategies, forms the backbone of this thesis. Case studies suggest that a downtown coordinator and a relatively independent downtown organization are important components of successful revitalization initiatives. They provide formal opportunities for private sector involvement in local development while simultaneously creating a strong local mechanism for implementation. Guayama's strong cultural heritage and proximity to nature reserves form the foundation for strategies aimed at increasing visitor demand through "Heritage Tourism." Attracting people to the region's numerous cultural and historic sites, many of which are related to the region's sugar cane history, requires close partnerships with local municipalities and commonwealth institutions. A downtown coordinator can also help Guayama lead such a regional partnership initiative.

Combining strong institutional capacity with recommendations aimed at increasing local and visitor demand for Guayama's goods and services will result in a pueblo full of energy and vitality, where people continue to live, work, shop and visit. Guayama's success, in turn, will serve as a model for other Puerto Rican pueblos interested in revitalizing their own communities.

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At every turn in my professional development, I have sought to gain the knowledge necessary to help communities like Guayama resist the demise that has accompanied rapid urban growth. This thesis has provided me with the opportunity to come full-circle, and for that I thank the pueblo that served as my inspiration.

I would like to thank my thesis advisor, Susan Silberberg, for providing wonderful guidance while always keeping a watchful eye on the big picture. I am grateful to have worked with someone so enthusiastic and dedicated to her work. I would also like to thank my reader, Karl Siedman, for his insight and clarity throughout this process.

I am also grateful to my interviewees, all of whom provided insight into the challenges facing Puerto Rico's pueblos, in particular Jose Villamil of Estudios Técnicos, for inviting me to Camuy almost eight years ago to see a presentation that helped spur my interest in Puerto Rican downtown development, Vicente Feliciano of Advantage Business Consulting, for his feedback and willingness to share ideas and information, and Crisieda Navarro-Diaz for her guidance and support in the beginning of this process.

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS	6
TABLE OF CONTENTS	9
EXECUTIVE SUMMARY	11
BACKGROUND	13
MODEL PROGRAMS	16
OVERVIEW OF GUAYAMA'S STRENGTHS AND WEAKNESSES	17
RECOMMENDATIONS	22
DOWNTOWN WORK PLAN	23
BACKGROUND	29
GUAYAMA- AN INTRODUCTION	36
PROGRAM EXAMPLE SUMMARY	46
BACKGROUND SUMMARY	51
PHYSICAL INFRASTRUCTURE AND DESIGN	53
ASSETS AND OPPORTUNITIES	53
WEAKNESSES AND SHORTCOMINGS	56
PHYSICAL INFRASTRUCTURE AND DESIGN CONCLUSIONS	58
COMMERCIAL DEVELOPMENT	61
ASSETS AND OPPORTUNITIES	62
WEAKNESSES AND SHORTCOMINGS	66
COMMERCIAL DEVELOPMENT CONCLUSIONS	68
HOUSING	73
ASSETS AND OPPORTUNITIES	73

Table of Contents

WEAKNESSES AND SHORTCOMINGS	74
HOUSING CONCLUSIONS	75
INSTITUTIONAL CAPACITY	77
ASSETS AND OPPORTUNITIES	77
WEAKNESSES AND SHORTCOMING	81
INSTITUTIONAL CAPACITY CONCLUSIONS	83
RECOMMENDATIONS OVERVIEW	85
OVERVIEW	86
A THREE-PRONGED REVITALIZATION STRATEGY	86
DEVELOP INSTITUTIONAL CAPACITY	88
INCREASE LOCAL DEMAND	91
INCREASE VISITOR DEMAND	91
SUMMARY	94
WORK PLAN	99
DEVELOPING INSTITUTIONAL CAPACITY	99
PHYSICAL INFRASTRUCTURE AND DESIGN COMMITTEE	106
COMMERCIAL DEVELOPMENT COMMITTEE	112
HERITAGE TOURISM COMMITTEE	117
PROJECT FINANCING	123
APPENDICES	129
PROGRAM MODELS	131
SMALL-CITY DOWNTOWN MODELS	131
STATE AND/OR CITY MODELS	141
COMMERCIAL DEVELOPMENT MODELS	147
PRIVATE SECTOR PARTICIPATION MODELS	151
BIBLIOGRAPHY	157
INTERVIEW LIST	161

EXECUTIVE SUMMARY

Whenever I am asked about my interest in urban planning, I always begin by describing my childhood visits to Guayama, my father's hometown in Puerto Rico. As a child and later as an adult, it was hard not to notice the beautiful colonial buildings and plaza, once bustling with people and businesses, being abandoned in favor of newer developments on the outskirts of town. The same benches where I would sit with my grandfather on balmy evenings under the famous globe-shaped trees were increasingly vacant. To any student of urban planning, the demise of downtown is a familiar story. Neglect and urban sprawl have created increasingly obsolete historic downtowns and have transformed the character of once vibrant communities. However, the slow demise of Guayama struck a much deeper chord. Something of valued was being dismantled right before my eyes, and I began to wonder, how could I make a difference?

The demise of communities like Guayama also speaks to much broader challenges facing the island as it struggles to manage uncontrolled urban growth. From an economic standpoint, Puerto Rico's pueblos represent billions of dollars infrastructure and property investment that is being underutilized. Instead of reinvesting in this existing infrastructure, billions more is being spent constructing new developments and retail centers that duplicate what can already be found in the pueblos. The decentralization of traditional retail districts has also created a highly automobile dependent culture. Puerto Rican's have one of the highest rate of automobile ownership in the world, resulting in world-class traffic jams and reduced air-quality. And as Puerto Rican's have shifted their spending to local strip centers and enclosed malls, the majority of which are dominated by American-based retail conglomerates, Puerto Rican businessmen have suffered. Because, as pueblos die, so do opportunities for small business entrepreneurs, resulting in fewer profits kept in the community, and less support for family-owned businesses.

**A VISION OF
GUAYAMA'S FUTURE**

Preservation of Culture
and History

Successful
Local Businesses

A Better Pueblo
for Residents

Revitalizing Puerto Rico's pueblos is more than simply advancing an economic argument. Puerto Rico's cultural heritage and strong sense of identity is represented in the buildings and public spaces now being abandoned. The buildings that speak so eloquently to a heritage marked by Spanish colonial rule and agricultural dominance are slowly falling into such a state of disrepair that demolition is increasingly the only option. And a Puerto Rican way of life once defined by tight-knit communities, where easy conversations were had on front porches, and where children were allowed to wander to the local corner store in search of shaved ice, is being lost. Finding a way to reverse this process is not only about helping Guayama, it is about developing a model for downtown revitalization that can be used in other pueblos as well. Ensuring that Puerto Rico's historic pueblos are not abandoned is an important first step in slowing urban sprawl, supporting local businesses, and maintaining a way of life and culture that is increasingly being threatened.

*Preserving a Pueblo*¹ is a downtown revitalization plan that uses examples from other communities, current downtown development literature, interviews with state and local officials, and my own experience working in downtown development both in the United States and Latin America as the basis for a detailed work plan. There is no need to reinvent the wheel when successful examples of downtown revitalization abound. The challenge instead is to learn from these examples and modify them to reflect Guayama's, and by extension, Puerto Rico's, unique social and political context. This thesis does that by providing a framework for the revitalization of Guayama's historic pueblo.

Guayama is now at a crossroads. Much has been accomplished in recent years by the current administration. Mayor Hector Colón Mendoza has championed the cause of the pueblo, finding resources to rehabilitate the famed *Plaza de Recreo*, renovate a historic downtown movie theatre and build a municipal parking structure to alleviate parking concerns. These are all important steps in the right direction. However, as other

¹ *Pueblo* is the Spanish word for 'town.' In Puerto Rico, pueblo is interpreted as the traditional downtown area. In the context of this thesis, I will use the words pueblo and downtown interchangeably.

communities can attest, individual projects are but one component of any successful revitalization effort. Without a comprehensive approach to downtown revitalization, one that incorporates the efforts of local business owners and property owners, even the most well intentioned projects often fail to produce the intended results.

Guayama is now positioned to utilize these projects as a starting point for a truly successful revitalization strategy, one that results in three main objectives, the preservation of culture and history, stronger and more successful local businesses, and a more populated and vibrant pueblo. With Guayama's strong residential base and existing businesses, relative to other pueblos on the island, it is clearly one of the best candidates for revitalization. Making sure that this happens, however, is a much greater challenge. This thesis faces that challenge directly, by outlining how Guayama can develop a comprehensive downtown revitalization effort using the positive momentum created by current downtown revitalization efforts.

BACKGROUND

PUERTO RICO CHALLENGES

The good news is that politically, the time is right to influence the downtown development process in Puerto Rico. Governor Sila Calderón has made the revitalization of the island's pueblos one of her administration's priorities. As I write this, the *Directoría de Urbanismo*, the department created by Sila to implement the revitalization initiative, is working hard on the first phase of projects in 18 participating pueblos.

The challenges that Calderon's administration faces as it works with local communities are important to identify if the current downtown initiative is to succeed. These challenges stem, in part, from the island's economic and political history, first as a colony of Spain and later as a commonwealth of the United States. A survey of economic development practices I conducted as a consultant with the Council for Urban Economic Development (CUED) in 1999 revealed a number of significant economic development challenges.

The survey uncovered a heavy reliance on federal funding to jump start economic development initiatives. Public works and infrastructure projects function as the primary

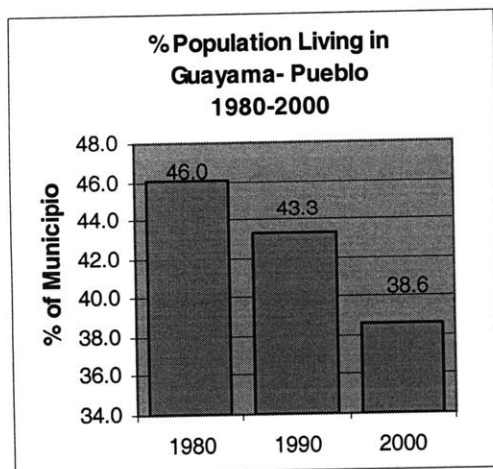


Figure 1: The past twenty years have seen a steady decline in the downtown population.

Source: US Census, 1980, 1990, 2000

economic development stimulators, creating construction jobs, but often with little long-term impact. To date, economic development on the island has tended to gravitate towards big public works projects rather than initiatives aimed at supporting small businesses and developing local institutional capacity.

The survey also found a tremendous lack of trust between the public and private sectors, resulting in few effective public-private partnerships. From big cities to small, the private sector's hesitance to get involved is often perceived by public officials as disinterest. Over time, it has simply become easier to look to Federal and Commonwealth funding as the answer, rather than attempt to build ties and partnerships to tackle local economic development needs. Overcoming these economic development challenges is central to implementing any successful downtown revitalization strategy.

Another issue that is important to mention is the tourism industry. While tourism reflects only 6.2% of Puerto Rico's Gross National Product (GNP), it is an important component of the economy. Within this context, the revitalization of the island's historic pueblos serves as an interesting potential economic development tool. This is because historic preservation is increasingly being used to attract visitors. When coupled with unique businesses and special events, historic preservation can form the foundation for successful tourism initiatives that celebrate local culture without destroying it.

GUAYAMA CHALLENGES

Demographic Analysis

Our data suggests that like other pueblos in Puerto Rico, Guayama's pueblo is slowly losing residents, witnessing increased vacancy rates and a slow aging of the population, even as it continues to provide low cost rental housing for families with young children. However, in comparison to other pueblos, Guayama is in a relatively strong position. Population loss is occurring at a slower pace, suggesting that living in the pueblo

Economic Analysis

Guayama's early economic history was tied to sugar cane. Today, the area is home to a number of pharmaceutical and manufacturing companies. The pueblo itself is going

through difficult times. A mall constructed in the mid-1990's has heavily impacted downtown businesses. Residential development to the south and east of the pueblo has also led to the decentralization of goods and services. As a result, there are a number of significant downtown vacancies along Calimano and Derkes Streets, Guayama's traditional commercial streets. Advantage Business Consultants, a firm currently under contract with *Fomento Comercial* to prepare economic development plans for the pueblo, recently found out that El Amal Pharmacy, the largest and most prominent store on the *Plaza de Recreo*, is also leaving the pueblo for a location on PR-54, a major commercial thoroughfare located to the south of the historic pueblo. Finally, a recently construction conference center, also on PR-54, promises to increase visitor traffic to both the municipio and the pueblo.

Physical Analysis

A physical analysis of the *zona historica*, or historic district, finds a large supply of historic wooden residential structures that form the basis for the pueblo's 1991 historic district designation. Together with the recently renovated plaza and significant historic commercial structures located immediately adjacent to the *Plaza de Recreo*, the pueblo is fortunate to have maintained a strong historic character that can be used to its advantage.

Despite the historic district designation, there remain significant challenges to preserving the town's historic character. While the historic district, or *Zona Historica* as it is known, was accompanied by a few financial incentives for rehabilitation and new construction, banks are resistant to insure and lend mortgages for the rehabilitation of wooden buildings. Hurricane and fire safety concerns have led to a lack of financing for building rehabilitation. This challenge is the one of the most significant facing the restoration of many of historic buildings found on the island.

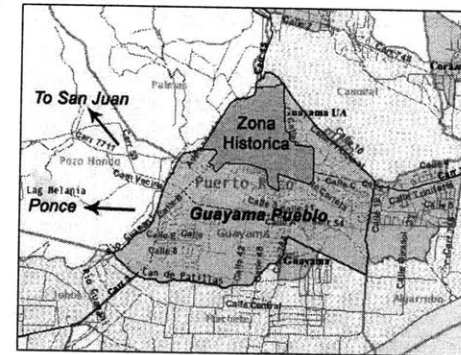


Figure 2: The *Zona Historica* is the original core of the pueblo.

MODEL PROGRAMS

The model programs studied here form the backdrop for many of the recommendations offered in thesis. As such, a review of the lessons learned from these examples helps to highlight the ways in which other communities have successfully confronted many of the same challenges facing Guayama.

Program	Location	Lessons Learned
MAIN STREET PROGRAM	Over 1,600 communities nationwide	<ul style="list-style-type: none"> • A comprehensive approach including business support and assistance is vital. • A professional coordinator is fundamental. • Public-private sector partnerships are a valuable way to structure the development process.
BOSTON CITY-WIDE MAIN STREET PROGRAM	Boston, MA	<ul style="list-style-type: none"> • The value of improved local capacity and private sector participation. • State coordination of regional promotion and marketing helps to raise profile of communities. • Designing programs specific to merchants helps increase their participation rates in the initiative. • Technical assistance and promotional efforts play a role in improving businesses.
LA EMPRESA DEL CENTRO HISTÓRICO	Quito, Ecuador	<ul style="list-style-type: none"> • Public-private entities can tackle larger, more complicated projects. • Loosening political ties makes it easier to work with merchants. • Strong public leadership is critical to maintaining long-term momentum. • Revitalization is a long-term process. • The program must receive consistent public sector support. • Housing is important to the downtown mix. • Strategic real estate investment helps convince private sector developers of investment potential.
RETAIL CHICAGO	Chicago, IL	<ul style="list-style-type: none"> • City provided “account managers” who help businesses find space and facilitate permitting. • A database of vacant properties allows program to work more closely with property owners.
REBUILD L.A.	Los Angeles, CA	<ul style="list-style-type: none"> • A database of vacant properties makes it easier for businesses looking for space to find it. • Allows city to be proactive in determining where uses are most appropriate and where they will best achieve a successful.

OVERVIEW OF GUAYAMA'S STRENGTHS AND WEAKNESSES

PHYSICAL INFRASTRUCTURE AND DESIGN

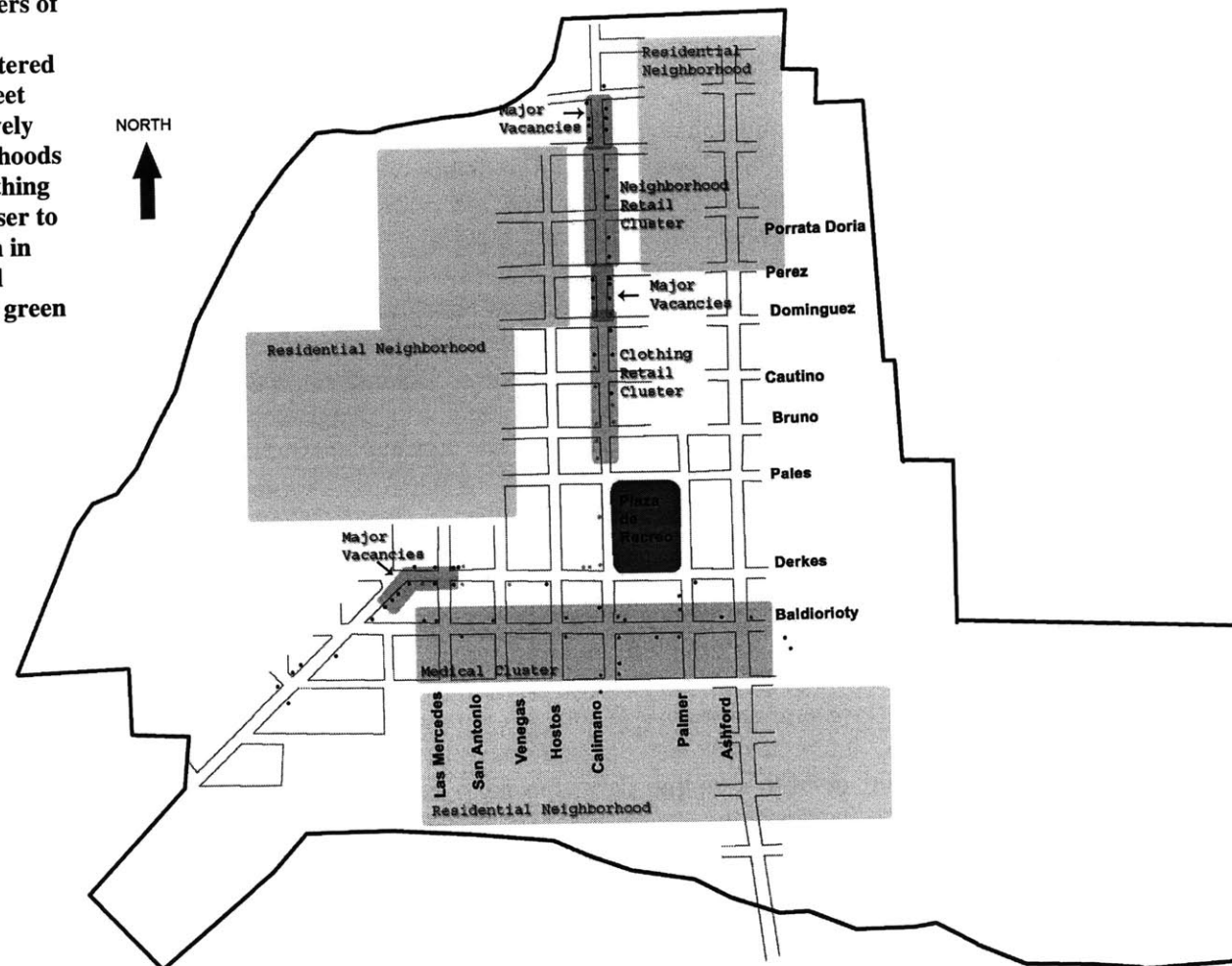
Guayama's ample supply of historic buildings, attractive principal plaza and Catholic Church are wonderful physical resources that enhance the already strong sense of place found in the pueblo. Coupled with effective municipal efforts to keep the downtown free of trash and debris, the physical qualities that make Guayama unique are valuable resources in the revitalization effort. Local authorities have long recognized this, and have taken steps to ensure the preservation of significant buildings, as well as designating of a *Zona Historica* in order to prevent the demolition of historically significant buildings and to require design review for both rehabilitation and new construction.

However, these strengths are not particularly visible to the average visitor upon first impression. The major entrances/gateways to downtown are lined with dilapidated structures that do not do justice to newly rehabilitated plaza and surrounding buildings. The entrances leave visitors unaware that the core of the pueblo is as attractive as it is. Relatively few signs direct people to the plaza and principal downtown business district. Moreover, existing parking is not readily evident to drivers, who are left to maneuver very narrow streets in search of parking. In addition, many downtown retail stores have relatively poor quality window displays, and in many cases, are barely visible behind the metal bars that secure the windows.

As Guayama seeks to attract more visitors, particularly in light of the newly constructed conference center, responding to these issues will become increasingly important. Fortunately, the pueblo is working closely with the Commonwealth to implement a number of physical improvements, including the rehabilitation of facades around the plaza and the burying of utility lines along Derkes and Calimano Streets.

Executive Summary

Figure 3: Within the borders of the Zona Histórica, neighborhood retail is clustered along North Calimano Street and is supported by relatively dense residential neighborhoods to the east and west. A clothing retail cluster is evident closer to the *Plaza de Recreo*, shown in green. A cluster of medical clinics is identified in light green to the south of the plaza.



COMMERCIAL DEVELOPMENT

Commercial development has long been the “ugly step” child of downtown development, not only in Puerto Rico, but throughout Latin America, where planning has often been done by individuals trained in architecture and design. Fortunately, the *Directoría de Urbanismo* is now working with the Commonwealth’s commercial development agency, *Fomento Comercial*, on economic development plans meant to accompany current physical infrastructure and design plans.

A closer look at Guayama suggests that, while existing businesses are struggling with competition from the local mall, there are relatively strong business clusters that continue to attract people. In particular, a retail cluster along Calimano as one nears the plaza, a neighborhood commercial cluster along Calimano as one walks away from the plaza, a medical cluster to the south of the plaza, and strong government and service clusters scattered throughout downtown. In addition, local schools are spread throughout the pueblo, and a local university, the *Instituto de Banca y Comercio*, occupies a building on the plaza. Together with the new convention center, the restored movie theatre, and a new parking structure, many of the building blocks are in place to move the revitalization process ahead. In addition, the relatively strong local agricultural sector suggests the possibility of a local farmers market for Guayama residents, which would in turn help small farmers.

Unfortunately, commercial development is hampered by a lengthy, bureaucratic permitting process, high automobile dependency that makes it difficult to visit downtown, and no formal mechanisms for private sector involvement in the current revitalization initiative. The local merchant’s association, *Asociación Comerciantes Unidos de Guayama* (ACUG) is relatively inactive and has a difficult time bringing merchants together for their common good. Finding ways to include the private sector in decision making, while simultaneously strengthening local businesses, is likely to be among the more challenging components of the revitalization process.

HOUSING

Guayama is fortunate to have retained many residents, despite the strong pull of low cost housing in suburban developments. Current plans to rehabilitate 36 city-owned properties in the historic pueblo are important steps in the right direction. Unfortunately, the private sector has been slow to rehabilitate or construct new housing on the pueblo. While there are multiple reasons for the lack of interest in downtown housing, one important consideration is the difficulty in accessing traditional housing finance resources, such as the Federal Historic Rehabilitation Tax Credit or the Low-Income Housing Tax Credit. Locally, there are few individuals with the experience to utilize these funding sources. Moreover, due to Puerto Rico's tax status, residents do not pay federal income tax, greatly limiting the use of tax credits for housing finance. Coupled with the resistance of banks to underwrite mortgages for wooden buildings, there remain serious structural barriers to the development of housing in Puerto Rico's historic pueblos.

Another issue is that of the *Zona Historica*. While interviews seem to suggest that the designation of the *Zona Historica* does not deter individuals from purchasing homes in the pueblo, the regulations and code requirements likely overwhelm the typical homebuyer, who may feel that they must hire a professional architect to build or restore a home. Overcoming this perception is important to ensuring that homes and properties in the pueblo receive the same consideration from home buyers as those in other areas of town.

INSTITUTIONAL CAPACITY

Developing Guayama's capacity to implement strategic recommendations for the purposes of downtown revitalization lies at the cornerstone of this thesis. Fortunately, both the Commonwealth and City of Guayama are dedicated to the revitalization efforts currently being spearheaded by the *Directoría de Urbanismo*. Economic development strategies being developed by Advantage Business Consulting (ABC), a local economic development consulting firm, in conjunction with *Fomento Comercial*, offer another opportunity to make inroads into the local business community. With a local branch of

Fomento Comercial located directly on the *Plaza de Recreo* there is a good opportunity for Guayama to make better use of the resources offered by this institution.

Despite all this potential, it is fair to say that local institutional capacity remains relatively low, not only in Guayama, but in Puerto Rico as a whole. Much of this relates back to some of the general economic development challenges discussed earlier. The focus on Federally-funded infrastructure projects has greatly stifled the development of local organizations and their ability to take on economic development projects with limited outside resources.

In Guayama, the problem is exacerbated by a relatively defunct downtown merchants' association. Struggling business owners are often too busy to participate and do not see the benefits of coordinated action. This is due, in part, to the fact that previous attempts to contribute to the dialogue on downtown development were rebuffed by civic leaders, leaving business owners skeptical of their ability to make a difference. Without a strong, unified voice, it has been difficult for the local business community to be heard and recognized.

Another area of concern is the current management of the existing revitalization initiative. To date, the mayor has spearheaded the downtown revitalization effort. While he has been very successful in obtaining funding for significant physical improvement projects, including the restoration of the *Plaza de Recreo*, the recuperation of Guayama's historic theatre, and the construction of a municipal parking lot, Guayama is now in the position to use these accomplishments as building blocks for a more ambitious downtown development strategy.

Now approaching his twentieth year as mayor, Mendoza has been a tireless advocate for Guayama's pueblo. Downtown's relative strength compared to almost every other pueblo in Puerto Rico is in many ways a testament to his leadership. However, his position as mayor requires that he distribute his attention among many areas of the municipality, not just the pueblo. As a result, the time he can afford to give to the administration of the pueblo does not allow him to do many of things required of the most successful downtown revitalization efforts, including visiting frequently with store owners, organizing

promotional activities and marketing campaigns, and working closely with local media outlets to attract positive coverage, just a few of the numerous tasks required of a successful revitalization efforts.

RECOMMENDATIONS

This thesis seeks to present ways in which the pueblo can achieve the three major objectives discussed earlier; First, the preservation of local customs, culture and physical amenities; Second, the success of local businesses; And third, by finding ways to move towards these first two goals we can make the pueblo a more attractive place to live, shop and conduct business.

A THREE-PRONGED REVITALIZATION STRATEGY

The answer to the revitalization puzzle lies in the need for goods and services provided by the city's local businesses. Demand comes from two sources, people within the pueblo and surrounding region (local demand), and people who live in other regions of Puerto Rico or live off the island (visitor demand). Demand is what keeps local businesses open and creates opportunities for the preservation of Guayama's local culture and architectural heritage.

However, before we can begin to address ways to increase local and visitor demand, we must recognize that any set of strategies, whether they include those presented in this thesis or in any other study, depend upon local institutional capacity, or the ability of the local community to implement and follow through on the recommendations. As a result, this thesis is built upon the premise, supported strongly by case studies, that institutional capacity is the foundation of any successful downtown revitalization program.

The three 'prongs' of this revitalization strategy are as follows:

Develop Institutional Capacity: Giving the community the ability to implement successful downtown revitalization lies at the core of these recommendations. Without a coordinator to implement and follow through on the every day responsibilities associated with revitalization, the ability to effectively improve



the downtown economy will be compromised.

Increase Visitor Demand: Promoting a new regional vision based on the areas strong history in the sugar cane industry. Heritage Tourism, as it is known, has the potential to attract visitors to a particularly under visited region of Puerto Rico, without drastically altering the character of the town. Heritage Tourism is also an attractive option, particularly as the island prepared for the impact of the opening of Cuba's borders to American tourists. Cuba's relative attractiveness as a tourist destination is predicated on unique culture and heritage found there. People seeking a cultural experience will likely choose Cuba over Puerto Rico. In preparation, Puerto Rico must begin to see the value in preserving and maintaining not only its architectural heritage, but its cultural and artistic heritage as well. Not only for 'cultural tourists' but for its own sense of identity as well.

Increase Local Demand: Finding ways to attract local residents back to Guayama to both live, shop and conduct their daily business. Preserving the pueblo as a place for local residents is important to ensuring that the revitalization strategy also reflects the needs of the people of Guayama.

DOWNTOWN WORK PLAN

ORGANIZATIONAL STRUCTURE AND WORKING COMMITTEES

The downtown work plan begins by suggesting ways to develop local institutional capacity. Through the guidance provided by a downtown coordinator, who works to convene local stake holders and tackle projects, it is in fact possible to increase local capacity. Small, 'easy wins,' many of which are outlined in the recommendations, are particularly important in the early phases of the program. By proving to prove to local business owners, property owners, and the city that they can be successful in working together towards mutual goals, it will become possible to tackle some of the more ambitious recommendations in this thesis.

Working under the guidance of a board of directors, the downtown coordinator helps the committees realize their goals. The stakeholders included here are suggestive of the more inclusive nature of an effective downtown organization. These may not be the only groups or organizations who should be involved. However, they provide guidelines for who the major players *might* be. The committees are a way to get local stakeholders involved and to ensure that they contribute to the effort.

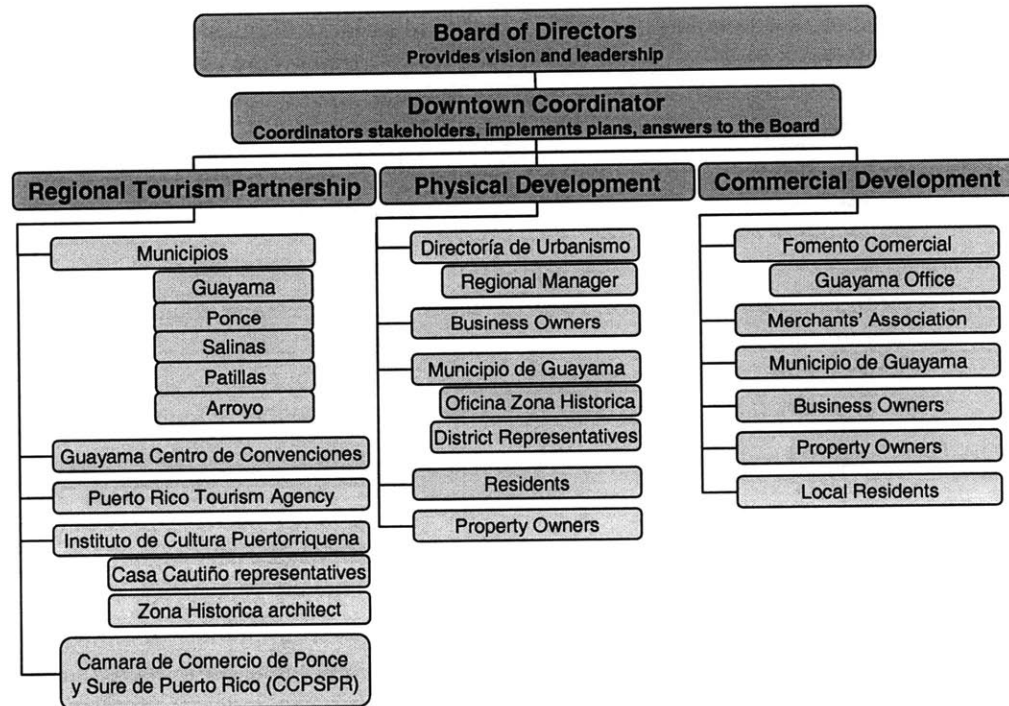


Figure 5: This organizational diagram shows how a downtown coordinator would work with committees made up of downtown stakeholders to implement a series of comprehensive revitalization strategies.

The committees are:

Heritage Tourism Committee: Responsibilities include developing regional partnerships and enhancing the image of the pueblo through improved cultural programming and strategic marketing.

Commercial Development Committee: Provides support to local businesses through targeted business services, marketing and promotion.

Physical Infrastructure and Design Committee: Works on implementing the physical improvements necessary to make the pueblo a more attractive and functional place.

By working in conjunction with a downtown coordinator and the Board of Directors, these committees can begin to tackle the larger goals of the revitalization effort.

PROJECT FINANCING

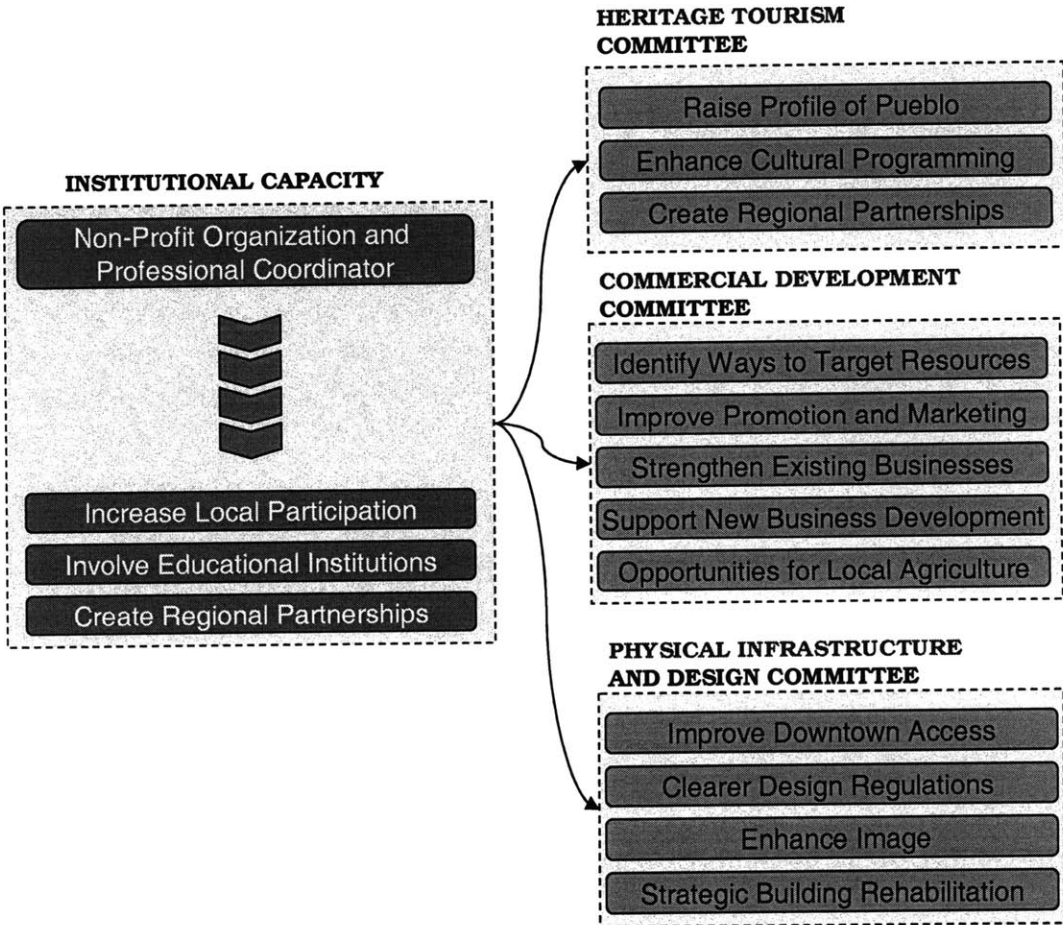
The implementation of this downtown revitalization strategy relies on a number of public and private sector financing tools. For Guayama, a city with a population of 45,000, an adequate yearly budget would be about \$125,000, which would cover the cost of paying a full-time staff member, an assistant, and renting and equipping an office. When considered in the context of the \$7,300,000 projected for the first phase of physical infrastructure projected in Guayama alone, this funding represents a mere 2% of that amount.

One possible source of financing is *Fomento Comercial*. As part of their ICCU (*Iniciativa Comercial para los Centros Urbanos*) initiative, they have announced competitive funding for up to \$100,000 for “innovative” revitalization initiatives. This seed money could be used to establish the program and pay the coordinator for at least the first three years. Another option is initially locating the downtown coordinator within *Fomento's* Guayama offices. This option also makes sense given that existing economic development plans being developed by *Fomento Comercial* will have the Guayama offices taking the lead in implementation.

Partnering with local civic, educational and religious organizations is a common way to raise funds for smaller projects and activities. Partnerships around local cultural activities, for example, are a good way to get local arts and culture organizations involved, and participating by local attorneys or accountants is also a common way to receive free or reduced cost legal and financial services.

Figure 6: Institutional capacity, in particular, a non-profit organization and professional coordinator, are a precursor to the recommendations in this thesis.

RECOMMENDATION OVERVIEW



CONCLUSION

In conclusion, these recommendations address a variety of issues unique to Guayama and the Puerto Rican context, while treading new territory in the field of downtown development on the island. Ensuring that local political and private sector leaders work together to tackle the revitalization of the pueblo is by far the most challenging, and most important, component of this revitalization plan. It is only by developing this 'local capacity' that the Guayama will be able to implement the kinds of strategies necessary to ensure the long-term success of the revitalization initiative.

Guayama is not the only community that can benefit from a successful revitalization initiative. By proving that Puerto Rico's pueblos can in fact overcome the challenges they face, Guayama can serve as a model for successful revitalization strategies in Puerto Rico and beyond.

Executive Summary

BACKGROUND

PUERTO RICO- AN INTRODUCTION

Puerto Rico is an island of contrast. It combines Latin American culture and values with a strong American influence that has dictated lifestyles, consumer patterns and political structure over the past century. To understand how to affect economic change on the island, it is necessary to understand the context in which the prevalent economic development patterns have emerged.

Historically, the public sector has played the most important role in economic development. That legacy remains to this day. Puerto Rico's history of centralized government can be traced back to over 400 years of Spanish colonial rule. When the island was won by the United States after the Spanish-American War in 1898, the U.S. inherited a very poor agricultural country whose primary exports included sugar cane,



Figure 7: Guayama's Plaza de Recreo at the turn of the Century.

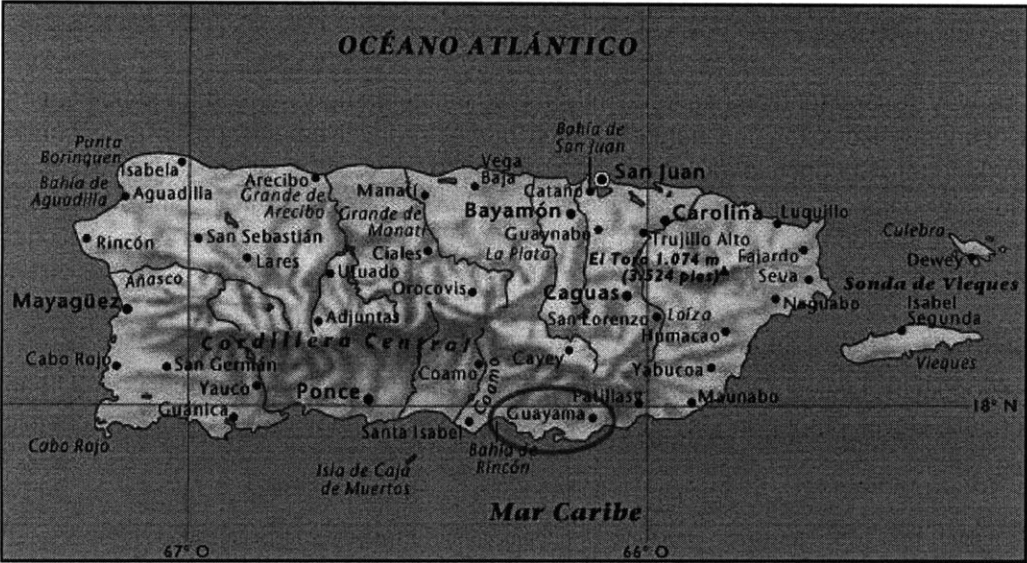


Figure 8 : Map of Puerto Rico with Guayama circled.

coffee and tobacco. Politically, Puerto Rico's status was ambiguous. No longer a Spanish colony, yet certainly not integrated into the United States, Puerto Rico was left to occupy a middle ground. It wasn't until 1917 when Puerto Rican's officially became U.S. citizens.

By the beginning of World War II, the main strategy for economic development had become, and would remain, a reliance on federal policy and funding. Whether those policies include Section 931 of the U.S. Internal Revenue Tax code, which granted federal income tax exemption to the earnings of U.S. manufacturers operating in Puerto Rico, or "Operation Bootstrap," a federal program started in 1952 to rapidly industrialize the island through the attraction of labor-intensive apparel firms and tourism, economic growth has largely been determined by where U.S. federal monies are directed.

This heritage continues to influence the way economic development programs are developed and implemented. The need to create jobs in a struggling economy has caused the majority of Community Development Block Grant (CDBG) and Economic Development Administration (EDA) money to go towards large-scale infrastructure and public works projects that employ large numbers of people in relatively well-paid construction jobs.

In this way, federal funding has frequently served as the primary method for jump-starting the economy. However, the nature of such monetary involvement and its detachment from long-term economic development planning has meant that these projects are frequently one-shot monetary injections into the economy, rather than sustained economic development polices aimed at building local development and organizational capacity.

ECONOMIC DEVELOPMENT CHALLENGES

An economic development survey conducted by the author for the Council for Urban Economic Development² in May of 2000 served to clarify many of the island's economic

² In 2001 the Council for Urban Economic Development united with the American Economic Development Council to form the International Economic Development Council (IEDC).

development challenges.³ The survey included interviews with twenty-one high-level public and private sector officials, including members of both political parties and numerous private sector representatives. The results of these interviews suggest numerous structural and institutional barriers that prevent the implementation of successful economic development strategies. Some of the major report findings include:

- **The public sector is unaccustomed to working closely with the private sector.** Public sector actors often do not consider private sector input as a viable option for planning and financing economic development projects.
- **The private sector lacks faith in the public sector’s ability** to provide assistance and advocate for their needs. Business leaders who have approached the public sector for assistance have often found political leaders unwilling to seriously entertain their requests or suggestions. As a result, private sector players are hesitant to invest the time and energy necessary to work closely with the public sector officials.
- **Federal funding and public works drive economic development.** The survey found that Federal funding for economic development is directed at public works and publicly funded infrastructure projects, rather than programs aimed at small business assistance or developing local economic development capacity.
- **Public-private partnerships occur infrequently.** Mutual distrust and past experience have resulted in few public-private partnerships. Lobbying by professional associations and informal meetings with lawmakers were the most frequent way by which private sector leaders assured input in the policy-making process. Without more formal ways in which the private sector can contribute to the decision making process, political decisions are often made without the valuable input of private sector stakeholders.
- **Small business owners receive inadequate assistance from public sector agencies** charged with providing service and assistance. Interviewees

DEVELOPMENT CHALLENGES IN BRIEF

- ◆ No tradition of private sector involvement
- ◆ Prior attempts by private sector to get involved have been rebuffed. Private sector hesitant to try again.
- ◆ Large public infrastructure projects drive economic development
- ◆ High level of mutual distrust between public and private sectors actors
- ◆ Small businesses receive inadequate support from local and state public agencies

³ Larisa Ortiz, “Economic Development Survey: The Commonwealth of Puerto Rico” (Unpublished Report, Council for Urban Economic Development, June 2000)

from both the public and private sectors admit that government bureaucracy and a sluggish permitting process hamper entrepreneurial tendencies. Recent newspaper accounts suggest that the problem has not abated since the 2000 survey. *El Nuevo Dia*, an island newspaper, recently printed an article entitled “Merchants Give an ‘F’ to *Fomento Comercial*.”⁴ *Fomento Comercial* is the agency charged with assisting small business owners. Whether this article is true or not, there remains the strong perception that *Fomento* has done little in the past to support small business owners.

What do these findings mean for local municipalities? Thesis interviews with public and private sector officials confirm that these attitudes are rampant not only at the Commonwealth level, but at the local level as well. From small business owners to municipal officials, partnerships and collaborative efforts do not come naturally, or in many cases, at all. The real challenge facing any economic development strategy is overcoming the perceptions and attitudes of distrust while finding ways to support collaborative efforts between the public and private sectors.

TOURISM INDUSTRY

While Puerto Rico’s tourism industry accounts for only 6.2% of Gross National Product, it is a growing industry that represents spending to the tune of \$2.7 billion dollars (FY ’01).⁵ In 2001, 4.9 million tourists visited the island, a 7.5% increase over the previous year. Manufacturing is the largest industry, and accounts for 40% of GNP, followed by the service sector, which accounts for 26% of GNP⁶

Since 1985, the number of visitors to the island and the amount they spend has grown consistently, save for the impact and aftermath of Hurricane George in 1999. The data

⁴ Marian Diaz, “Los Comerciantes Le Dan ‘F’ a la Gestion de *Fomento Comercial*.” *El Nuevo Dia*, 26 January 2003, 13.

⁵ Government Development Bank for Puerto Rico, *Puerto Rico’s Economic Outlook: May 2002* (San Juan, Puerto Rico: GPO, 2002), 25.

⁶ Federal Deposit Insurance Company, *FDIC: Puerto Rico State Profile, Spring 2003*, Spring 2003, <<http://www.fdic.gov/bank/analytical/stateprofile/ny/ma/PR/PR.html>> (4/24/03).

suggests that growth in tourism is the result of increased expenditures from nonresident visitors who are primarily registered in hotels.⁷ This implies that the benefits of tourism are found in areas where nonresidents tend to visit, and where hotel development is common. These findings are significant because they suggest that tourism is not evenly distributed across the island. The majority of hotel development occurs in and around San Juan, and in smaller pockets along the northeast and southwest coasts. San Juan and Old San Juan, for instance, benefit from the many cruise ships that deposit passengers at the port during the day. Travelers interested in visiting Puerto Rico's famed beaches tend to frequent the northeast and southwest coasts, where the waves are said to rival some of the best beaches in the world. In contrast, the south central coast, where Guayama is located, is not a common tourist destination. Tourists would be hard pressed to find adequate accommodations in many small towns along the south coast, including Guayama. A search for lodging in the Southeast region on Puerto Rico's primary tourist portal <www.welcome.topuertorico.org> brings up five hotels, the majority of which are located closer to the island's well-known northeastern beaches than to Guayama.

Ponce, a city located about 45 minutes west of Guayama and located in the South region, seems to be emerging as a local tourist destination. In honor of 500 year anniversary of Columbus' voyage, the city, with financial assistance from the Spanish government, invested hundred of millions of dollars in the preservation of significant buildings and public places. While the results have been mixed (many downtown businesses went bankrupt during the construction process), the strategy has increased tourist interest in the city. A local Ponce official estimates that 85% of visitors to Puerto Rico now visit Ponce.⁸ While this statistic is likely exaggerated, the growth of Ponce as a regional tourist destination is an important consideration for the entire southern coast. It suggests that attracting more visitors, both from Puerto Rico and abroad, may require a regional initiative, rather than a piecemeal process of marketing individual tourist destinations and towns.

⁷ Federal Deposit Insurance Company

⁸ Roberto Puello Brenes, interview by Larisa Ortiz, 15 January 2003.

Despite Ponce's success, the southern region has a long way to go as a prime tourist destination. Major tourist web portals, including those managed by the Puerto Rican tourist bureau, make no mention of any beaches on the entire southern coast. And while Guayama's Casa Cautiño, a historic house museum located on the main plaza, is mentioned, the interactive map that features art galleries and museums makes no mention of it. Other oversights include Guayama's *Museo de Bellas Artes*, a restored neoclassical court building filled with the work of Puerto Rican artists and the pueblo's famed *Plaza de Recreo*, often touted as one of the most pleasant plazas in Puerto Rico. While these are likely oversights, the fact that the local mall, a typical suburban style regional mall whose anchors include Super K-Mart and Wal-Mart, is highlighted as a tourist destination is rather disturbing. Nonetheless, it is indicative of the need for Guayama to raise its profile and work directly with Puerto Rican tourism bureaus to make sure that local historic and cultural attractions are included and highlighted.

PUERTO RICAN DOWNTOWN DEVELOPMENT

Over the years, the Commonwealth and both of its leading political parties have given serious consideration to the needs of the island's historic pueblos. In 1989, the Department of Economic Development and Commerce created a program called *Corazon del Pueblo*, or "Heart of the Pueblo." Based on the National Main Street program, a model of downtown development developed by the National Trust for Historic Preservation, *Corazon del Pueblo* provided technical assistance to participating communities. The program was originally intended to emphasize community participation and private sector participation; however it was under funded and under staffed, and had little impact on participating pueblos. In 1995, funds were secured for consulting assistance from the National Main Street Center (NMSC). While a successful downtown development strategy here in the United States, the program met with mixed results in Puerto Rico. This was due, in part, to the fact that Main Street literature is written almost exclusively in English, making it difficult for a program manager to offer access to the same resources as other Main Street communities. Moreover, the loss of Spanish-speaking staff greatly hindered the programs ability to provide services to Puerto Rico. After a two-year commitment, NMSC pulled out. Interestingly enough, Mayagüez, the community with whom Main Street worked closely, is heralded as one of the more

successful pueblos in Puerto Rico. The local merchants association is a strong organization with the capacity to develop and pay for a local trolley system that brings people to and from satellite parking areas to the city.

Fortunately for downtown advocates, current Governor Sila Calderón has determined that the revitalization of Puerto Rico's struggling pueblos will remain one of her public policy priorities. While *Corazon del Pueblo* was discontinued when Governor Calderon took office in 2001, she created an entirely new department, the *Directoría de Urbanismo*, to oversee downtown revitalization efforts. Led by Architect Diana Luna, a native of Guayama, the department has worked closely with the 18 municipalities that have elected to be part of the first round of projects. Together with local political leaders, plans were drawn for programs and projects intended to aid in the downtown revitalization process.

Unfortunately, these plans have focused almost exclusively on physical infrastructure and design needs. No economic development planning or research accompanied these plans, many of which are slated for groundbreaking within the next year. However, the *Directoría de Urbanismo* is currently working with *Fomento Comercial*, the Commercial Development Administration, to suggest mitigation strategies for small businesses during these construction projects. The *Directoría de Urbanismo* has determined that revitalization plans for the next round of communities will include economic development research and strategies as an integral part of the planning process. This means that the first round communities, including Guayama, will begin implementing infrastructure projects that have been created without the benefit of economic development research. While economic development plans are currently being drafted that take into account the existing infrastructure plans, the question remains. Will local level officials identify as strongly with the economic plans currently being developed as they were of the infrastructure plans put forth by the *Directoría de Urbanismo*?

Background



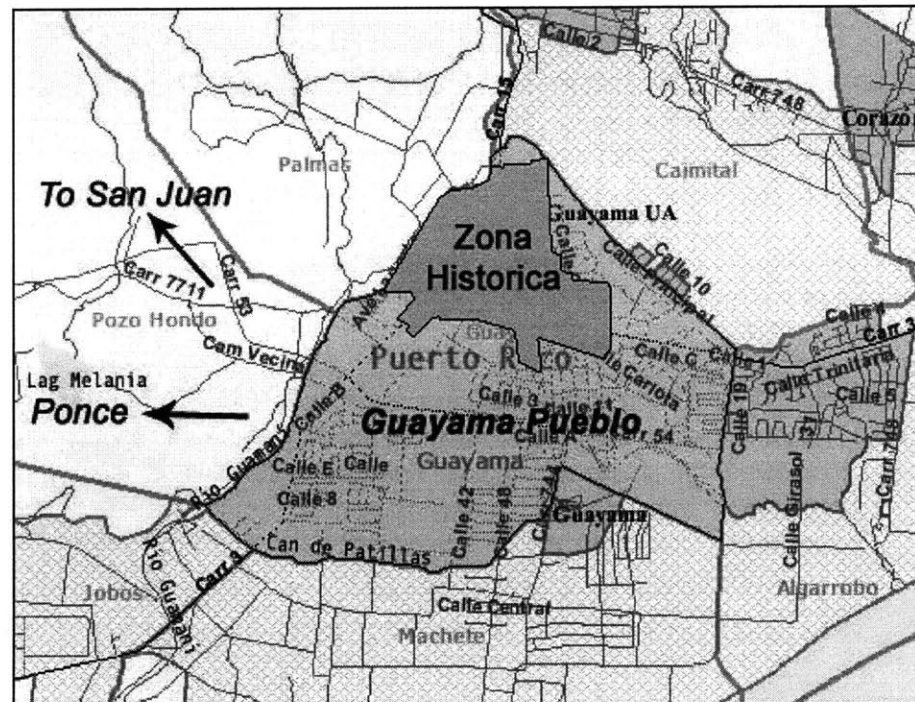
Figure 10: Guayama-municipio is comprised of 10 'barrios' one of which is the barrio of Guayama. Within the barrio is the 'pueblo' of Guayama, shown above in white.

Figure 9: Guayama's historic district, or *Zona Histórica*, consists of the northern portion of the pueblo.

Source: U.S. Census Bureau

GUAYAMA- AN INTRODUCTION

Guayama is a city located on Puerto Rico's south-southeast region about an hour's drive from the capital. The pueblo has historically served as the commercial hub for many of the smaller surrounding communities. The city benefits from a temperate climate and close proximity to the Caribbean sea, which can be seen from many city streets. Located at the foot of a mountainous range to the north, it is surrounded by flood plains to the east and west, all of which has historically slowed expansion of the town beyond the boundaries of the historic pueblo. However, the past twenty years have seen tremendous growth



towards and along the southern coast, where a new east-west highway, PR-54, has led to rapid commercial and residential development outside of the pueblo.

Guayama is one of 78 municipalities in Puerto Rico. An elected mayor and a municipal assembly govern each municipality. Within each municipality are 'barrios,' of which the downtown, or 'pueblo' is but one of ten. To distinguish between the municipality and pueblo, I will refer to Guayama-pueblo, or pueblo, and Guayama-municipio, or municipio. In addition, four additional communities were chosen against which to compare Guayama, Isabela, Cabo Rojo, Yauco and Coamo. These communities all share similar municipal population sizes, geographic size, population density, median household income and poverty levels. They are also four of the 18 communities chosen to participate in the Commonwealth's downtown revitalization program.

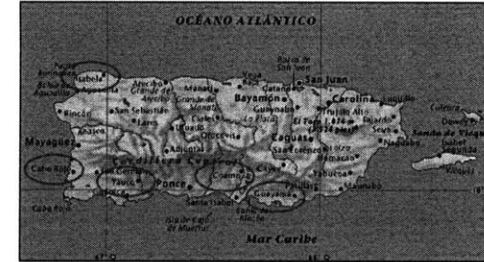


Figure 11: Communities used for comparison purposes include Isabela, Cabo Rojo, Yauco, and Coamo. All are circled in red.

DEMOGRAPHIC DATA

The pueblo of Guayama refers to the older urban area, what we might call the traditional town center. It is useful to compare the pueblo to both the Municipality of Guayama and other pueblos that share similar characteristics to determine the extent to which demographic trends are unique to Guayama and which are not.

Age Distribution

Puerto Rico's pueblos are generally home to the very young and the elderly. Guayama is no exception. Children up to the age of 19 and those 65 or older are more highly represented in the pueblo than on the island as a whole. Guayama specifically has seen an aging of its population. Between 1970 and 1980, the pueblo saw a 30.97% increase in the number of residents age 65 or older. Between 1980 and 1990, the population of residents age 65 and older grew again by 20.2%.⁹

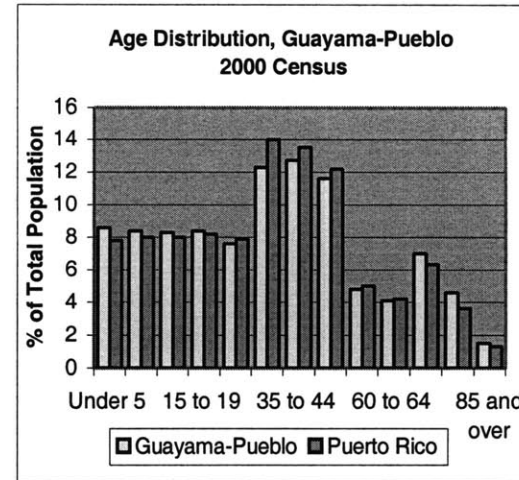


Figure 14: Source: U.S. Census 2000

⁹ Commonwealth of Puerto Rico, Housing Department, *Manual Renace para el Municipio de Guayama* (San Juan, Puerto Rico: Government Printing Office, 1999), 11.

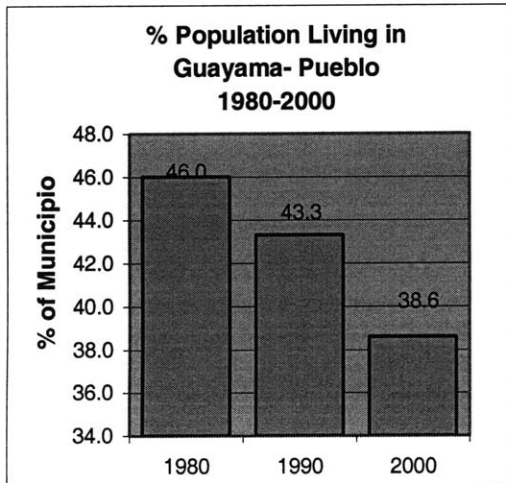


Figure 15: Source: US Census, 1980, 1990, 2000

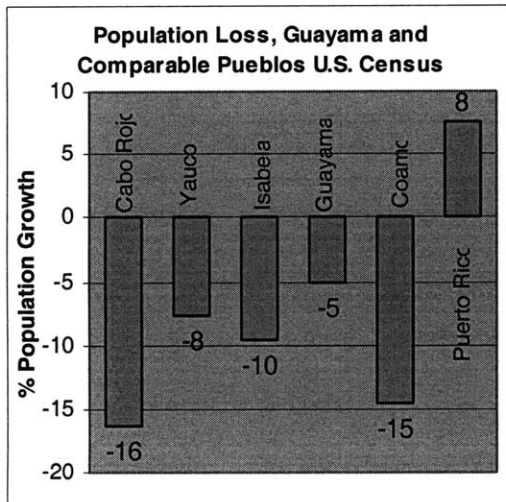


Figure 16: Source: US Census. 1990. 2000.

Downtown Population

While Puerto Rico and Guayama-municipio have grown consistently, the pueblo has lost residents. The pueblo population has fallen from 46% in 1980 to 38.6 percent in 2000. However, compared to the other pueblos in our survey, Guayama-pueblo has not lost population to the same extent. In fact, Guayama’s pueblo has lost fewer residents at a slower pace than the other pueblos in our survey.

Owner Occupancy

Puerto Rico’s pueblos, Guayama included, have a higher degree of rental housing than the island as a whole. Rental housing in the pueblos is a common phenomenon. All of our sample pueblos show a higher rate of rental housing in their pueblos as compared to their municipalities.

Vacant Housing

The pueblo has a higher degree of for rent, for sale and general vacant housing than Puerto Rico as a whole. While Puerto Rico’s vacancy rate has remained stable at 11% since 1990, the pueblo has seen an increase in vacancy from 8.6% to 11.1% in a decade.

Tourism

Despite proximity to the coast, a nature reserve, attractive beaches and historic communities, very little housing in the pueblo is dedicated to seasonal use (4.2%). The municipio, on the other hand, has a greater degree of seasonal housing. However, at 11.8%, it still lags behind the rest of the island (20.4%) indicating that the pueblo and the municipality are not tourist/seasonal destinations.

DEMOGRAPHIC SUMMARY

Our data suggests that like other pueblos in Puerto Rico, Guayama-pueblo is slowly losing residents, witnessing increased vacancy rates and a slow aging of the population, even as it continues to provide low cost rental housing for families with young children and the elderly. However, comparisons with other pueblos suggest that Guayama is in a

relatively strong position. Population loss is occurring at a slower pace, suggesting that living in the pueblo remains an attractive housing option.

ECONOMIC DATA

For much of its history, Guayama was a rather isolated municipality with access to the capital provided solely through windy mountain roads. The arrival of the interstate highway in the mid-1980's changed the nature of the city. Now within an hour drive of San Juan (without traffic), Guayameses travel to and from the capital with greater ease. However, anecdotal evidence suggests that very few residents commute to San Juan, citing traffic that can lengthen the trip to over two hours. As a result, the population is dependent on local industry, services and government jobs for employment.

Before the arrival of the interstate, Guayama's isolation made it the regional and commercial center of the island's southeastern coast, attracting residents from the nearby municipios of Arroyo, Patillas and Salinas. Today, with a population of 45,000, Guayama is still the largest pueblo within the southeastern coastal region. Although the local mall has replaced the downtown as the city's main retail attraction, the municipio remains a popular shopping area.

A look at Guayama's economic history reveals a region whose growth is primarily due to agricultural production, and more specifically, sugar cane. The southern coastal plains provided fertile ground for sugar cane, coffee, cotton, tobacco, plantains and grain.¹⁰ Over time, manufacturing and pharmaceuticals have eclipsed local agricultural production. These employers include manufacturers and pharmaceutical companies. Other major industries include the service industry and the government. The pueblo continues to retain a strong mixed-use character, with commercial activities concentrated along major commercial streets and residential neighborhoods located immediately off these thoroughfares.

¹⁰ Commonwealth of Puerto Rico, Housing Department, Manual Renace para el Municipio de Guayama (San Juan, Puerto Rico: Government Printing Office, 1999), 11.

Background

The pueblo's small businesses also faces major competition from a regional mall located roughly three miles east of the traditional pueblo in the more suburban area of town. To the south of the pueblo lies PR-54, a major thoroughfare that bypasses the pueblo and connects a number of municipalities along the southern coast. This area is home to the region's major hospitals and strip shopping centers. It is also the area of the municipio that has seen the fastest rate of urban growth.

Commercial Establishments along Guayama's Four Major Commercial Streets					
Type of Establishment	Calimano	Vicente Pales	Santiago Palmer	Derkes	% del Total
Retail and Wholesale Goods	28	8	3	17	38%
Services	15	10	10	12	32%
Institutional	2	7	1	7	11%
Other (housing, parking & empty lots)	1	4	7	16	19%
Total	46	29	21	52	100%

Table 1: Commercial Establishments, Guayama. Courtesy of Advantage Business Consulting, Rio Piedras, PR.

Economic research conducted by Advantage Business Consulting (ABC), a Puerto Rican consulting firm currently working on an economic development plan for Guayama, gives us a very good account of the downtown economy. ABC conducted a survey of the four major commercial streets in the pueblo, and found that downtown establishments are concentrated between the retail and service sectors. The majority of retail stores are located along Calimano Street and Derkes Street, the two principal commercial streets in the pueblo. According to ABC, these two streets alone account for 80% of all retail activity in the pueblo. However, the nature of these two streets is distinct. Of the 23 chain stores located in the pueblo, 18 are located along Calimano Street, representing 42% of all stores on the street. However, Derkes reflects quite a different demographic, with only three chain stores. Along Derkes, this means that 90% of the stores are locally owned. Another important characteristic of the pueblo are the number of medical establishments. While these are not located on the primary streets, they are found primarily skirting the residential neighborhood to the south of the *Plaza de Recreo*.

A newly constructed conference center, located to the south of the historic pueblo along PR-54, also has the potential to play a significant role in Guayama's growth by attracting visitors from outside the region and off the island. Conference-goers bring money to the municipio, and attracting them to the pueblo to take advantage of historic and cultural sites and eat in local restaurants is a growing economic development opportunity.

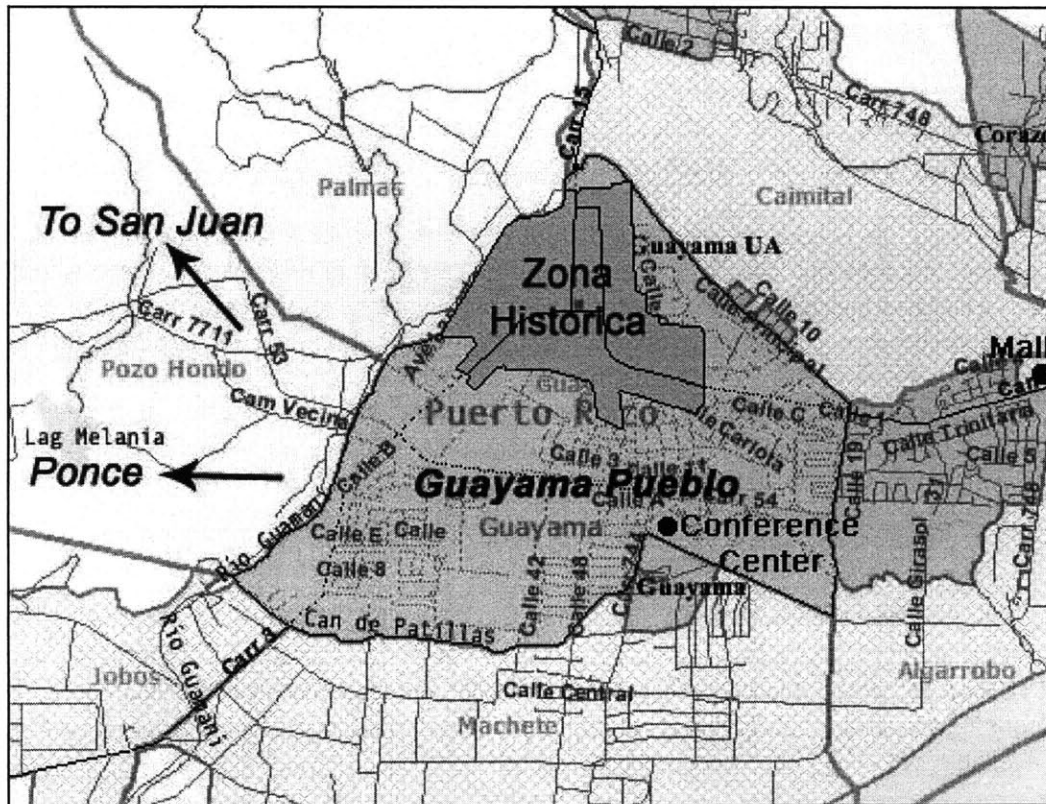


Figure 18: Calimano and Derkes streets meet at the Plaza de Recreo, where they form the commercial core of the pueblo. To the south of the pueblo is PR-54, the location of local strip malls and the new conference center. To the west, about three miles from downtown is an enclosed regional mall.

Background



Figure 19: A view of the *Plaza de Recreo* with San Antonio de Padua in background.



Figure 20: Vacant housing along Ashford Street.

Despite this opportunity, there is evidence that businesses continue to vacate the pueblo for strip malls located along PR-54. ABC has discovered that El Amal, a large pharmacy located on a prominent corner of the *Plaza de Recreo*, has announced that it will be moving its store to the corridor. In addition, the state social security office and the transportation satellite office are leaving the center, as are two elementary schools.

PHYSICAL ANALYSIS

Founded in 1736, the current physical form of the pueblo dates back to the mid-19th Century. Between 1828-1832, a fire destroyed the city, leaving little but rubble in its wake. It was decided then that the pueblo be reconstructed according to Spanish planning principles, with major civic and religious institutions facing a traditional plaza. The perfect grid that is today's historic pueblo is the result of that reconstruction.

The *Plaza de Recreo* is recognized throughout Puerto Rico for its distinctive globe shaped laurel trees. The plaza is also home to San Antonio de Padua Catholic Church, City Hall and the town movie theatre. The most dominant structure on the plaza is the Catholic Church, constructed over a period of 40 years and completed in 1867. It continues to dominate the pueblo's horizon, and leaves a striking first impression from the highway that connects the pueblo to San Juan. While the streets immediately surrounding the plaza have a number of homes constructed for wealthy residents, the majority of the pueblo is made up of modest homes along narrow, one-way streets. Many of these homes were constructed of wood with zinc roofs. And as was tradition, homes were constructed with front porches spanning the entire length of the street.

It was the desire to preserve these homes, and the culture they help propagate, that led to designation of the district. The district is currently administered by a city-run *Oficina de la Zona Historica*, which provides residents and merchants with design guidance in new construction and rehabilitation, and information about the modest preservation incentives available.

The pueblo was designated Puerto Rico's second largest historic district (after San Juan), in 1991. The designation was also accompanied by financial incentives for homeowners, including a reduction in local taxes for building rehabilitation and new construction. These regulations have prevented the demolition of many historic structures, and have ensured that new construction blends more harmoniously with older buildings. However, historic district designation has not been accompanied by a major increase in rehabilitation. This is because there remain significant financial hurdles to the rehabilitation of these homes, including the resistance of Puerto Rican banks to insure wooden buildings. Because of concerns of hurricane damage and fire safety, banks will not lend mortgages for the rehabilitation of wooden buildings. The inability to finance rehabilitation is the overriding policy challenge facing the restoration of buildings, not just in Guayama, but throughout island.

Building Conditions

The buildings found in the pueblo vary greatly depending on the time around which they were constructed. Residential buildings constructed at the turn of the century are generally wooden structures with front porches and zinc roofs. Commercial buildings during that period were frequently constructed of brick. Over the decades, concrete has become the building material of choice, and many wooden homes and commercial buildings are now made of concrete.

Modern homes constructed before the designation of the historic district often vary dramatically from the typical Guayama architectural style. Concrete homes in this era frequently replicate typical Puerto Rican style suburban dwellings. They were often pulled back from the street and given small front yards. Garages were often constructed in lieu of the traditional porch, and in many cases, the porch became a more private patio located on the second floor of the residence.

With the designation of the *Zona Historica*, both rehabilitation and new construction are subject to design review by a staff architect from the *Instituto de Cultura Puertorriqueña*. As a result, new construction now tends to replicate the older residential and commercial buildings found in the pueblo.



Figure 21: Historic buildings closer to the commercial core reflect a strong Spanish-colonial architectural influence.



Figure 22: New residential construction before Historic District Designation. Note that the balcony has moved to the second floor and is more private in nature.

Background



Figure 23: New mixed-use construction using Historic District design guidelines

A building survey conducted by the *Departamento de Vivienda's* report in 1999 estimates that 18% of buildings in the historic district, both residential and commercial are in "bad" shape. The report suggests demolishing 99 structures, all but two of the 101 buildings labeled in "bad" condition. A closer examination of the data finds that commercial structures are generally in better shape than residential structures. The report found that 7% of commercial structures are in "bad" condition, compared with 21% of residential structures. This likely speaks the difference in building materials--more durably brick and concrete versus traditional wood.

INSTITUTIONAL STAKEHOLDERS

The newest downtown development initiative has been coordinated by the *Directoría de Urbanismo* and the City of Guayama, in this case, Mayor Hector Colón Mendoza. While these are the principal actors involved in developing current downtown revitalization strategies, there exist a number of other players who have participated in the process. The following is a list of existing stakeholders at both the local and Commonwealth levels.

Commonwealth Level Partners

Directoría de Urbanismo (Department of Urbanism): The *Directoría* is the department created by the governor with the responsibility for implementing and managing island-wide downtown development strategies. The department contracted local architecture and planning firms to prepare plans for the revitalization of the first 18 participating municipalities. The *Directoría* also staffs architects who provides architectural and design consulting, and who are charged with managing the implementation of each city's plan.

Fomento Comercial (Department of Commercial Development): *Fomento Comercial* is Puerto Rico's small business administration. Fomento manages *Impacto Comercial a los Centros Urbanos* (ICCU), a program that provides technical assistance and funding to local municipalities for downtown revitalization activities. Fomento is also working closely with the *Directoría de Urbanismo* to prepare economic development strategies for participating pueblos. These plans are intended to provide the economic development compliment to the *Directoría's* plans.

Departamento de la Vivienda (Housing Department): The Commonwealth's housing agency, the Departamento de Vivienda was previously in charge of a program called Renace, or "Rebirth," that provided technical consulting and planning services to communities interested in downtown revitalization. The communities that participated in Renace were those chosen to take part in the current revitalization program being administered by the *Directoría de Urbanismo*. Vivienda is also providing funding for many of the housing projects included in the public infrastructure and design plans developed and being implemented by the *Directoría de Urbanismo*.

Local Partners

Municipio de Guayama (City of Guayama): The mayor of Guayama, the Honorable Hector Colón Mendoza, plays a critical role in determining local spending priorities. Guayama's political leader since 1985, he exerts a great degree of influence over spending priorities and was key in determining what public works projects would be included in the plans developed by the *Directoría de Urbanismo*.

Asociación Comerciantes Unidos de Guayama - ACUG (The United Merchants Association of Guayama): While relatively inactive, the downtown merchants association remains the only organization with the potential to reach downtown merchants more quickly and efficiently than any other institution. However, they have not been actively involved in the current downtown revitalization plans being implemented by the *Directoría de Urbanismo*.

To date, local political leaders have made downtown revitalization decisions in conjunction with the *Directoría de Urbanismo*. *Fomento Comercial* is the third member in this process, and is currently funding economic development plans for participating pueblos. While these studies are not yet complete, they will be delivered to local *Fomento* Offices for implementation and coordination with local merchant associations. *Fomento's* role in the downtown development process is likely to grow significantly once these economic development plans are completed and local offices have the mandate to implement them.

EXISTING INSTITUTIONAL PLAYERS

- ◆ *Municipio de Guayama*
- ◆ *Directoría de Urbanismo*
- ◆ *Fomento Comercial*
- ◆ *Departamento de la Vivienda*

POTENTIAL PRIVATE SECTOR PLAYERS

- ◆ *Asociación Comerciantes Unidos de Guayama - ACUG*

PROGRAM EXAMPLE SUMMARY

Neither Guayama nor Puerto Rico need reinvent the wheel when there are successful programs that can be adapted to the unique conditions found on the island. A quick review of the case studies tells us how other communities are attracting growth and improving their downtowns.

SMALL CITY DOWNTOWN MODELS

Small city downtowns face many of the same challenges as small towns in Puerto Rico. Mall development, increasing decentralization, changing shopping patterns and automobile dependency are affecting communities all over the world. In the United States, the Main Street Program has a successful track record in these kinds of communities. This program is the first of two programs considered that focus on small-city downtowns. The second program example reviews a 1999 survey of 57 small-city downtowns. The survey gives invaluable feedback about the kinds of strategies that have generally been successful in communities with populations between 25,000 and 50,000.

The Main Street Program

The Main Street program began as a pilot project administered by the National Trust for Historic Preservation in 1980. The program began with three communities and is now used in over 1,600. Over time, it has evolved to reflect the varied experiences of these diverse places. However, throughout it all, the tenets of the program have remained the same. These include:

- **Professional coordination:** A coordinator is imperative to making sure that the program is effective and focused on implementation.
- **A comprehensive approach:** The Main Street philosophy is based on working simultaneously in four different areas, 1) design, 2) promotion and marketing, 3) economic development and 4) organization.
- **Private sector involvement:** The participation of business owners, residents and other downtown stakeholders is the key to successful development and implementation.

Small City Downtown Survey

This survey, conducted in 1999 by a professor Kent A. Robertson of St. Cloud, MN, helps to identify some of the most popular and effective downtown revitalization strategies being used in communities with populations between 25,000-50,000. These include:

- **Historic preservation:** Many downtowns have used preservation as a successful way to make downtown unique and appealing to residents and visitors alike.
- **Professional management and coordination:** Like the Main Street program, the success of downtown revitalization initiatives are often linked to professional coordination at the local level. A professional coordinator not only gives continuity to the program, but also gives business owners, property owners and residents someone with whom they can share their ideas about the downtown.
- **Marketing and promotion:** Active marketing of downtown, in coordination with local businesses and institutions, is an integral part of successful downtown development strategies.
- **Too great of a focus on parking needs:** The need for downtown parking is often overstated. Proper management of downtown parking helps make better use of existing parking without major investment in new parking structures.
- **The Main Street Program:** The Main Street Program was ranked as the most widely used and successful downtown development strategies among survey participants.

STATE/CITY MODELS

Boston Main Streets Program

A review of Boston's multi-district Main Street program is helpful in identifying how cities and states can effectively organize multiple downtown revitalization programs. The lessons learned in Boston point to ways in which the Commonwealth might better provide support and services for cities and towns like Guayama. Some findings include:

- **Promotion and marketing:** Support for regional promotional and marketing of all participating districts is a powerful tool used to generate interest and raise the profile of all the districts. Providing regional promotion and marketing allows small businesses to compete with larger stores, whose budgets allow for advertisements on television, in regional papers, and on television.
- **Value in a non-profit entity:** Participating Main Street neighborhoods are required by the city to establish a non-profit entity with a professional coordinator whose responsibility it is to manage community involvement and work closely with local businesses.
- **Business participation:** Working closely with local businesses, and overcoming their inherent distrust of government programs has been challenging, but all accounts report that communities that work to include local businesses in developing and implementing strategies are more successful than those that do not.
- **Technical support and professional development:** The city provides valuable technical support and sponsors monthly meetings with other Main Street coordinators. These meetings help managers learn from other managers, and provide opportunities for on-going training and professional development.

COMMERCIAL DEVELOPMENT PROGRAMS

Retail Chicago and Rebuild L.A.

Commercial development lies at the core of strategies aimed at creating opportunities for new businesses and local businesses expansion. The commercial development programs surveyed, Retail Chicago and Rebuild L.A., approached commercial development with similar strategies, which include:

- **Creating a database of vacancies and property owners:** They each collected information on local vacancies and then began to work as a local repository for businesses looking to relocate and expand. Data collection has proved a powerful tool for these organizations. It also allows the organization to identify property owners who have the potential to greatly impact the revitalization process.
- **Providing “Account Managers”:** Providing ways for business owners to move more quickly through the permit approval process. In Chicago, the city provides “account managers” who play a role in helping businesses find space and offer guidance through the permitting process. Account managers are responsible for knowing the permitting system and for guiding business owners through the process. They help business owners fill out papers, and speak to the right people in the right order. They are the business owners “advocate” throughout the permitting process.
- **Creating a better business mix:** By assisting potential businesses find available space, the City can direct businesses to where the use may be most appropriate, thereby helping existing businesses by creating a better mix of businesses that helps attract more customers to a particular area of town.

PRIVATE SECTOR PARTICIPATION

Empresa del Centro Histórico

Quito, Ecuador's *Empresa del Centro Histórico* is a semi-public corporation whose mission is to implement an ambitious revitalization plan developed by the City of Quito in conjunction with the Inter-American development bank. The example of Quito, Ecuador proves that even in a country where trust between the public and private sectors has all but been eradicated, efforts to bridge the gap between these two entities can in fact work. The program lessons include the following:

- **The value of a public-private agency:** An independent agency has an easier time gaining private sector trust. Gaining the trust of local businesses was a challenge, and an organization with fewer ties to the government was able to convince private sector to get involved.
- **Dedication to a long-term process.** It is important to be dedicated to the long-term implementation. The demise of downtown took decades, its revitalization will take time as well.
- **The need for housing development.** Housing has proved an invaluable component in the downtown strategy.
- **Strategic real estate investment:** Strategic investment in real estate development helps to convince the private sector of the feasibility of revitalization projects. Real estate investment is important to jump start the effort and attract additional private sector investment.

While involving the private sector remains a challenge, Quito's *Empresa del Centro Histórico* proves that partnership is possible when cities make a sincere effort to include the private sector in decision making and implementation.

BACKGROUND SUMMARY

A consideration of how other communities have overcome many of the same challenges facing Guayama, is helpful. But only additional research into the peculiarities of Guayama and Puerto Rico will allow us to use these program examples to begin to develop an appropriate Puerto Rican model of downtown development. A review of the themes found in the program examples finds four important components of successful strategies, including:

- professional management,
- a comprehensive approach to downtown
- the need to embark on additional marketing and promotion
- the support and the active participation of local businesses

Within this broader context lies Guayama, one of the 18 pueblos working closely with the *Directoría de Urbanismo*. As a review of the city's economic and physical assets suggests, the pueblo is fortunate to have retained its historic architecture, a majority of its residents, and downtown businesses that, while struggling, speak to untapped potential for improvement. In addition, a newly constructed convention center means the potential for visitor spending. However, before these building blocks can be used to improve the pueblo, challenges remains. The most significant is getting the public and private sectors players to meet and cooperate. It also means getting people to think beyond big, public sector projects and recognized the potential in smaller, coordinated efforts.

Finally, the fact that the benefits of Puerto Rican tourism industry generally bypass the Southern coast, suggests that this may be an opportunity not just for Guayama, but the entire southern region to raise its profile and attract more visitors, particularly in light of Guayama's new conference center.

All of this leads us to the conclusion that the time is ripe to influence downtown development policy. Downtown development is a political priority *now*, which means that there is no better time than the present to help public agencies in their quest for ways to make Puerto Rican pueblo's more vibrant places to live, work and visit.

PHYSICAL INFRASTRUCTURE AND DESIGN

Physically, the core of Guayama's pueblo is in very good shape. Important historic structures, including City Hall, the Catholic Church, and the Casa Cautiño Museum all appear to be in fine condition. The past two years have also seen the complete rehabilitation of the *Plaza de Recreo* and its renowned globe-shaped trees. The City has also taken the lead in maintaining the Art Deco movie house that faces the plaza, managing and running the theatre when it was under threat of closure. These investments in the pueblo continue to make it an appealing place for residents and visitors alike. Plans to bury utility lines and restore the facades of the buildings around the plaza will only improve Guayama's most significant virtue, its public space. Without question, these efforts should be lauded. However, there remain a number of ways to make a difference in the pueblo in ways the do not involve major public investment. This section reviews Guayama's strengths and weakness as they relate to the physical infrastructure and design of the pueblo.

ASSETS AND OPPORTUNITIES

Strong sense of place and identity

- Guayama's *Plaza de Recreo* is among the most pleasant in all of Puerto Rico. Filled with large, circular sculpted trees, attractive landscaping, and an intricate stone fountain carved in Italy, the plaza is truly Guayama's crowning glory and something in which all Guayameses take great pride. It is quite common to see Guayama residents display prominent images of the Catholic Church and plaza in their homes
- The pueblo's elevation above the sea and the orientation of streets facilitates ocean breezes, and the large trees provide ample shade and respite from the strong sun. Even on quite hot days, the plaza is a comfortable place to relax.



Figure 24: The Catholic church continues to dominate an attractive plaza.



Figure 25: Casa Cautiño



Figure 26: Teatro Guayama

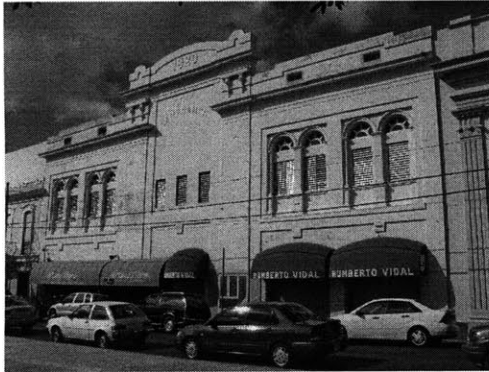


Figure 27: The old Campoamor Theatre on the western edge of the plaza. The first floors are now retail stores. The theatre is no longer in use.



Figure 28: A restored home on the corner of Baldiorioty and Hostos Streets sits vacant.

General cleanliness

- The city maintains a high level of cleanliness. Guayama is known as “Puerto Rico’s cleanest city.” Unlike other municipios in Puerto Rico, the city collects garbage at no charge every other day. Discussions with merchants indicate that they are pleased with the City’s commitment to keeping the streets clean.

Proximity to San Juan and nature reserves

- Guayama’s relative proximity to San Juan--only an hour by car--make it a potential day trip from the city. It is also closer to San Juan than Ponce, a nearby city which has recently attempted a massive historic preservation effort aimed at attracting island-wide tourism.
- Guayama’s proximity to important nature reserves, including the Reserva Natural las Limas, a preserved forest and butterfly sanctuary, and Jobos Bay Nature Reserve, located on a large bay shared with neighboring Salinas, is an attractive destination for residents and visitors alike.

Relatively large stock of attractive, historic buildings

- A large stock of historic buildings makes Guayama’s downtown unique. The pueblo boasts the island’s second largest historic district, only after the Old San Juan. These buildings are a potentially attractive amenity.

Current Guayama physical infrastructure plan developed by the directoría de urbanismo

- A new strategic plan developed for Guayama is currently receiving funding from the commonwealth. Phase 1 of the plan includes four projects, three of have received funding from the commonwealth. These include:
 - The rehabilitation of 34 currently abandoned, single family houses
 - The burying of utility and phone lines along the two primary commercial streets and in the vicinity of the *Plaza de Recreo*
 - The construction of a new access road between the historic downtown and more suburban development to the south of the city. This is in an attempt to reduce the congestion through the town by providing an additional access road.

- The restoration of the building facades around the *Plaza de Recreo*.
- Additional potential housing projects include:
 - A 10-unit multi-family building located on a prominent corner of the *Plaza de Recreo*. The location is currently home to a local branch of Banco Santander.
 - A 30-unit multi-family building located on Ashford Street between Derkes and Baldioroty.
- Additional projects slated for later phases include:
 - La Escuela de Bellas Artes (School of Fine Arts): The purchase and agglomeration of property across the street from the Centro de Bellas Artes for the creation of a school dedicated to the study of Fine Arts.
 - Tourist Center Hacienda Vives: The creation of a tourist center structured around the remnants of sugar mills. The center would serve to educate visitors on the history of Guayama and its connection to the sugar cane industry.
 - The expansion and restoration of city hall.
 - The restoration of the historic jail, now a civic and cultural center.
 - Sidewalk construction and tree plantings at entrances to the pueblo.

Zona Historica

- The impact of the historic district designation is still up for debate. Some have criticized the city for the designation of a relatively large historic district, including some neighborhoods with little perceived historic value. The size of the district does make it more difficult to focus the limited resources of the Oficina de la Zona Historica, the primary city agency responsible for working with residents and merchants on code compliance for new construction and rehabilitation. However, the fact that Guayama's historic district is the second largest in Puerto Rico, after San Juan, is certainly a point of pride and a potential marketing tool for the City.



Figure 29: Hacienda Vives in the early 1990's.

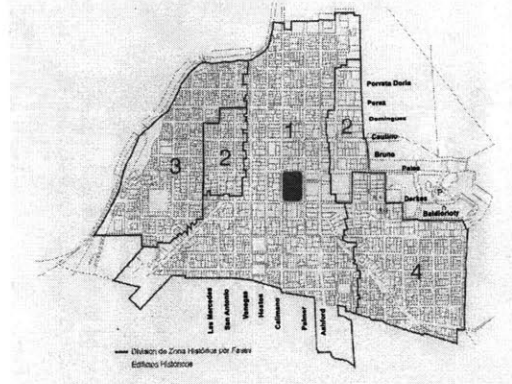


Figure 30: Boundary of the Zona Historica delineated by growth phases. Section 1 is the oldest section and includes the plaza, shown in green.

Source: Davis-Fuster Architects, Puerto Rico

WEAKNESSES AND SHORTCOMINGS



Figure 31: Dilapidated buildings at the entrance to the historic pueblo convey a sense of abandonment to visitors.



Figure 32: A blank wall greets pedestrians walking along the Calimano edge of Farmacia El Amal.

Gateway entrances to the pueblo currently give visitors a negative impression of the quality and character of downtown.

- The main entryways to the pueblo lack quality signage or special treatment to indicate arrival or generate excitement about the historic pueblo.
- Properties at major gateways are in major need of repair and rehabilitation. These dilapidated buildings do little to give visitors a sense of anticipation and excitement about what the pueblo has to offer.
- Poor directional signage makes it difficult for visitors to locate the *Plaza de Recreo* from major transportation thoroughfares.

Pedestrian pathways along critical routes are often of little interest to the pedestrian.

- Pedestrian pathways from the new municipal parking lot are in some cases, tall blank walls that hold little interest for pedestrians.

Traffic/congestion & parking

- Rush hour traffic makes moving through the historic city center is difficult.
- Employees and business owners often park in prime parking spaces, leaving customers without adequate short-term parking.
- Traffic/congestion and lack of convenient, free parking make downtown less of a destination for convenience goods and less of a regional destination for retail and services.

Traditional sources of federal funding for building rehabilitation, including the Historic Rehabilitation Tax Credit and the Low-Income Housing Tax Credit, are difficult, if not impossible to access.

- Residents and corporations located in Puerto Rico do not pay federal income tax. As a result, Puerto Rican residents and companies cannot benefit from the Historic Preservation Tax Credit, which is a dollar for dollar credit of federal income taxes for the purposes of rehabilitating historic properties. Under certain circumstances dictated by the residency of the owner and/or the corporation purchasing the credits, the Historic Rehab

Tax Credit can be used. However, the process is quite complicated and there currently exist few individuals on the island with the necessary experience to understand the legal loopholes necessary to access these tax credits.

- While the island is a recipient of Federal Low-Income Housing Tax Credits, most of the credits are distributed among projects in and around San Juan.

Many downtown businesses operate with metal grates on windows during business hours.

- Many business owners believe that operating with metal grates provides an additional degree of protection against criminal activity. However, from a district-wide perspective, these grates undermine the sense of safety and physical attractiveness of the pueblo. They also make it difficult for customers to determine whether a store is actually open or closed. In the end, this hurts the business owner's profit margin. The fact that a number of prominent businesses do not use grates suggests that they may not be necessary for overall security.

Large number of vacant lots and dilapidated structures

- The large number of vacant lots and structures gives residents and visitors a strong sense that the town is losing its population and commercial vitality.
- The pueblo is replete with vacant lots and structures, many of which have been abandoned for years. A report commissioned in 1999 by the *Departamento de Vivienda*, the commonwealth Department of Housing, estimates that of the 1,009 structures in the historic pueblo, 16% of the buildings are in need of moderate rehabilitation, 14% in need of substantial rehabilitation, and 9% in need of demolition.



Figure 33: Metal grates on display windows not only make it difficult to tell whether a business is open, but are also visually unpleasant.



Figure 35: Vacant commercial space along Calimano

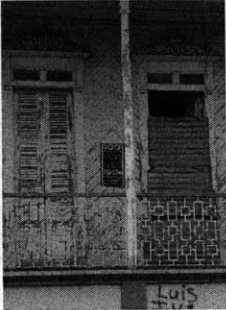


Figure 34: A boarded-up residence along Ashford.



Figure 36: Guayama's narrow streets make maneuvering difficult.



Figure 37: Prominent buildings along the plaza have the potential to support real estate development activities and spur the revitalization process.

PHYSICAL INFRASTRUCTURE AND DESIGN CONCLUSIONS

Guayama's strengths are many, and these strengths should be emphasized, particularly as the City opens its doors with more regularity to those attending conferences at the newly constructed conference center. It is extremely important to welcome these new visitors properly, help them find the plaza, and encourage them to patronize local merchants and cultural sites. A review of Guayama's physical infrastructure and design allows us to conclude the following:

Preservation should be focused on strategic locations that make the most impact. Piecemeal rehabilitation of properties scattered throughout the city may not be the most effective way to communicate the seriousness of the City's efforts. Reducing the size of the historic district is not necessary, but reducing the core area of action where the city's funding will be focused will help stretch the impact of the limited projects that receive funding.

Improve gateway entrances to the pueblo. Improve the major entrances to the pueblo, and get visitors excited by their first impressions of the town.

Improve pedestrian pathways along important commercial streets and to and from parking structures.

Address traffic congestion & parking concerns. Improving information about available parking options and working with local businesses is imperative.

Find creative ways to finance the rehabilitation of historic structures. Without the easy availability of Federal Historic Tax Credits and Low Income Housing tax credits, historic rehabilitation will require creative partnerships and collaborative efforts. Finding ways to obtain access to the Federal Historic Tax Credit through partnership with U.S. residents and U.S. companies will also be important.

Help business owners improve the attractiveness of their storefronts and window displays. Finding ways to convince business owners to improve their window displays and remove grates will improve the pedestrian experience and

make downtown a more attractive place to stroll and shop.

Reduce the visual impact of vacant and abandoned properties through redevelopment and creative improvements. It is important to identify significant historical structures whose rehabilitation would likely play a role in spurring the private sector to invest in building rehabilitation as well. Other important strategies include finding ways to utilize vacant lots and looking for ways to make vacant buildings more attractive and less obvious to the average pedestrian.

COMMERCIAL DEVELOPMENT

Commercial development refers to the strategies necessary to support businesses located in the pueblo. To date, this has been the most overlooked component of existing downtown revitalization strategies, not only in Guayama, but island-wide. While the government is taking pains to restructure *Fomento Comercial*, the government agency charged with providing assistance to small businesses, the assistance may well come after many pueblos have lost a significant number of commercial establishments.

While physical improvements are beneficial and very important to the revitalization process, business owners must also be included in the downtown development process. As countless of downtown revitalization attempts have taught us, the absence of merchant involvement, and the exclusive focus on physical infrastructure and design issues, fails to produce the long-term changes in the economic structure necessary for downtown businesses to succeed and for downtown revitalization to occur.

Why is this? Because the quality and caliber of downtown businesses, including the way they present their merchandise and the products they choose to sell play a role in how visitors and customers perceive and experience the pueblo. Moreover, downtown businesses and property owners bear the brunt of responsibility for the maintenance of the historic buildings in which they reside. Ignoring the role these individuals play in restoring these buildings runs the risk of reducing the potential for their successful rehabilitation.

This chapter considers both the opportunities and barriers to commercial development in the pueblo.

“Engagement of merchants is central to Main Street’s success and requires outreach, special efforts and tailoring activities to address their needs and agenda.”

- Karl Seidman, Reflecting on the success of Boston Main Street districts in “Wanted: Solutions for America,” Report Summary and Excerpts.

ASSETS AND OPPORTUNITIES

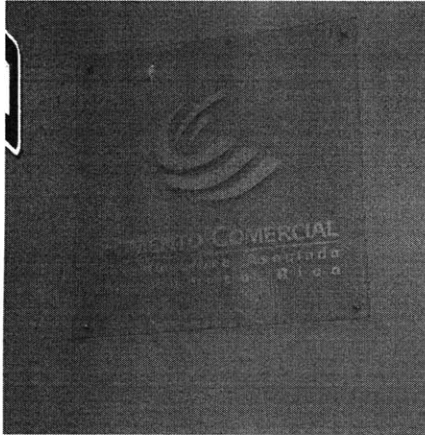


Figure 38: *Fomento Comercial* is the Commonwealth agency charged with small business development.

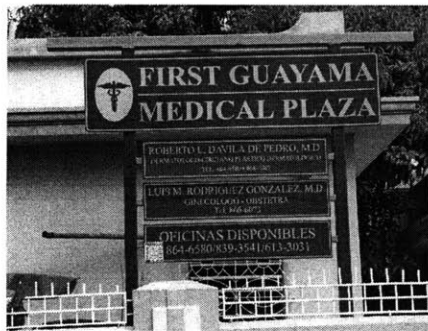


Figure 39: Medical clinics are scattered throughout the neighborhood to the south of the pueblo.

The Commonwealth is currently supporting commercial development initiatives aimed specifically at the islands' historic cities and towns.

- Under the direction of Fomento Comercial, private consultants are currently preparing economic development strategies for the 18 communities that are part of the pilot project being advanced by Governor Sila Calderón. The Governor's momentum on downtown initiatives and the priority she has placed on the success of this initiative is an incredible opportunity to expand and improve the quality and caliber of services provided to small businesses in these first 18 towns.

Fomento Comercial's Program, Impacto Comercial a los Centros Urbanos (ICCU) provides funding and technical support for innovative downtown revitalization strategies.

- Either the City or the downtown merchants association can apply for up to \$30,000 to fund activities that support downtown development, including improved publicity, artist festivals, food markets, parking development and other innovative projects.
- In addition, ICCU literature indicates that up to \$100,000 is available to support more innovative projects that are developed in conjunction with Fomento Comercial.

Existing business clusters suggest that certain kinds of businesses benefit from a downtown location that allows for close proximity to support services and other businesses.

- **Medical Clinics:** A cluster of medical clinics is prevalent in an area directly to the south of the plaza. Many doctors have rehabilitated historic buildings or constructed two story buildings with offices below and rental housing above. While the cluster remains strong, it may be threatened by the regional hospitals located on the outskirts of town. Anecdotal evidence suggests that doctors are moving out of the pueblo in order to be closer to these hospitals. More research is necessary to determine the validity of this evidence.

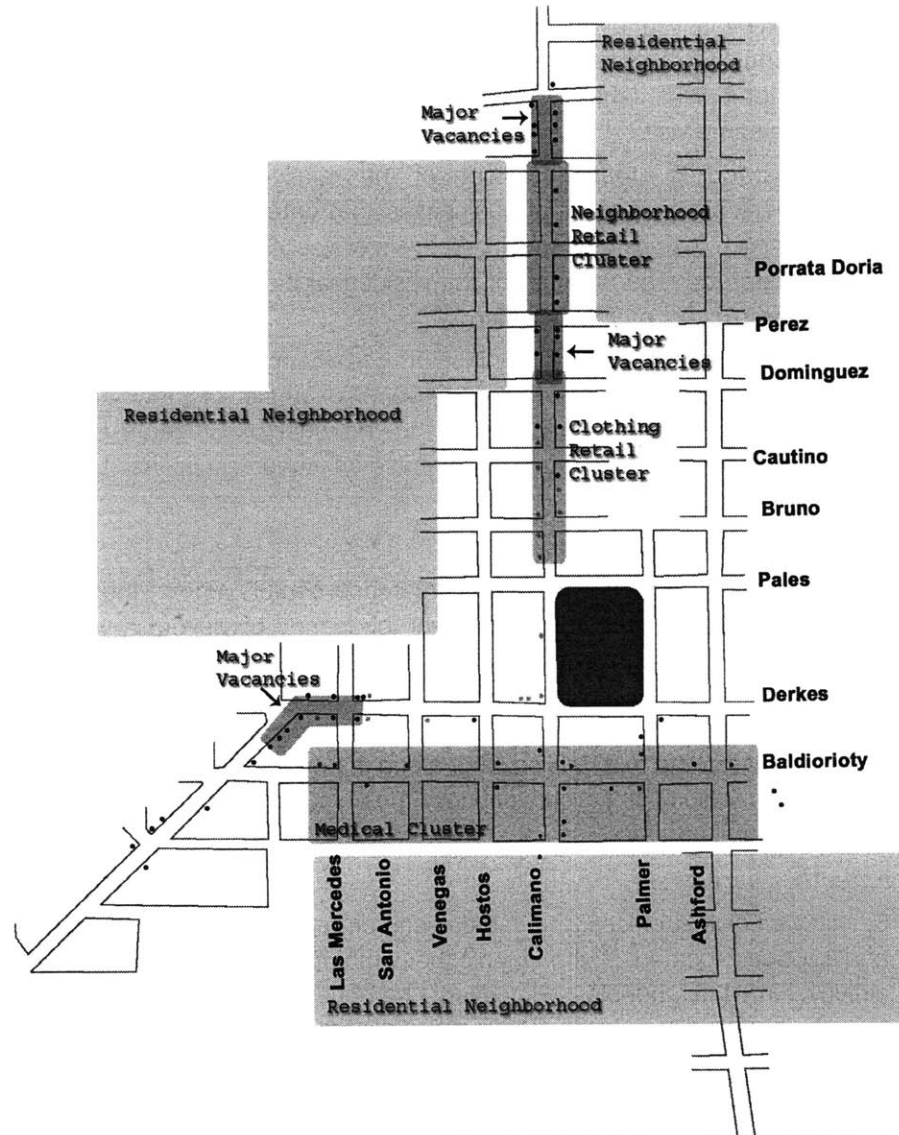


Figure 40: The major commercial thoroughfares running through the pueblo, particularly Derkes and Ashford, continue to support small, locally owned businesses. Along north Calimano, businesses that cater to local residents prevail. Closer to the plaza, a clothing retail cluster, which attracts people from throughout the municipality, is evident.

Commercial Development



Figure 41: Some locally-owned businesses, have successfully restored their historic commercial buildings.



Figure 42: Instituto de Banca y Comercio is located directly on the *Plaza de Recreo*.

- **Retail Clothing:** Women's clothing stores tend to cluster on Calimano Street, between Bruner and Dominguez. These stores are located on the pueblo's most vibrant traditional shopping streets, and their close proximity to one another indicates that they benefit from customers visiting multiple stores during the same visit.
- **Neighborhood Businesses:** North of the retail cluster along Calimano Street, there are a number of businesses that cater to the local residential neighborhood, including a small grocery store, a cafeteria-style restaurant, and a pharmacy. The strength of the residential district in this area directly reflects the existence of this cluster.
- **Educational Institutions:** The Instituto de Banca y Comercio, located directly on the *Plaza de Recreo* is one example of how educational institutions continue to attract people to the pueblo. Students impact the downtown economy through the purchase of school supplies, books and lunch during the day.

A newly constructed Centro de Convenciones

- With a capacity of 2,700, the new conference center, among the largest in Puerto Rico, has the potential to attract thousands of visitors a year to the facility. While the convention center is not located in the pueblo, it is nonetheless a potentially important tool to attract visitors to Guayama's historic district. The construction of this conference center indicates that Guayama is looking to establish itself as an important island-wide location for small and medium sized conventions, most of which will likely be Puerto Rican convention-goers.

Government and other services

- Existing municipal offices, the catholic church, and local elementary schools and colleges located in the pueblo help maintain relatively high levels of activity in the pueblo. However, recent announcements that the Commonwealth Social Security office and two elementary schools are relocating is of concern.

A rehabilitated Art-Deco movie house located on the Plaza de Recreo

- The City-restored downtown movie theatre is clearly an asset to downtown. Where downtown theatres in other pueblos have closed their doors, Teatro Guayama, under City ownership, continues to welcome movie-goers at reduced rates on a nightly basis. While this has been effective in attracting local residents, it has the potential to provide performance space for other kinds of activities, including concerts, plays, and artistic performances that can be marketed to the entire region. With a newly constructed municipal parking garage located directly behind the theatre, it is well poised to increase and improve its current programming. The downtown theatre also provides evening customers for the local ice cream store, Rex Cream, which stays open late in part to cater to the movie crowd.

New parking structure and possibility of metered parking

- The construction of a new municipal parking structure located one block from the plaza was a response to a general consensus that the lack of parking in the pueblo was contributing to its demise. The city is also in the process of actively researching the use of parking meters to prevent employees and storeowners from occupying prime spaces during the day.

A strong local agricultural sector

- Guayama’s top agricultural commodities include plantains, sugar cane, vegetables and melons. According to 1998 statistics distributed by the Puerto Rico Agricultural Statistics Service, Guayama is also a top producer of fish and aquaculture goods.¹¹ Of the 145 farms located within the Guayama region, 134 are individual or family-owned, with the remaining 11 owned by partnerships, corporations or other groups. Of these, 96 have a value of sales of less than \$10,000, indicating the prevalence of small farmers. Working with these small farmers to sell seasonal fruits and



Figure 43: A sign announcing the new municipal parking lot.



Figure 44: A local business along Calimano that caters to the agricultural sector.

¹¹ USDA, National Agricultural Statistics Service, *1998 Census of Agriculture for Puerto Rico, 1998*, <<http://www.nass.usda.gov/pr/municipios/guayama.htm>> (4/21/03).



Figure 45: Plaza Guayama Mall counts K-Mart, Wal-Mart and Sears among its anchors.

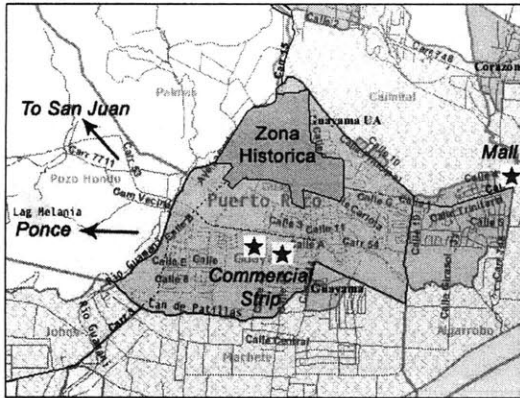


Figure 46: New commercial developments to the south and east of the Zona Historica are affecting downtown businesses.

Source: US Census Bureau, Census 2000 maps

vegetables at a local market would not only provide local residents with fresh produce, but provide a more lucrative opportunity for these farmers.

WEAKNESSES AND SHORTCOMINGS

Commonwealth businesses are subjected to a lengthy permitting process

- According to *Fomento Comercial*, businesses require permission from at least eight different agencies to even begin operation. Some typical downtown businesses, like bakeries, require permission from up to eleven agencies. And if businesses are located in a historic district, permission from twelve agencies is required. Business owners are often required to dedicate months of time to the process. In addition, many permits are only available in San Juan, an hour drive away. Permitting agencies are often slow with their approvals and require multiple visits by the business owner to ensure timely permitting.

The Commonwealth is seeing growth in regional malls

- The proliferation of enclosed malls and big-box retail has resulted in stiff competition for local and regional customers. In Guayama, a regional mall located on the outskirts of town, has usurped the historic business district as the region's primary shopping area. In 1996, an open petition to the mayor by local merchants suggested that the construction of these shopping centers played a significant role in the loss of more than thirty downtown businesses.¹²
- Malls not only provide ample parking and a controlled-climate atmosphere for their customers, they also provide central management to market, sponsor promotional events and work with merchants. In many cases, a mall manager is charged with communicating regularly with merchants to keep them informed of promotional and sales events that require their participation. By collaborating, mall merchants often find that their

¹² "Abierto El Dialogo Entre Alcalde y Comerciantes de Guayama," *El Nuevo Impacto*, 10 April 1996.

contribution to marketing and promotion results in more customers and higher sales.

Commonwealth residents are highly automobile dependent

- An extremely high rate of Puerto Rican car ownership results in a strong dependence on the automobile. As a result, downtown businesses are often less convenient for shoppers who come by car. Finding parking, while possible, is hampered by the narrow streets and through traffic.

The Commonwealth's downtown development plans are currently focused entirely on physical infrastructure needs

- The commonwealth has provided funding for physical infrastructure plans that in many cases were developed without the participation of downtown merchants. These plans prescribe only physical remedies and were formulated without economic study or regard for economic impact. In the case of Guayama, the mayor's personal experience led to his assessment of downtown needs, not market research. This assessment formed the basis of the infrastructure plans being funded by the Commonwealth government.

Guayama's downtown merchants suffer from low moral and civic participation rates.

- Interviews suggest that there is little to no interaction between the municipal government and local merchants. While the mayor is available for one-on-one meetings, meetings between the city and private business owners occur infrequently. This is due, in part, to the fact that the organization responsible for representing downtown merchants is relatively inactive.

There is no formal mechanism for private sector participation in policy making.

- The City's current downtown revitalization plan was developed without any formal input from downtown merchants or residents. Only now are many of them being told that major physical improvements to downtown city streets will impact their businesses. According to the Mayor, merchants are invited to

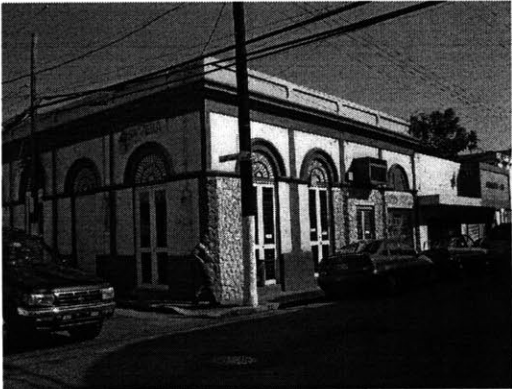


Figure 47: Pockets of commercial vacancies, like this former bakery along Calimano, speak to the challenges that small businesses have been facing in recent years.

meetings but fail to attend. Merchants, on the other hand, indicate that participation is low because past attempts to participate were poorly received, either their suggestions were rejected outright, or the city failed to respond or take action.

Cluster of vacant buildings along major commercial thoroughfares

- While the problem of vacant storefronts and buildings is prevalent throughout the pueblo, these vacancies are more heavily concentrated in small clusters along Cautiño Street and Mac Arthur Boulevard between more active commercial activity zones. The proximity of these vacant buildings provide opportunities to combine buildings to provide larger footprints for offices and agencies in need of bigger space.

The loss of major Commonwealth institutions to suburban facilities

- While the City has developed a strong public policy to maintain its offices in the pueblo, a number of commonwealth institutions have left their facilities in the pueblo and moved to larger facilities on the outskirts of town. The loss of a number of government facilities spurred merchants to submit a public petition to the mayor in 1996 expressing concern over the loss of these institutions. They requested the city work with Commonwealth agencies considering the move to help them remain in the pueblo. The merchant's petition, however, did not go very far. As recently as a few months ago, the Commonwealth Social Security offices, located in the pueblo, announced that they too were moving their offices to Highway #54.

COMMERCIAL DEVELOPMENT CONCLUSIONS

The pueblo is fortunate to have retained a mix of retail chains and small, locally owned businesses. Finding ways to attract additional customers to these existing stores is a challenge that must begin with a thorough understanding of the opportunities and challenges facing the businesses that remain. A review of the opportunities and challenges leads us to conclude that the city must first take advantage of the momentum of existing projects and funding opportunities. The city should:

Take advantage of funding available through *Fomento Comercial*. *Fomento Comercial's* ICCU program provides funding to City governments and local merchants associations for activities that support local businesses. Guayama should take full advantage of this resource.

Attract convention center goers to the pueblo. Guayama's new convention center, constructed in 2000 and located to the south of the pueblo, will undoubtedly attract many more Puerto Rican's and foreigners to the town. The city and merchants must not lose the opportunity to attract conference goers to the pueblo to explore the shops and historic sites. Strategies to make sure that conference goers enjoy the attractive plaza and local sites must be developed.

Pursue development opportunities that spin off from conference center demand. Not only does the conference center have the potential to bring visitors to the pueblo, but improving the marketing and image of the pueblo at an island-wide level will certainly increase demand for conference space. An attractive historic district can also help attract conferences. This is because conference organizers often consider the attractiveness of a location in the final determination of conference sites. Increased demand for conference space also has the potential to increase demand for hotel development, which, if located in a historic downtown building, could benefit both the pueblo and provide attractive hotel options for conference-goers.

Strengthen local business clusters: Existing business clusters need to be recognized and supported through policy and business development. Speaking to these groups, such as the local medical profession, or universities and schools located in the pueblo to determine their needs and how the city and local business community can provide more support for those needs is an important first step in ensuring that these clusters remain and continue to attract a sizeable number of outside visitors to the pueblo.

Make better use of the Teatro Guayama potential to sponsor for additional arts and cultural programming. The restored theatre is an underutilized resource in the community. The theatre has the potential to serve as a generator of activity. Programming weekend activities, including daytime movies and shows for families, is a good way to utilize the space. Expanding programming to include concerts, plays and children's shows might also serve as fundraisers for other downtown activities.

Take advantage of the strong local agricultural base. The opportunity to work closely with local farmers to sell their goods directly to local residents should be considered. Farmers markets are an attractive way to bring vitality to downtown, support local farmers, and provide residents with access to low-cost, fresh produce and goods.

In addition to the above opportunities, it is important the City and Commonwealth address the existing challenges facing businesses. These include:

Reduce the burden of applying for permits. Potential new businesses must be provided assistance in navigating the complex permitting process. Many cities have remedied this problem through 'account managers' who are assigned, by the city or a local non-profit, to walk business owners through the process. By developing strong contacts with permitting agencies, these officials are in a good position to maneuver through the permitting process more easily and quickly on behalf of local business owners.

Increase local demand for basic goods and retail. In the short-term, increasing demand for downtown goods through a variety of strategies, including promotional events and marketing, will help attract potential customers to the pueblo. Additional market research is required to fully identify opportunities in the area. In the long term, this strategy should include a concerted effort to repopulate the pueblo.

Increase visitor demand for local retail and cultural sites. Work to increase the number of visitors to downtown--and make sure that conference goers do not leave Guayama without visiting the pueblo!

Address the perception of a parking shortage in downtown. Puerto Rican's are highly automobile dependent. The new municipal parking lot must be properly marketed as an option for drivers. Signs directing people to the parking lot and the use of the lot by local business owners and employees will help to alleviate the use of on-street parking for long-term parking needs. It is also important to get visitors to conceive of the pueblo as a district. Like the mall, if people begin to see the possibility of shopping at a variety of stores on any one shopping trip, the need to park directly in front of any

individual store is reduced. However, for this to work, businesses must recognize that the challenge is to get people to the district, not just to their individual stores.

Provide support for the dwindling merchants association to enhance its organization. Merchants are very skeptical of the effectiveness of government programs. They are also very busy and often do not have the time to participate in activities that they believe will only marginally help their businesses. However, their participation is crucial. Therefore it is necessary to find creative ways to include merchants, and embark on a good faith effort to listen to their needs.

Work on business attraction and recruitment for vacant commercial space. Along with a concerted effort to reduce the visual impact of vacant building clusters, as discussed in Physical Infrastructure and Design, local stakeholders must develop a comprehensive strategy to help attract new businesses to the pueblo. Additional marketing research will be required to identify the kinds of businesses most likely to succeed in downtown.

Work with commonwealth agencies to identify development opportunities within the pueblo. The loss of Commonwealth agencies to the outskirts of Guayama is unnecessary, particularly when there are numerous potential development sites located in the heart of the pueblo. Helping these offices find suitable space for new construction or rehabilitation in the pueblo should be a priority for the City.

Commercial Development

HOUSING

There exists an important synergy between the number of downtown residents and the relative success of downtown businesses. As any neighborhood businessman can tell you, a strong downtown housing market is good for business. In a place like Guayama, where many merchants depend heavily on the business they receive from local residents, attracting more residents to the pueblo helps increase demand for local goods and services. Moreover, reclaiming vacant and abandoned property for housing also has the added benefit of energizing the district and contributing to a more vibrant community life. This chapter considers current positive trends in Guayama's housing market alongside existing barriers facing the development of housing in the pueblo.

ASSETS AND OPPORTUNITIES

The Commonwealth is including housing in physical infrastructure plans

- The physical infrastructure plan for many downtowns includes funding provided by the *Departamento de Vivienda* to include the production of housing units in many of the municipalities chosen to participate in the downtown development pilot program.
- In Guayama, Commonwealth funding will provide for the rehabilitation of 34 city-owned, single-family homes within the pueblo.

Guayama maintains a strong residential neighborhood in the pueblo.

- Of the 18 downtowns chosen by the Commonwealth to participate in the downtown revitalization pilot project, Guayama has the highest percentage of its total population living in the pueblo, or 38.6%. Only two other communities have population rates above 25%. The remaining communities have between 22% and 1.1% of their total populations living in the pueblo.¹³



Figure 48: The home of Puerto Rican poet Luis Pales Matos sits vacant along Ashford.

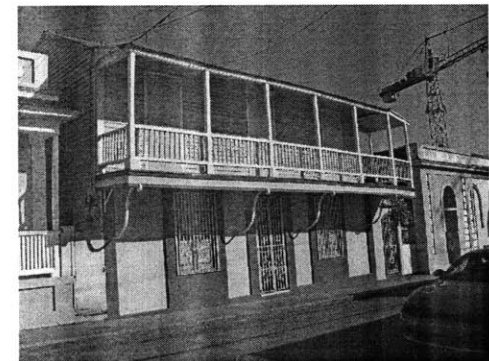


Figure 49: A restored home along Calimano, south of the plaza.

¹³ Commonwealth of Puerto Rico, Commercial Development Administration, Desarrollo Comercial en los Centros Urbanos (PowerPoint Presentation, 2003).

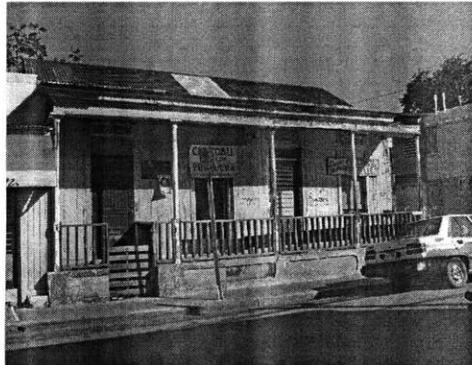


Figure 50: A wooden home in poor condition along Calimano, north of the plaza.

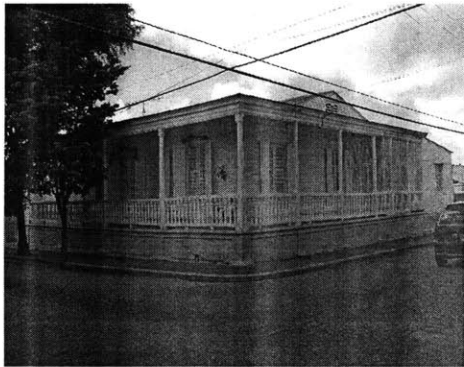


Figure 51: A well maintained home along Baldiorioty.

The pueblo remains an attractive and viable option for living

- The fact that Guayama's population has decreased at a much slower rate than other Puerto Rican pueblos, and that almost 2 out of 5 residents still call the pueblo home, speaks to the relatively high quality of life found in the pueblo. With accessible shopping opportunities, neighborhood retail stores, and the catholic church all located within walking distance, the downtown remains an attractive place to live, particularly for the young and very old, two demographic groups who do not have the same level of access to the automobile.

WEAKNESSES AND SHORTCOMINGS

Difficulty in arranging conventional mortgage financing

- Conventional banks do not provide mortgage financing to houses constructed of wood. This is because insurance companies refuse to insure owing to the higher risks associated with wooden construction. Banks believe that wooden buildings do not withstand hurricanes to the same degree as concrete homes. In addition, they argue that they succumb to fire more easily. As a result, many are unwilling to extend financing to the many historic wooden homes in Guayama. Finding banks willing to finance the rehabilitation of these traditional structures is a major challenge facing the continued redevelopment of the historic district.

Dilapidated housing stock

- The historic district designation has made it a requirement to rehabilitate the older homes in Guayama, many of which were constructed of wood with traditional zinc roofs. Modern homes are being built exclusively of concrete, and many choose concrete over wood because of the added sense of security it gives them. Overcoming this preference and perception is a major challenge.

Difficulty accessing the Federal Historic Rehabilitation Tax Credits and Federal Low Income Housing Tax Credits.

- As indicated in the analysis of 'housing,' the technical capacity necessary to access these funds makes them difficult to use.

Historic Zone Design Guidelines can seem overwhelming to home buyers

- The regulations that outline the guidelines in the historic zone, while useful in delineating the regulations for professionals, are difficult for the average person to read and understand. The regulation's sheer size and perceived complexity often causes people to shy away from the purchase of homes in the historic district.

HOUSING CONCLUSIONS

A review of the development challenges listed here suggests that many of the barriers to housing reflect embedded industry practices that are inherently difficult to overcome at the local level. Changing these industry practices will require major efforts by Commonwealth agencies. Despite these barriers, housing remains an important component of a comprehensive revitalization program that should be addressed, if not at the local level, then certainly at the Commonwealth level.

The City and Commonwealth need to address insurance concerns. The City's designation of the Zona Historica reflects its strong desire to preserve the significant wooden residential structures that make Guayama distinct. However, this public policy priority is at odds with the failure of insurance companies to insure these buildings, which in turn results in banks turning down loans for rehabilitation. Somewhere, the cycle must be broken. In some cases, government backed mortgage insurance may provide banks with the assurance they need to feel more comfortable lending for the reconstruction of historic wooden buildings.



Figure 52: An apartment building along Baldorioty with professional offices on the ground floor.

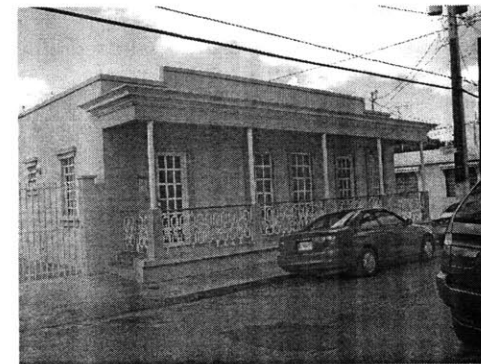


Figure 53: New construction that follows Zona Historica regulations.

Housing

Partnerships with banks should be explored. Because Puerto Rican buildings are generally not eligible for The Federal Historic Tax Credit, the city and Commonwealth must work extra hard to partner with local banks to find low-cost funding options for building rehabilitation and new construction. In many communities, local banks are active sponsors of the downtown revitalization program, and low-cost loans are a way for the bank to contribute to the revitalization process.

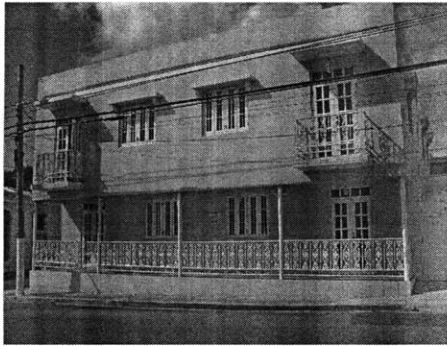


Figure 54: A new apartment building along Ashford.

At the local level, the complexities of historic district regulations indicate that there are opportunities to enhance understanding of the regulations and ensure that home buyers are not overwhelmed by the prospect of purchasing or rehabbing residential structures.

Make the *Zona Histórica* regulations easy to understand. Finding ways to convey the spirit of the regulations will help the average potential homebuyer envision the construction possibilities and understand the basic parameters of design. Right now, the regulations are a relatively unknown factor. People unfamiliar with home building and regulations may consider compliance with the regulations daunting. By making the process more transparent and easy to understand, people will begin to feel more comfortable buying in the Historic District.

INSTITUTIONAL CAPACITY

Institutional capacity refers to a community's ability to implement programs and projects through using existing institutions. Low institutional capacity means a community is unable implement programs and strategies using existing institutions. High institutional capacity means that there are institutions with the resources and expertise to realize development. Institutional capacity lies at the core of any successful revitalization strategy. It means that downtown revitalization need not depend on large public infrastructure investments or the influx of federal funds, but on the people and institutions *within* Guayama to participate and contribute to the effort. While developing local institutional capacity is among the most important components, it is also among the most challenging. Puerto Rican political leaders are unaccustomed to working in partnership with the private sector. Yet without with these valuable partnerships, the heavy dependence on commonwealth and federal funds will remain. Guayama has an incredible opportunity to change this.

This chapter looks to the strengths and weaknesses of Guayama's own local institutional capacity.

ASSETS AND OPPORTUNITIES

Commonwealth Political Will

- Governor Sila Calderón has made the revitalization of traditional urban centers a priority. The Commonwealth has dedicated funds for downtown revitalization. Currently, 18 communities are being provided technical assistance and funding to pursue downtown development strategies as outlined in plans developed by the *Directoría de Urbanismo* in conjunction with local municipal governments.
- The *Directoría de Urbanismo* is charged with coordinating the revitalization of the first 18 towns to participate in the program. The ability of the *Directoría* to manage the physical infrastructure plans, and the close

contact that these professionals have with each pueblo's political leaders allows for more centralized coordination of downtown initiatives.

- *Fomento Comercial* is currently drafting legislation that will provide Cities with the authority to establish self-taxing districts. Called Business Improvement Districts, or *Distritos de Mejoramiento Comercial*, these districts tax property owners within the boundaries of the district, and use the funds to provide additional services, as dictated by the needs of property and business owners. While this option may be considered after the program has proven its value, it is unlikely to receive support from property owners in the near term. Downtown property and business owners are relatively uninterested in programs that require additional financial outlays at this point in time.

Municipal Political Will

- The mayor is very active in promoting downtown and maintaining key services and activities around the plaza. His leadership remains vital in maintaining public sector support of the revitalization program.

Untapped Potential Stakeholders

While the following institutions and organizations are not currently involved in the downtown development initiative, each has something to gain from and contribute to the revitalization effort. These potential allies can provide important input, assistance and support for effort.¹⁴

- **Catholic Church:** The church is an unrecognized stakeholder in the development process. It maintains the most prominent position on the plaza, and is a popular gathering place, with standing room only services on the weekends. In the evenings, church groups gather in the auditorium located on Ashford Street behind the church. In many ways, both physically

¹⁴ This list is not all-inclusive. Rather, it should be considered a starting point for a much longer list of potential organizations, institutions and individuals who have sometime to contribute to the revitalization process.

and economically, the church is an important downtown anchor whose members could be tapped to participate in the revitalization effort.

- **Local Educational Institutions:** Partnering with local educational institutions to create courses and work with students will enable students to enhance their education through real life projects while simultaneously providing low-cost services and assistance to the revitalization program. Some local educational institutions include:

Inter-American University: Awards a Bachelor's in Business Administration. These students could conduct marketing research that helps determine the kinds of businesses likely to succeed in downtown. Pontificia Universidad Católica de Puerto Rico, located on the *Plaza de Recreo*, also offers a bachelors degree in business administration.

Bank Institute: Located right on the *Plaza de Recreo*, the *Instituto de Banca y Comercio* offers programs in tourism, hotel management and Culinary Arts. Students could be tapped to work on regional tourism efforts or even train in local hotels. The university could also consider opening up pilot business, such as a local restaurant where students can experiment with cooking and restaurant management in a real life atmosphere. In the United States, local culinary institutions often manage very popular restaurants that draw customers from large regional areas. These restaurants also provide addition income for the schools.

- **Club Leo (Lions Club):** The Lions Club in Guayama is a relatively active civic institution whose members might be interested in participating in the revitalization effort. Civic institutions like these frequently get involved by volunteering valuable time and resources. Club Leo recent projects include assisting local recycling efforts and tree plantings.
- **Instituto de Cultura Puertorriqueña:** Has a clear interest in increasing its profile, as well as the number of visitors it receives at Casa Cautiño and its other cultural sites in southern PR. Any marketing and/or regional tourism campaign must include the Instituto for its resources and experience.

Institutional Capacity

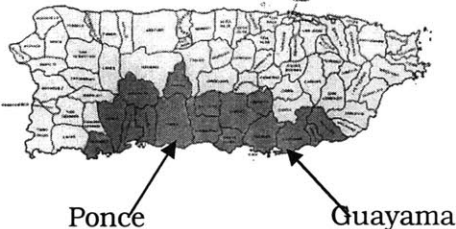


Figure 56: Ponce and Guayama are both part of the Chamber of Commerce of Ponce and South Puerto Rico coverage area.

Source:
<http://ponce.inter.edu/proyecto/wtic/camara/camara.html>

- **The Cámara de Comercio de Ponce y Sur de Puerto Rico - CCPSPR** (Chamber of Commerce of Ponce and South Puerto Rico): CCPSR is a non-partisan association whose central mission is to “serve the community and help improve the overall economic well-being of Ponce and neighboring towns in the region through education, forums, sponsored activities and strategic alliances. While the Camara’s activities are often directed to events and activities in Ponce, Guayama does lie within the Chamber’s jurisdiction, indicating that the Chamber might play a role in developing regional economic development strategies and initiatives.

Figure 55: Potential partners in the revitalization effort.



- **Residents:** Residents are often interested in downtown revitalization schemes because they create an opportunity to enhance quality of life and stabilize and/or improve property values.

A regional Fomento office located in Guayama

- Puerto Rico's commercial development agency, *Fomento Comercial*, maintains a district office in downtown Guayama. While the executive director is responsible for a number of towns in the immediate region, the office's location makes it a stronger potential partner in Guayama's revitalization effort.
- The Commonwealth has hired consultants to develop economic development strategies for each of the 18 first stage communities. Once completed, these strategies will be the responsibility of the local Fomento offices to implement. The office's location on the plaza make Guayama's own revitalization effort a natural priority for the director.

WEAKNESSES AND SHORTCOMING

Dependence on public funding from the Commonwealth and Federal governments

- A heavy reliance on the commonwealth and federal governments to provide assistance to local projects and initiatives is common at both the local and commonwealth levels.

History of strong, centralized government

- Planning and zoning decisions are made at the commonwealth level, which means that municipalities that have not gained autonomy do not have input in the process. Changing zoning codes or streamlining the permitting process requires close coordination with Commonwealth officials.
- Current revitalization plans were formed at the city and state levels, without the input of members of the community who will be affected by the revitalization strategies.

Weak private sector institutions

- The existing downtown merchants association is relatively inactive. While their official membership base is about eighty, these merchants are strapped for time and resources and most do not participate actively in the association. As a result, downtown merchants do not have a strong organization to lobby for their needs or provide support for collaboration between themselves.
- There is very little cooperation between merchants and the city. Previous attempts to present the Mayor with suggestions for the revitalization of downtown have generally been disregarded.
- Business owners were not officially consulted in the development of the physical infrastructure improvements that are intended to improve the downtown.

Mayor is currently serving as downtown project coordinator

- The mayor of Guayama currently coordinates, or has his assistant coordinate, activities and programs related to the revitalization of downtown. While this certainly speaks to his personal commitment and involvement in the project, coordination by such top level officials make it difficult for local businesses and residents to provide meaningful input into the revitalization process. Furthermore, the mayor's busy schedule means that downtown revitalization efforts may not be as managed closely as they might with a full-time coordinator.

Mayor's previous experience working with downtown merchants has left him hesitant to include them in the planning process.

- According to the Mayor, the City has frequently invited downtown merchants to meetings, only to find that few if any attend or provide input. As a result, he has come to believe that including the private sector in the decision making process would in fact hinder the revitalization of downtown. He has given every indication that city projects will move ahead with or without private sector support.

Merchant's experience with the mayor have left them dejected and with little expectations of government support for their initiatives.

- When the merchants have organized themselves and presented revitalization suggestions to the mayor, they often receive little if any response from the mayor or his aids.
- Merchant suggestions for downtown relief are often responded to with a "can't do" attitude from public sector officials. The public sector has placed itself in an adversarial role, rather than a strong supporter for downtown businesses needs.
- One downtown businessman, hoping to organize a street closure for a sidewalk sale, was simply told by city officials to contact the state highway agency. The businessman contacted the state highway agency and was told that a \$2 million dollar insurance policy was required to close the street. While the merchant was successfully able to provide the insurance for the event, government advocacy, involvement, and ultimately support in securing the financial support necessary to insure the street closure, would have gone a long way towards making the event more manageable for downtown businesses to hold. The City could easily have used it's contacts and sway with these agencies.

INSTITUTIONAL CAPACITY CONCLUSIONS

Clearly, there is potential for Guayama's businesses and institutions to work together more effectively to achieve the common goal of downtown revitalization. However, this process can only begin by overcoming years, if not decades, of growing distrust between the public and private sectors. This will take time. A review of challenges and opportunities suggests that the current political emphasis on downtown revitalization, both at the local and commonwealth levels, is an opportunity to involve the private sector. No other time in the history of the island has the revitalization of its pueblos received such high profile support. Knowing how serious public sector efforts are might help convince private sector actors that now is the right time to get involved.

An overview of institutional capacity in Guayama suggests the need to:

- **Tap existing civic, educational and religious institutions** for their participation and support. Developing programs and activities that include these institutions will help develop local capacity and resources to undertake the revitalization effort.
- **Reduce the dependence on Commonwealth and Federal Funds.** Improving local capacity will also help reduce the heavy dependence on Federal and Commonwealth funding, as well as less subject to the whims of changing administrations.
- **Utilize the local *Fomento* offices more effectively.** The location of local *Fomento* Offices right on the plaza make the resources of this institution much more accessible to Guayama's business owners. *Fomento's* Guayama office is also scheduled to implement economic development plans currently being developed by ABC consulting. This means that the *Fomento* offices role in the revitalization strategy will likely increase dramatically once these plans are completed.
- **Strengthen private sector institutions** and overcome the deep misgivings between the public and private sectors to enable them to work together more effectively. Without strong private sector leadership, many potential revitalization strategies will go undeveloped. The public sector must recognize the value of private sector input and provide informal and formal opportunities for local business owners and property owners to participate and support the revitalization program.
- **Provide professional management for the implementation of the program.** As the program gets more complex and its goals more ambitious, it is simply not feasible to have the mayor function as project coordinator for the program. While the mayor's leadership remains vital, the scope of the current revitalization program would be unnecessarily hampered by the amount of time he has, or doesn't have, to administer the day-to-day needs of a comprehensive revitalization program.

RECOMMENDATIONS OVERVIEW

Guayama's pueblo is fortunate to have many of the raw materials necessary for success: from a lovely principal plaza, functioning retail stores and a strong residential population, to a mayor who plays an active role in preserving the historic architecture that makes the city unique. However, these qualities alone will not move the pueblo towards successful revitalization. As the program examples highlighted in this thesis suggest, successful downtown revitalization requires strong coordination between existing stakeholders, and a comprehensive approach that incorporates both physical design and commercial development strategies.

Guayama is now at a crossroads. Much has been done to restore significant buildings and public spaces. The public sector has clearly demonstrated a strong commitment to the pueblo through major physical infrastructure improvements. However, Guayama has reached a critical juncture. Clearly, the city is not financially capable of restoring every historic building on its own, nor should it want to. For the public investment made to date to have the effect that city and Commonwealth officials want, it is vital that private individuals, business owners and property owners begin to get involved in restoring homes, expanding or opening new businesses and redeveloping vacant lots. The question for Guayama is now this, how can the city begin to spur these individuals to participate in the revitalization of the pueblo?

These recommendations outline a three-pronged revitalization strategy in which a downtown coordinator can begin to include local businesses, residents and property owners in the revitalization effort. The chapter begins describes the people and organizations necessary to implement these strategies, continues with a detailed explanation of the recommendations, and ends with a conversation of the broader policy issues that must be addressed by Commonwealth officials if Puerto Rico's pueblos are to witness successful downtown revitalization.

Recommendation Overview

These recommendations are a prelude to the suggested workplan for revitalization. The institutional framework for action presented here is applicable to other pueblos on the island, and should be considered by the *Directoría de Urbanismo* and *Fomento Comercial* as a potential model for Puerto Rico's island-wide revitalization efforts.

OVERVIEW

A VISION OF GUAYAMA'S FUTURE

Preservation of Culture
and History

Successful
Local Businesses

A Better Pueblo
for Residents

GUIDING PHILOSOPHY

First and foremost, the goal of this thesis was to find ways to preserve the qualities that make Guayama's pueblo such an inviting place. I refer not only to distinctive local architecture, but to the culture of front porch chats, leisurely walks to the plaza for Sunday mass and an ice cream, and shopping in stores where one knows the owner. While preservation is the underlying goal, we must recognize that successful preservation starts with finding ways to support local businesses and make the pueblo a more attractive place to live. Only by ensuring the success of local businesses and by stemming the decline in residential population, can we begin to reverse the decline of downtown. Together, these three basic goals of 1) preservation, 2) successful local businesses, and 3) a better pueblo for residents, provide a vision of Guayama which these recommendations hope to achieve.

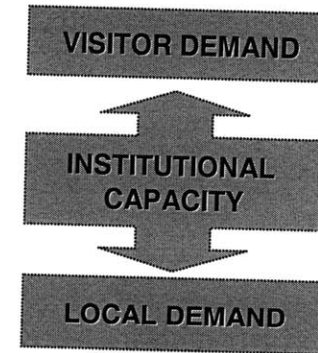
A THREE-PRONGED REVITALIZATION STRATEGY

The next question is how to put Guayama on the path to preserving its buildings and culture, supporting the growth of its businesses, and creating a better pueblo for its residents. The answer lies in recognizing that at the core of these goals lays the need for goods and services provided by the city's local businesses. Demand comes from two sources, people within the pueblo and surrounding region (local demand), and people who live in other regions of Puerto Rico or live off the island (visitor demand). Demand is what keeps local businesses open and creates opportunities for the preservation of Guayama's structures and unique culture, and what keep Guayama a living, vibrant pueblo.

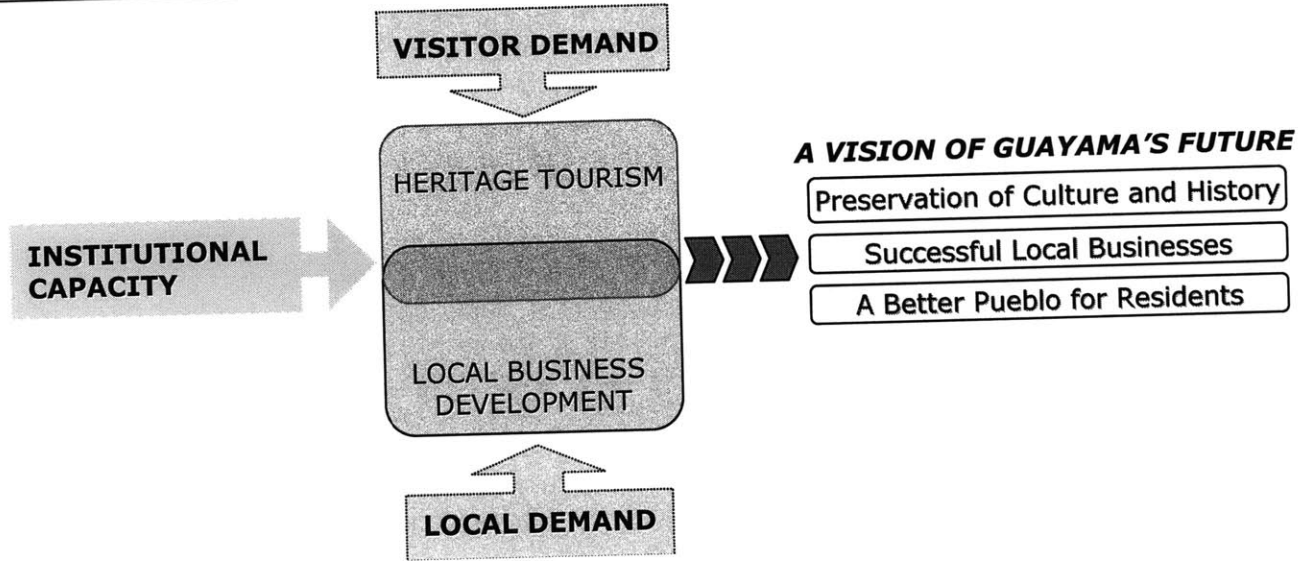
However, before we can even begin to discuss ways to increase local and visitor demand, we must recognize that any set of strategies, whether they include those presented in this thesis or in any other study, depend upon the ability of the local community to implement and follow through on the suggestions. As a result, this thesis is built upon the premise, supported strongly by case studies, that institutional capacity is the foundation of any successful downtown revitalization program.

The three “prongs” of the revitalization strategy in this thesis are as follows:

- **Develop Institutional Capacity:** Giving the community the ability to implement successful downtown revitalization strategies lies at the core of these recommendations. Without someone to implement and follow through on the every day responsibilities associated with revitalization, the ability to effectively improve the downtown economy will be compromised. As case study after case study suggests, the glue that makes these recommendations stick is a professional downtown coordinator whose job it is to work with local stakeholders and implement projects.
- **Increase Local Demand:** Attracting Guayama residents back to the pueblo depends not only on targeted marketing and promotional efforts, but on physical improvements and support for local businesses. This strategy depends on the ability of a downtown coordinator to bring together merchants and the city to implement the recommendations included in this thesis.
- **Increase Visitor Demand:** Guayama has the potential to anchor the western edge of what has historically been a sugar cane growing region. By developing and marketing cultural and nature attractions within the region, the pueblo can begin to successfully target both domestic and foreign tourists, as well improve its ability to attract conferences to the new conference center.



Recommendation Overview



Beginning with the development of institutional capacity, these three strategies feed into two major initiatives which will be discussed shortly in more depth, Heritage Tourism and initiatives aimed at increasing the demand for businesses that provide goods and services to pueblo residents.

Develop Institutional Capacity

Institutional capacity lies at the core of Guayama's ability to implement a comprehensive, complex downtown revitalization program. Developing institutional capacity and providing the formal mechanisms for private sector involvement are critical to ensuring that the recent public sector investments are not made in vain.

To date, the mayor has spearheaded the downtown revitalization effort. While he has been very successful in obtaining funding for significant physical improvement projects, including the restoration of the *Plaza de Recreo* and Guayama's historic *teatro*, and the construction of a municipal parking lot, Guayama is now in the position to use these

accomplishments as building blocks for a more ambitious downtown development strategy.

Now approaching his twentieth year as mayor, Mendoza has been a tireless advocate on behalf of the pueblo. Guayama's relative strength compared to almost every other pueblo in Puerto Rico is in many ways a testament to his leadership. However, his position as mayor requires that he distribute his attention among many areas of the municipality, not just the pueblo. As a result, the time he can afford to give to the administration of the pueblo does not allow him to do many of things required of the most successful downtown revitalization efforts, including visiting frequently with store owners, organizing promotional activities and marketing campaigns, and working closely with local media outlets to attract positive coverage, just a few of the numerous tasks required of a downtown coordinator.

Downtown Coordinator

Guayama is now in a position where it needs someone at the local level to coordinate additional downtown projects and convince private sector stakeholders of the need for their involvement. As examples from countless downtowns demonstrate, a full-time downtown coordinator whose job is to listen and work with local businesses and property owners is one of the most effective ways to begin to ensure the involvement of the private sector.

A downtown coordinator is someone whose job is to work closely with the city, local businesses, residents and community groups to implement the downtown revitalization plan. Only a full-time coordinator can meet frequently with local educational and religious institutions, civic organizations, business owners and residents to devise and assemble the kind of projects and programs needed to begin and maintain a downtown revitalization program.

Downtown Organization

A professional downtown coordinator who represents a politically neutral organization also has the added benefit of being able to overcome many of the political stalemates that have developed over time. In Guayama, the length of the mayor's tenure, almost

Regular outreach and one-on-one contact ...needed to develop personal relationships and build trust with businesses and property owners.

Direct one-one-one contact is critical to reaching small business owners, who have little time to attend meetings or seek help on their own."

- Karl Seidman, "Practitioners Guide to Urban Main Streets", 57

Recommendation Overview



twenty years, has resulted in a stalemate between the mayor and merchants. Previous attempts by downtown business owners to influence and contribute to the mayor's downtown development policy have failed, leaving merchants skeptical and unwilling to try again. As a result, the mayor's experience has been that invitations he extends for public meetings often result in extremely low attendance rates. Overcoming the high level of distrust between the public and private sector and the resulting apathy is a major reason why a new organization is an important step in involving private sector leaders in the revitalization effort.

Funding and Placement concerns

In all cases, the location of the downtown coordinator will likely be determined by funding. One promising option includes *Fomento Comercial*, which has announced funding of up to \$100,000 for 'innovative' revitalization strategies. However, this funding is limited to local municipalities and local merchants' associations, both of whom are required to work closely with *Fomento* to implement the strategy.

One suggestion includes locating the coordinator, at least initially, within *Fomento's* Guayama offices, located directly on the *Plaza de Recreo*. This option makes sense given that existing economic development plans being developed for by *Fomento Comercial* will have *Fomento's* local offices take the lead in implementation. By locating the downtown coordinator in *Fomento's* local office, the institutional overlap is reduced the coordinator is given access to *Fomento's* administrative and technical support. The downtown coordinator, however, should not answer directly to *Fomento* officials. Rather, s/he should answer to an independent board of directors comprised of significant downtown stakeholders, as explained in more depth later in this chapter.

Increase Local Demand

Demand for local goods comes from residents who live in the pueblo, residents who live in other areas of Guayama, and residents from nearby municipios. In many cases, these people have stopped patronizing stores in the pueblo, preferring instead to make their purchases at the local mall. Attracting these individuals back to the pueblo will require a number of strategies, including targeted marketing and promotional activities, improvements to downtown access and an enhancement of the pueblo's image, among other strategies. Increasing local demand means increasing the reasons why people need to visit the pueblo. The strong medical, educational, and government services clusters that continue to draw people to the pueblo need to be supported and expanded.

Increasing local demand also means maintaining Guayama as a place that exists first and foremost for its residents. Focusing on visitor spending alone will only help to turn Guayama into a museum, where people come to visit but few people choose to live, resulting in a pueblo with few goods and services for residents. No one wants to see the pueblo filled with stores dedicated to tourists, where restored homes sit empty. The challenge is to make sure that businesses that serve tourists compliment the majority of businesses that continue to serve the daily needs of Guayama's residents.

Increase Visitor Demand

Historic preservation is big business. People travel far and wide to visit authentic historic communities. In this respect, Guayama is fortunate. It counts among its assets an extremely attractive downtown, replete with historic buildings and remarkably pleasing open space. It is the successful preservation of these buildings and spaces that help make it a place that people want to visit. Increased visitor demand also begins to make possible development opportunities previously thought unfeasible, such as hotel development in underutilized historic buildings.

The Heritage Tourism Concept

This thesis suggests that Guayama should cast a broader net in its search to revitalize the pueblo. Instead of considering its own cultural and historic assets in isolation, the

Recommendation Overview

Cultural heritage travelers ... tend to stay longer and spend more money. According to the Travel Industry of America, while the average U.S. traveler spends \$457 and 3.4 nights away from home per trip, visitors to historic and cultural attractions sites spend \$631 and 4.7 nights. Their spending can help diversify a local economy and preserve the community's character.

- The Benefits of Heritage Tourism, National Trust for Historic Preservation, http://www.nationaltrust.org/heritage_tourism/Benefits.html

pueblo should serve as a springboard for a more ambitious plan to attract tourists to the entire region. The concept is called Heritage Tourism. According to the National Trust for Historic Preservation, Heritage Cultural Tourism, or simply Heritage Tourism, is defined as "traveling to experience the places and activities that authentically represent the stories and people of the past and present."¹⁵ Heritage Tourism is an attempt to attract visitors to a place by enlisting local people to tell the 'story' of a place. It is an attempt to create a kind of tourism that is sustainable and supportive of local culture and customs.

Initial research suggests that Heritage Tourism is a relatively unexplored concept in Puerto Rico, where the tourism industry has traditionally focused on visitors interested in enjoying local beaches at all-inclusive resorts. Even a quick review of the "Culture and History" offerings on one of Puerto Rico's most popular tourist portal <gotopuertorico.com> reveals a focus on preserved historic sites, rather than living places and communities. Rather, the focus is on places that have become museums where people go to 'see,' rather than to 'experience' culture. Here in lies the problem.

To see the potential in Heritage Tourism, one need look no further than Cuba. Visitors to Cuba go not only for its attractive beaches, but also for a heavy dose of 'Caribbean' culture. Cuba is a living example of Heritage Tourism--Havana is a city where people still live and work, yet tourists flock to experience the activities and traditions that the country has to offer. Cuba also brings up another issue which is of great concern to Puerto Rico. There is a tremendous fear that the opening of Cuba's borders will greatly affect the Puerto Rican tourism industry. If Puerto Rico is to successfully compete on the global scale for tourists interested in heritage cultural tourism, it needs to begin working on developing tourism options for people interested in visiting living places that embody Puerto Rican culture. Preserving historic architecture is important, but clearly, physical preservation must be accompanied by cultural programming and activities that give visitors the opportunity to participate in Puerto Rico's vibrant *living* culture.

¹⁵ National Trust for Historic Preservation "What is Heritage Tourism?" Heritage Tourism, <http://www.nationaltrust.org/heritage_tourism/> (April 21, 2003)

Domestic Visitor Demand

Another, often overlooked component of visitor demand, is that of other Puerto Ricans. In light of Sept. 11 and the world we live in, it is increasingly common to see families choosing to vacation closer to home. Interviews with tourism officials also suggest that Puerto Rico has in fact underestimated domestic tourism. Guayama could capitalize on this by targeting Puerto Rican's interested in learning about their own heritage and culture. By allowing Puerto Rican's to come together to celebrate a real, living pueblo, Guayama can become "Puerto Rico's pueblo." Moreover, Guayama's relative proximity to San Juan metro area, with its 1.3 million residents representing 37% of Puerto Rico's total population, is another opportunity to increase domestic tourism.

Convention Center Visitors

Domestic tourism also leads us to a discussion of Guayama's new convention center. The potential for domestic conferences in the city's new facility make domestic tourism an even greater possibility, one that should be used to attract convention goers to the pueblo.

Because of its relative obscurity, Guayama and surrounding communities have retained many of the qualities of the Puerto Rico of yesteryear. This means an incredible opportunity to attract a different kind of visitor to the southern side of the island, one intrigued and attracted by living history and culture.

SUMMARY

Any successful downtown revitalization strategy requires a strong vision. The vision behind this thesis is that of a vibrant, populated and beautifully preserved pueblo, where businesses thrive and local culture is celebrated. Finding ways to support this vision requires a focus not only in physical infrastructure and design, but also in finding ways to help struggling downtown businesses affected by competition from local retail malls and changing economic conditions. Strategies to overcome these challenges can come in a variety of forms. This thesis addresses two issues, those related to local demand and those related to visitor demand. The revitalization strategy in this thesis suggests ways to attract new visitors to the region's historic and nature attractions, while also finding ways to welcome back local residents who have stopped shopping downtown. These two issues, while related, are distinct. This is why the organizational structure suggested in this thesis includes three committees, one to oversee improvements in physical infrastructure and design, another to oversee strategies related to heritage tourism and a third to look at ways to increase local demand through targeted events and activities aimed at attracting local residents back to the pueblo.

BROADER POLICY ISSUES

Downtown housing is clearly the missing piece in the revitalization puzzle. However, the work plan included in this thesis does not include specific strategies aimed at increasing downtown housing. This is because throughout the course of this thesis it became increasingly clear that the real barriers to housing development in Puerto Rico's historic pueblos lie in the policies followed by banks and insurance companies, who continue to refuse to underwrite loans for wooden buildings. Without realistic financing options for the rehabilitation of Guayama's historic wooden structures, these historic homes will continue to lie vacant. And while there are ways in which local governments can assist in providing financing, it is unlikely that there is yet enough local capacity in Guayama to manage complicated financial and technical requirements associated with these kinds of programs.

Only the Commonwealth, with its greater technical capacity, resources and political sway, can truly influence the players whose policies most directly impact downtown housing. The Commonwealth can tackle this problem in one of two ways, by either lobbying the banking industry to change its financing practices, or by offering financing itself for the rehabilitation of historic wooden residences. Two suggestions to overcome the barriers to financing include:

Establishing a Commonwealth-wide Mortgage Guarantee Program

- Six states, including Massachusetts, currently set aside federal money from their state housing agencies to insure mortgages through private banks. By ensuring mortgages through ‘mortgage guarantees,’ banks will be more likely to loan money for rehabilitation purposes. In Puerto Rico, the agency with the authority to extend mortgage guarantees is the Puerto Rico Housing Financing Authority, housed in the Government Development Bank of Puerto Rico. This option should be pursued vigorously by state agencies.
- Work closely with local banks to lower rates of financing for housing and commercial development within the boundary of local historic and/or commercial district. At the local level, banks are often partners in the Main Street program. Their contribution to the project can include lower mortgage rates to eligible residents and businesses.

Providing low-interest loans to local property owners and local residents to rehabilitate their own buildings.

- Low-interest loans could be secured through partnerships with banks interested in supporting what is currently a public-policy priority for the governor. Local banks could join together to develop a loan-pool, to which each contributes a set sum of money, for pueblos participating in the Commonwealth’s revitalization program.

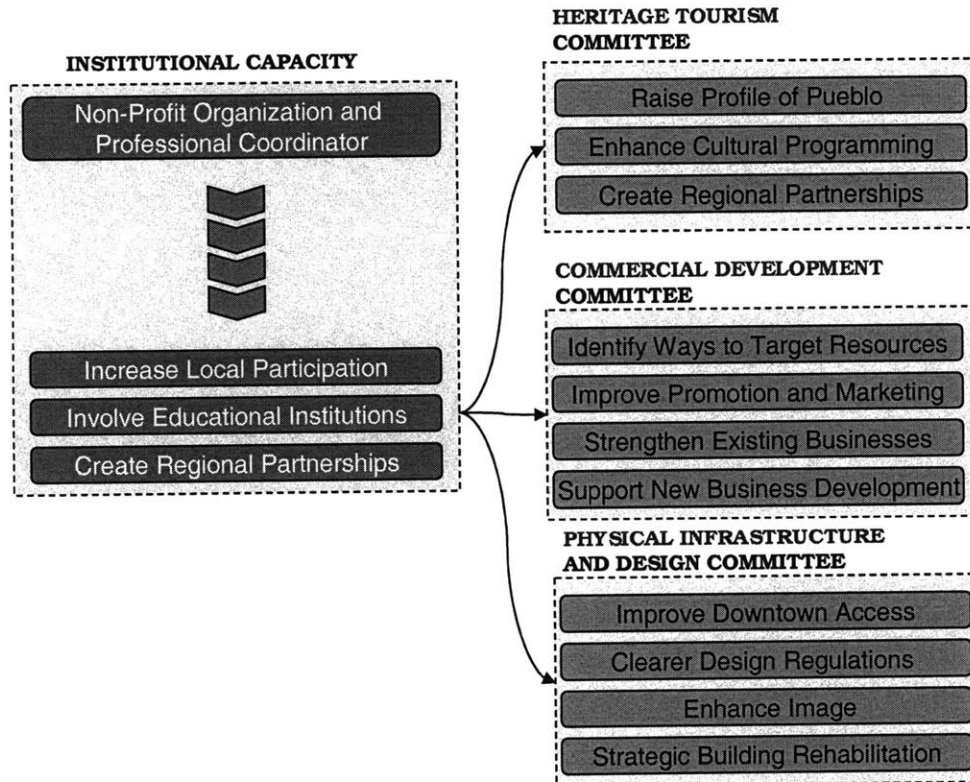
While financing is central to improving the prospect of many of Puerto Rico’s historic structures, Guayama can begin the process by tackling the problems which it *does* have the capacity to solve. Clearly, taking advantage of the traits that appeal to visitors in

Recommendation Overview

search of culture and history is central to ensuring that economic growth does not come at the expense of the qualities that make Guayama attractive. The Heritage Corridor alternative, for instance, is attractive option for drawing visitors from both Puerto Rico and abroad while maintaining a strong preservation focus. However, this approach must be tempered by a strategy that also seeks to re-establish Guayama as a place that continues to provide important goods and services to its residents. Attracting people back to the pueblo to both live and shop, is vital to ensuring that businesses do not become overly dependent on tourist dollars.

Finding ways to preserve Guayama's historic architecture and culture, while supporting the growth of local businesses, is possible. However, these strategies require the full-time attention that only a downtown coordinator can give. As case study after case study demonstrates, it is the presence of a downtown coordinator that is one of the most important components of successful revitalization efforts. Only a downtown coordinator given the authority to make real decisions can ensure that implementation occurs, that stakeholders are consulted and that businesses are included in the revitalization process. While this idea is relatively new to Puerto Rico, it has the greatest potential to make the current downtown revitalization strategies successful.

RECOMMENDATION OVERVIEW



Successful revitalization will require not only physical design and infrastructure improvements, but also targeted efforts to increase local demand and visitor demand through both Heritage Tourism and local commercial development.

The four organizational components are:

- **Institutional Capacity:** Developing the pueblo's human, organizational, institutional resources in order to begin to address the revitalization challenges.
- **Heritage Tourism:** Strategies to raise the profile of the pueblo and region around the historic significance of sugar cane.
- **Commercial Development:** Finding ways to address the needs of local merchants.
- **Physical Infrastructure and Design:** Strategic, high-impact physical improvements to help enhance the pueblos image for both locals and visitors.

Recommendations Overview

WORK PLAN

The recommendations included here outline a “work plan” for a downtown coordinator and non-profit revitalization organization. This individual will be responsible for coordinating the contributions of downtown stakeholders, both at the local level and commonwealth levels, and implementing strategies aimed at creating a more vibrant and economically healthy downtown.

The way these strategies are organized also reflects the current status of downtown development activity on the island. Currently, physical infrastructure and design is being handled by the *Directoría de Urbanismo*, while commercial development is overseen by *Fomento Comercial*. Recognizing these institutional divisions is important because funding is often funneled through these government agencies for local projects and activities.

The organizational diagram includes three committees, each comprised of local and commonwealth stakeholders. The coordinator’s job is to work closely with these stakeholders to implement revitalization strategies. These committees are:

- Physical Infrastructure and Design,
- Commercial Development, and
- Heritage Tourism.

The recommendations for each committee do not stand on their own. Ideally, these strategies should be implemented and coordinated simultaneously for most effective results.

DEVELOPING INSTITUTIONAL CAPACITY

Implementation is one of the most challenging aspects of the planning profession. The successful implementation of the recommendations in this thesis depends on the participation of many individuals and groups who have previously not been involved in the revitalization plans for the pueblo. Bringing together these individuals and giving them

THE ORGANIZATION

- Managed by a professional coordinator

THE COMMITTEES

- Physical Infrastructure and Design
- Commercial Development
- Heritage Tourism

“Lessons from early projects show the importance of emphasizing long-term sustainability...and the active involvement of all stakeholders in project financing and execution.”

- Inter-American Development Bank on their Latin American downtown projects.
(http://www.iadb.org/sds/SOC/site_397_e.htm, 4/14/03)

the right tools to contribute to the revitalization effort requires an approach to downtown development that has not yet been seen on the island: full-time professional management and accountability of the revitalization process at the local level.

Increasing the ability of local business owners, property owners, and other downtown stakeholders to implement downtown revitalization strategies is the most important element of these downtown revitalization strategies. Enhanced institutional capacity will allow the downtown organization to tackle the wide range of recommendations included in this thesis. It will also provide the foundation necessary to begin developing physical infrastructure and design, housing and commercial development strategies aimed at both increasing local demand and increasing visitor spending in the pueblo.

Goal: Provide for an institutional structure with the capacity to lead the pueblo in a committed downtown revitalization strategy

Recommendation

Provide for a professional downtown coordinator to manage the downtown development organization

Professional coordination of the downtown revitalization organization is crucial to its success. A professional downtown coordinator can work to organize local business leaders, city officials and state agencies in an effort to coordinate their individual efforts. They can also provide persistent but necessary outreach to the local merchants association, civic institutions, religious and educational institutions currently not involved in the initiative. The downtown coordinator’s responsibilities include, but are not limited to:

- Providing outreach and developing strong relationships with local business owners.
- Organizing regular merchant meetings and activities in coordination with the Asociación Comerciantes Unidos de Guayama (ACUG).
- Organizing and coordinating local promotional events and festivities.

- Gaining media coverage for downtown businesses, events and programs through press releases, regular newspaper columns, etc.
- Working closely with downtown property owners to determine appropriate development opportunities.

This list is clearly not exhaustive. While the basic responsibilities of downtown coordinators are similar, every community determines its own individual priorities and the coordinator's primary activities may differ from day-to-day.

Recommendation

Work towards the establishment of an independent, non-profit downtown development organization

While initially it makes sense to locate the downtown coordinator within Fomento's Guayama offices, it is important that the coordinator answer not to Fomento, but to a variety of local stakeholders who contribute not only money, but time, knowledge and human resources to the downtown revitalization effort. It is important that local leaders, merchants whose businesses are affected by the program, local civic, religious and educational institutions be involved in developing and implementing revitalization strategies. In these early stages of the revitalization process, it is important to be all inclusive

Once the initial projects have been determined, it is important to engage interested constituents in low cost, high impact projects that demonstrate community support and the seriousness of the effort.

Board Members Should Include:

Directoría de Urbanismo

Municipio de Guayama

Merchants' Association

Oficina Zona Historica

Property Owners

Fomento Comercial

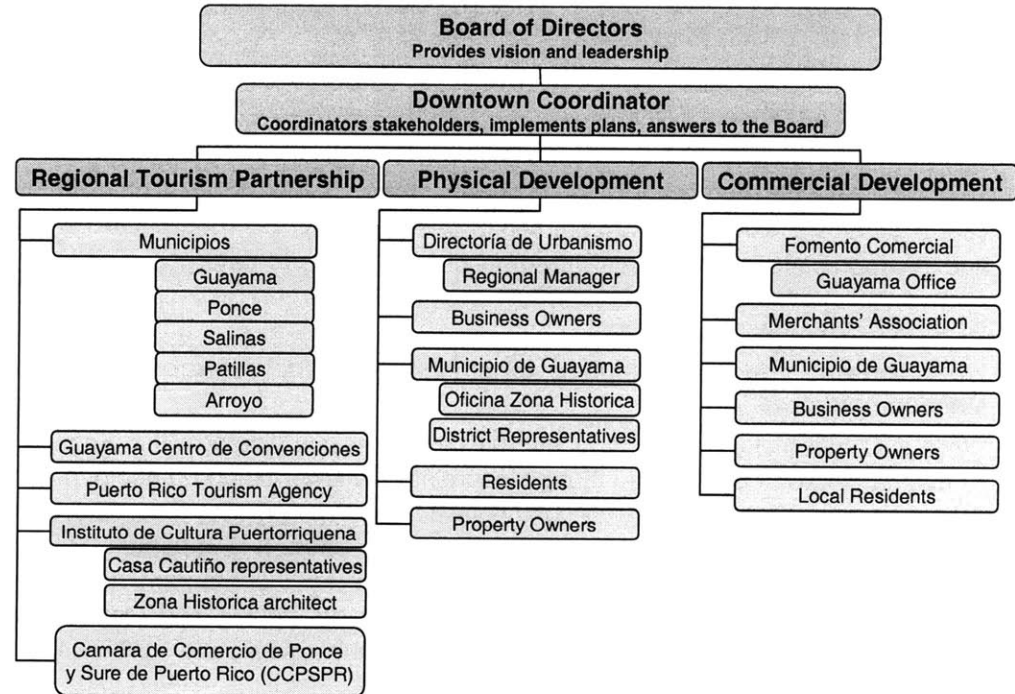


Figure 57: This organizational chart describes a *potential* model for the downtown organization, with a board of directors, downtown coordinator and committees with *representatives* from important organizations.

Involving local stakeholders begins by simply asking these individuals to meet. In some cities, the mayor takes the lead in this process, using his or her influence to bring people to the table to discuss the establishment of a new organization. In a community I worked with in Connecticut, the mayor invited local merchants and important political figures from both parties to the table. This group of individuals soon developed into a board of directors, with the mayor holding a non-voting position on the board. In other cities, a local Chamber of Commerce takes the lead in this process, making sure to give the mayor and his or her staff input into the process.

In all cases, a variety of stakeholders maintain representation on a board of directors, whose job it is to raise local support for the initiative, seek innovative ways

to utilize human and financial resources for the program, and provide guidance to the professional downtown coordinator, who will run the day-to-day implementation and administration of the program.

Goal: Increase local participation in the downtown revitalization effort.

Create an opportunity for downtown business owners, local financial institutions, residents, educational and religious institutions to contribute valuable time and resources to the revitalization effort

Recommendations

Strengthen the partnerships between important downtown organizations and institutions, both public and private.

Reach out to local institutions and organizations as potential partners in innovative new projects. Outreach should be made to individuals and organizations who have an interest in downtown, but who have not yet been involved in the revitalization process. Local stakeholders include but are not limited to:

- Downtown property owners
- *Downtown business people*
- Local bank representatives
- Merchants' associations.
- Local government officials
- Local school officials
- Transportation officials
- Civic organizations
- General public
- Local media outlets

Engage local stakeholders in the development process, some options for interaction might include

- Interviews
- Focus groups
- Work sessions
- Board meetings
- Joint board meetings
- Town meetings



Figure 58: San Salvador, El Salvador – A formal forum was held in Fall 2000, sponsored by the City and the Chamber of Commerce. All downtown stakeholders were invited by the *Oficina del Centro Historico*, a city agency, to discuss the downtown revitalization effort. This meeting was one of a series of meetings aimed at increasing participation in the downtown revitalization effort.

Recommendation

Create opportunities for both formal and informal communication between the private sector and community stakeholders.

- Publicize meetings in advance and meet with community stakeholders, including the church, downtown commercial organizations and business owners, residents, and academic institutions. Use these meetings as an opportunity to inform stakeholders of downtown revitalization efforts.
- Sponsor awards ceremonies for local businesses to recognize those individuals who have reached into their own pockets to invest in downtown. Some awards might include “best window display,” “best façade improvement,” “best marketing,” etc. These ceremonies would likely be well attended and help to promote positive actions on behalf of local businesses and a positive climate around change.

Recommendation

Reach out to the local merchant association and assist it in improving and maintaining stronger ties with its members.

- Currently, local merchants are loosely organized in a downtown business association that meets relatively infrequently. The group’s roster includes over eighty members. This organization must be allowed to develop the capacity to bring together downtown businesses to collaborate on marketing and promotional activities. As a strong advocate for downtown businesses, the organization will find itself in a better position to request city resources and access to Commonwealth funding opportunities.

Recommendation

Identify property owners and cultivate relationships - target owners whose involvement will have significant impact on the historic zone.

- Property owners should be informed of the downtown revitalization effort. The downtown coordinator can inform them of development incentives and work closely to enhance their properties in line with the goals of the



Figure 59: San Salvador, El Salvador – The ‘foro’ allowed local civic leaders to field questions about the downtown effort. Mayor Hector Silva closed the event.

revitalization program. The coordinator can also help businesses looking for commercial space, and offer support in cutting through Puerto Rico's notorious red tape.

Goal: Find creative ways to get local educational institutions to contribute to the downtown revitalization process

Local schools and universities provide the potential to contribute to the revitalization process through creative curriculum development that links courses with the needs of the downtown revitalization organization. Participation in the downtown organization not only provides less expensive ways to get projects done, but it also helps build community pride and educates youth on the significance of their local community

Recommendation

Establish partnerships with educational institutions to design curricula and/or courses that assist in the revitalization effort.

Some examples of collaborate partnerships with educational institutions include:

- Culinary Programs: Partnerships with local culinary programs to open small restaurants downtown gives students on-the-job experience running restaurant operations. It also creates interesting downtown eating experiences. Culinary institutes in the United States often run local restaurants to give their budding chefs experience. These restaurants are often very popular. The New York Culinary Institute, located almost two hours outside of New York City, often has a months-long waiting list for reservations. Such a restaurant could attract residents from throughout the region and island.
- Planning and Business Programs: Partnering with local planning programs, UPR- Rio Piedras, for instance, to create plans and economic development studies for downtown is a low-cost way to receive valuable consulting services. Local universities often offer business programs whose assistance could be sought in preparing marketing studies for downtown.

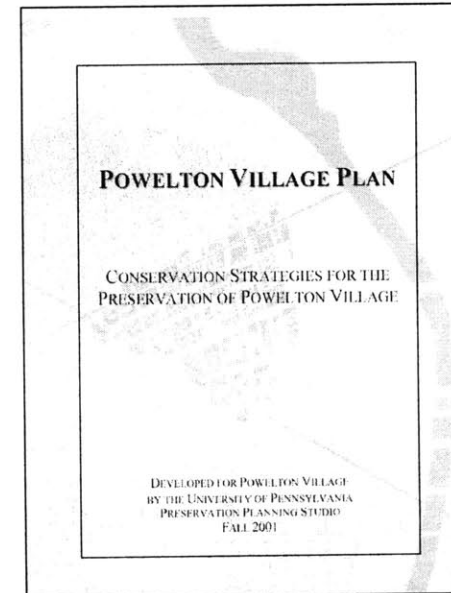


Figure 60: Local universities are invaluable resources. Often courses can be created to conduct professional research. The “Powelton Village Plan” was created for a local community as part of a Preservation Planning Studio at the University of Pennsylvania.

- Art Programs: The program could work with local elementary schools to create murals on blank downtown walls.
- Educational Programs: Work with local youth to create a downtown 'scavenger hunt'. Have children find important cultural and architectural monuments and write about their findings. Their essays could be printed in the local paper, helping to bring attention to the revitalization effort and the concrete ways in which the program is working with the local community.

These are but a few creative options for utilizing local students in the revitalization process.

PHYSICAL INFRASTRUCTURE AND DESIGN COMMITTEE

Once developing institutional capacity is underway, it is important that the coordinator put these groups and individuals to work implementing short-term, relatively easy projects that will get people excited about the potential of the downtown revitalization program. Ideally, these early projects will also evolve from suggestions made by stakeholders themselves.

Goal: Enhance the image of downtown through strategic, small scale physical interventions

Recommendation

Find ways to reduce the visual impact of vacant and abandoned properties.

- Create an "Adorne los Balcones," (Adorn the Balconies), program aimed at working with property owners to ensure that flowers are places in second floor balconies. Many communities use flowers to liven the streetscape. An excellent example is Cartagena, Columbia, where second floor balconies of both private homes and commercial buildings are frequently decorated with flowering vegetation.



Figure 61: Cartagena-de-India, Columbia – Flowers adorn upper floor balconies throughout the city, creating a pleasing and inviting atmosphere.

- Decorating the windows of vacant storefronts with displays from current businesses.
- Find creative uses for empty lots. A farmer's market, as discussed in more detail in Commercial Development is another way to make productive use of vacant lots.

Recommendation

Work with owners of vacant commercial buildings to use empty storefront space as marketing space for existing downtown businesses

- Empty window displays hurt the image of downtown by conveying the message that businesses are dying. In some Main Street communities, the local downtown coordinator works with owners of vacant commercial buildings to create attractive storefront displays using products and services from existing downtown businesses. This helps to diminish the emphasis of empty storefronts, while creating opportunities for additional promotion for existing businesses.

Goal: Improve visitor's first impression visitors of the pueblo through improvements to entrances from major thoroughfares.

Recommendation

Undertake strategic façade improvement and real estate development at important entrances and intersections.

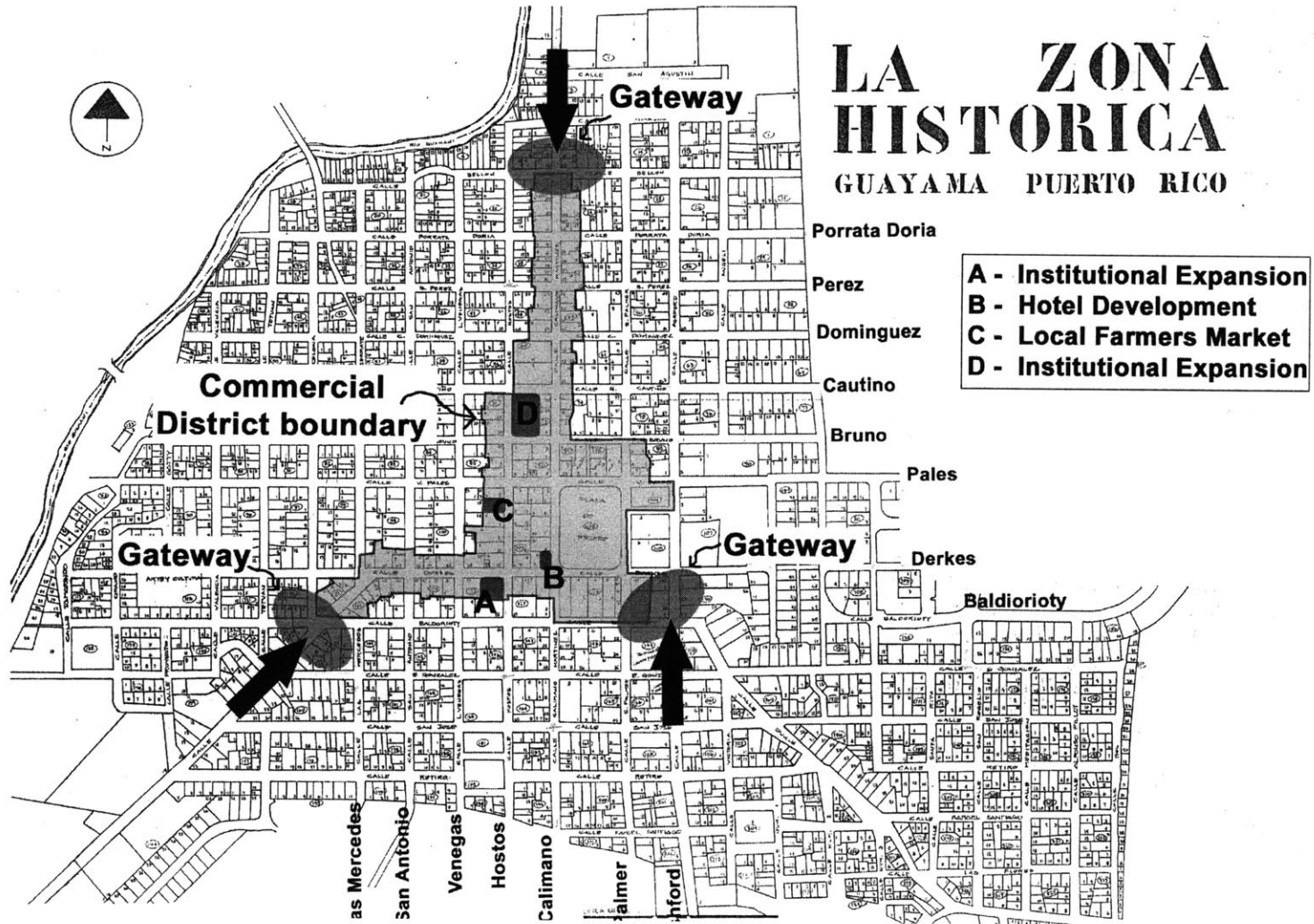
- The major entrances to the pueblo are the city's first opportunity to make a positive first impression on visitors. These gateways deserve special attention, and strategic investments in façade improvement, real estate development, and overall physical improvements will not only improve visitor's impression of the pueblo, but also help build local confidence in the revitalization effort.



Figure 62: Before - A dilapidated building at a major gateway to the pueblo.



Figure 5: After - A symbol of Guayama's historic past that welcomes visitors and residents alike.



Goal: Undertake strategic building rehabilitation

Recommendation

Identify two or three significant buildings for rehabilitation that would serve as a catalyst for additional development.

- **Hotel Development:** Located at the corner of Derkes and Calimano directly on the plaza, this building provides one of the best options for a small 'boutique' hotel. Every window has a small balcony with views of the plaza and church. The building currently houses first floor retail and upper floor office space.
- **Institutional Expansion:** Two buildings are large enough to be considered for local institutional expansion. The first is located at the corner of Hostos and Derkes, and the second, while occupied, is located along Hostos between Bruno and Cautiño.
- **Farmers Market:** A vacant lot, currently up for rent/sale along Hostos provides a good option for a small farmers market.



Figure 63: Building B: Potential hotel development along Calimano.

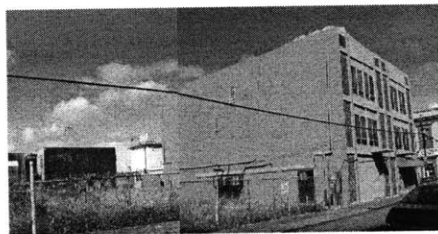


Figure 64 :Lot C: Potential farmers market on Hostos



Figure 65 : Building A: Potential institutional development along Derkes.

Figure 66: Building D: Potential institutional development along Hostos.

Recommendation

Provide evening and/or daytime parking opportunities in the ‘carro público’ parking structure.

- Developing larger scale evening activities at Teatro Guayama will increase the demand for parking during evening hours. The two story parking structure for *carro públicos*, or public taxis, located immediately behind the theatre is not in use during the evenings, providing an opportunity for close, convenient parking for large events.

Goal: Make it easier for visitors to find and locate important sites and monuments.

Recommendation

Provide quality signs that direct visitors to significant sites, monuments and public spaces.

- Improve signage that directs visitors to downtown from important entrances to the pueblo.
- Provide attractive downtown directories, including welcome and directional signs to the core of the historic district.
- Place signage at important gateways to city to indicate the one is entering a historic district

Goal: Ensure the existing *Zona Historica* design regulations are easily understood by potential homebuyers

Clear design regulations may help overcome the hesitancy of buyers interested in purchasing or building new residences in the pueblo. Increased residential density is important to local merchants, who depend on residents to buy their goods and services. The physical infrastructure and design committee could take on this project in conjunction with local architecture schools.

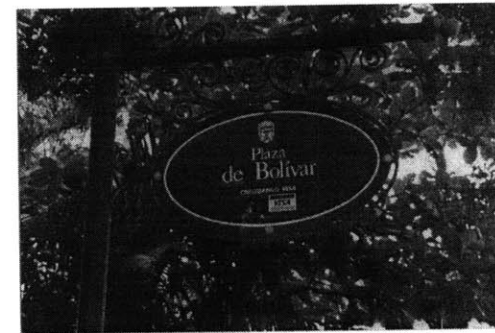


Figure 68: Cartagena de India, Columbia – Locational signage is paid for through partnerships with the private sector. In this case, an unobtrusive Visa logo announces the sponsor.

Recommendation

Provide clear, graphic guidelines of appropriate architecture and design as determined by the historic zone design code.

- The current regulations often make it difficult for potential residents to design appropriate housing according to code. People respond to images, and developing official design guidelines that outline typical Guayama architecture and design would help potential home buyers envision their home with a clearer design objective in mind. This project could be completed by working with a local architecture school to turn the historic preservation design guidelines into a poster that can be distributed to local real estate professionals and architects.

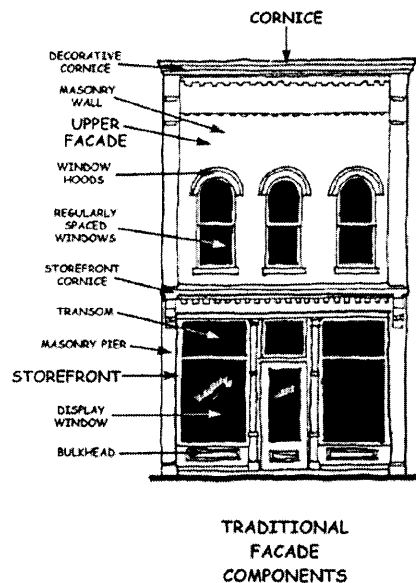


Figure 69: Easy to understand graphic representations of the district design regulations will help overcome concerns that the regulations are overly complicated and difficult to comply with.

Source: www.riponmainst.com

COMMERCIAL DEVELOPMENT COMMITTEE

The downtown business community has faced stiff competition from the local mall, located three miles east of the pueblo. Existing businesses are often hanging on under tenuous circumstances. In many cases, business owners are doing what little they can to keep their stores from closing, and merchants are often too busy to participate in activities sponsored by their own local business association. However, merchants must be convinced of the need for cooperative efforts, including marketing and promotional activities. Part of the reason why malls are so successful is due to coordinated management, including consistent hours, cleanliness, coordinated promotional activities and 'sidewalk sales,' etc. In many downtown communities, local merchant associations often take on some of these responsibilities. However, Guayama's merchants association is run by business owners who do not receive administrative support, and are often too busy to coordinate local merchants in the same way that professional mall managers can. Finding ways to get local businesses involved will require organizing around events that are of great interest to the local business community, such as major marketing and promotional events that bring people downtown to shop.

Goal: Identify ways to target the use of limited resources

Recommendation

An in-depth market analysis is necessary to identify the best ways to aid in the recruitment of businesses to downtown

These recommendations are based on a relatively concise, three-week survey of the downtown economy. Only a better understanding of the downtown market and in particular, the specific needs of Guayama residents, will determine what kinds of businesses will most likely meet success in the pueblo. Any successful business recruitment effort will depend on this information.

- A marketing study should include data collection and analysis needed to define potential activities, identify potential business opportunities, and indicate whether the local neighborhood is adequately served by existing businesses or whether there exists unmet retail demand.

Recommendation

Concentrate commercial development activities within the boundaries of a commercial district, rather than the entire pueblo.

- The concentrated focus of resources on a smaller geographic area helps to target limited funds by increasing the visibility of the downtown revitalization efforts. Focusing on a small geographic area will also set the stage for potential conversion to a self-taxing business district, or BID, as funding is phased out over time.

Goal: Improve the quality and caliber promotion and marketing for local businesses

Recommendation

Develop a committee devoted to organizing downtown retail promotion events

- Establish a sub-committee that organizes promotional activities and events downtown aimed at attracting local residents. Funding for these activities can

be accessed by working closely with the local merchants' association, whose status makes it eligible for commonwealth funding.

Recommendation

Promote events, activities and advertising targeted at local retailers

- The downtown coordinator can assist the local merchants' association to coordinate joint advertising
- Special events to attract customers to the district: "Large events can be effective tools to build a district's image and expand its market. These local sales events require considerable time, planning and resources to undertake and must be held regularly over several years to build recognition and attract substantial attendance."¹⁶
- Weekend activities and sidewalk sales are good ways to attract customers to stores. Some suggestions from Guayama's local business owners include a coordinated event of street sales where streets are closed and activities for children are held. The movie theatre could show children's movies for free or at a discount.

Recommendation

Expand the ways in which the pueblo markets itself. Potential marketing options include:

- Brochures
- Web pages
- Special events
- Street sales, downtown discount day, midnight madness sales, etc.
- Special events that bring families to Teatro Guayama

¹⁶ Seidman, Karl. "Practitioners Guide to Urban Main Streets." National Trust for Historic Preservation. (unpublished manuscript), 58.

Goal: Strengthening existing businesses

Recognize the efforts of existing business owners who are improving their businesses and storefronts. In conjunction with the local merchants' association, organize an awards ceremony that includes awards for most improved storefront, most attractive window display, best service, etc.

Recommendation

Provide staff support for monthly business events in partnership with the downtown merchants' association.

Following the successful example of the primarily Latino Del Sol Business District in St. Paul, MN, a business outreach program should be established to create opportunities for increased interaction and cooperation among downtown businesses. In the case of Del Sol, the local economic development agency developed an outreach strategy with three components. These strategies include:

- A monthly luncheon that includes local speakers discussing downtown and regional issues of interest to the business community.
- A monthly breakfast to formally discuss downtown development concerns and plans of action.
- An informal after-hours event to provide for more spontaneous interaction between local business owners.

Food is an important component of these meetings. It is an effective way to participation among a busy group of people. Everyone has to eat; providing convenient food after a long day at work is a simple, often overlooked strategy.

Recommendation

Work to better utilize the resources of Fomento Comercial's Guayama office

- Work closely with Fomento Comercial to make merchants aware of the services provided at the local Fomento office. It's location on the plaza makes it an accessible resource for merchants.

Goal: Support new business development

Recommendation

Provide “account managers” to help business owners maneuver through the permitting process.

- Cities across the country are beginning to provide help with the permitting process to those interested in opening up new businesses. (See Chicago case study)

Recommendation

Create a database of vacant commercial space, local businesses and downtown property owners

- Begin to work with property owners to determine uses for property. Market empty buildings to targeted new businesses and direct business development to areas that support existing clusters:

Recommendation

Strengthen existing business clusters that have remained in the pueblo and continue to draw customers.

- Neighborhood Retail Cluster: In the neighborhood retail cluster located along northern Calimano Street, business recruitment should focus on the kind of stores that provide neighborhood related ‘life services.’ Convenience retail is much more dependent on the buying power of local residents than other forms of retail. As such, strengthening the stores found along the northern portion of Calimano Street requires attracting additional residents to the neighborhoods that bound Calimano to the east and west. This strategy is discussed in more depth in the housing section.
- Comparison Retail Cluster: The clothing retail cluster can be strengthened with the addition of stores that compliment clothing retail.
- Medical Cluster: The medical profession has always gravitated towards the historic buildings to the south of the plaza. Entering into discussions with local doctors to identify their needs would help strengthen this cluster.

- Educational Cluster: Downtown educational institutions should be encouraged to expand to vacant buildings and sites.

Goal: Create opportunities for local farmers and fisherman

Recommendation

Establish a small farmers market on weekends.

- Local farmers markets have proved very successful components of downtown revitalization strategies. They have proven successful at drawing local and regional residents interested in low-cost fresh fruits and vegetables in a market atmosphere. At the same time, they provide a way for local farmers to sell directly to customers, cutting out the middle man in the process. A farmers market in Guayama could be located on a number of vacant parcels in the vicinity of the *Plaza de Recreo*. It would also be beneficial to downtown residents, who currently do not have many options for purchasing high quality fresh fruits and vegetables.

HERITAGE TOURISM COMMITTEE

Improving the physical infrastructure and design of the pueblo is really a means to an end. Making the pueblo a more attractive place enhances its appeal to potential residents and visitors, who then patronize local stores, helping to improve the downtown economy in the process. Recognizing the value of the historic buildings and maintaining the historic character of the pueblo serves to enhance the experience of living, visiting and shopping in the pueblo.

However, without additional strategies and incentives, physical design alone will not turn the downtown around. As the experience of Ponce, Puerto Rico attests, focusing solely on physical improvements can threaten the economic livelihood of many of the smaller merchants who find it difficult to withstand the construction process or the increased rents after construction is completed. If anything, the experience of Ponce serves as a testament to the need for a comprehensive revitalization strategy that incorporates

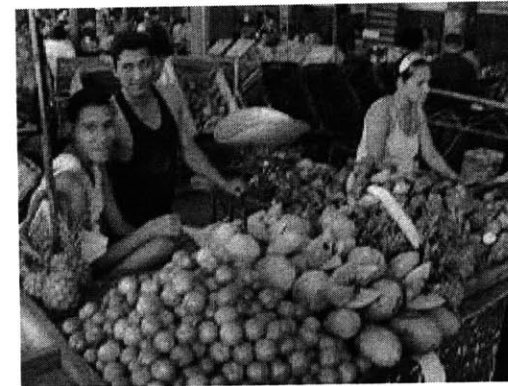


Figure 70: Havana, Cuba - A weekly or bi-weekly farmers market helps local farmers and serves the need of local residents for fresh produce.

historic preservation and physical infrastructure with many of the commercial development strategies suggested in this thesis.

Heritage Tourism – Telling the ‘Sugar Cane’ Story

Heritage Tourism would allow Guayama and its surrounding communities to tell the story of sugar cane production in the region, a story embodied in so many of the City’s cultural icons, including the City’s flag and emblem, both of which include the Torre Molino, an old sugar mill located to the south of the historic pueblo. Guayama should look to increase visitor demand by working with other local municipalities to begin to market itself as part of a larger Nature and Heritage Corridor.

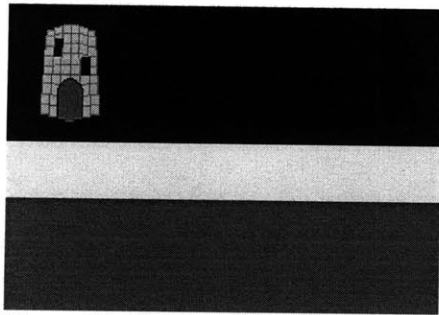


Figure 71: Guayama’s flag speaks to a strong history in sugar cane production. The icon is Torre Molino, an old sugar mill, and the color yellow represents the city’s economic gain from sugar cane.

A committee of representatives from local municipalities, Puerto Rico Tourism Company, Instituto de Cultura Puertorriqueña, and representatives from local cultural and natural heritage sites, among others, should be convened to begin to develop a more concrete plan for developing and marketing Heritage Tourism in Puerto Rico’s southeastern region.

A brief review of potential components of a Heritage and Nature Sugar Cane Corridor, with Guayama as the center piece, include:

Guayama:

- Jobos Bay National Estuarine Research Reserve
- Carite Forest a 6,000-acre nature reserve
- Reserva Natural Mariposario Las Limas

Casa Cautiño

- *Iglesia Católica*

Plaza de Recreo

- *Centro de Bellas Artes*
- *Torre Molino*
- Aguirre Mangrove Forest. A sprawling network of mangroves, channels, salt flats, and an eight-mile-long string of cays.

Ponce:

- Castillo Seralles: The restored mansion of Puerto Rico's Seralles family, the makers of Don Q rum and other products made from sugar cane.

Arroyo:

- Sugar Cane Train: The Tren del Sur ("southern train") is an old sugar cane train that meanders through a small section of rail tracks that remain in Arroyo. Currently, it operates only on weekends and holidays. While these tracks also extend as far as Ponce, they are not in working condition. However, the future potential for tourism around the rehabilitation of the *Tren del Sur* remains.
- Hacienda San Isidro: A former sugar cane plantation in Arroyo.



Figure 72 : The *Tren del Sur*, a former sugar cane train, is currently in service in Arroyo. This little recognized local tourist attraction has the potential to become a regional tourist attraction.

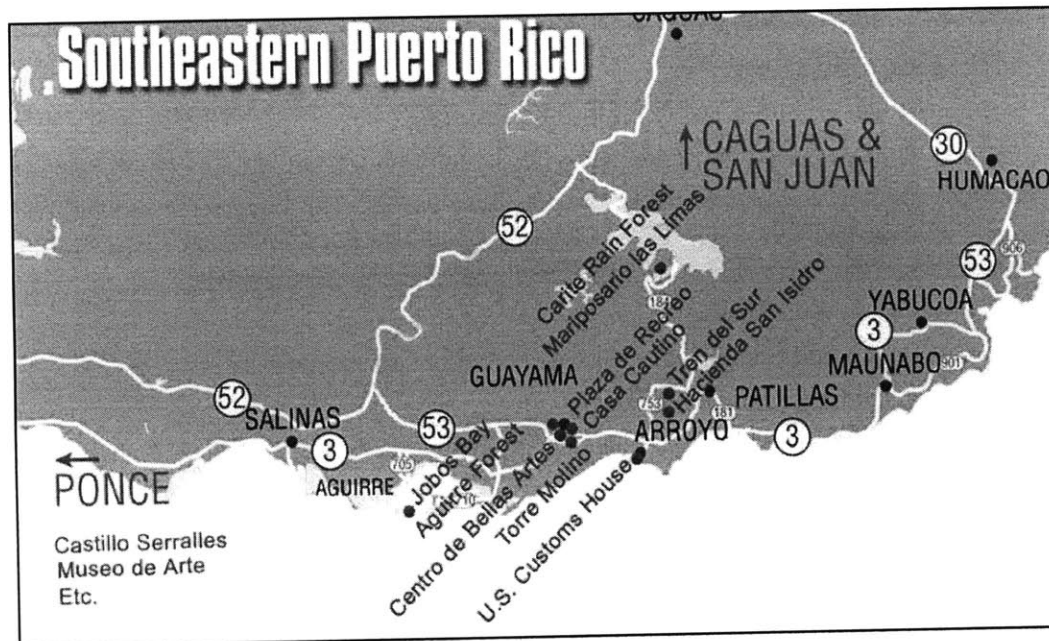


Figure 73: A selection of sugar cane, heritage and natural sites in Southeastern Puerto Rico

The following organizations are working closely with communities interested in developing Heritage Tourism. They are potentially good resources. They include:

- The National Trust for Historic Preservation,
- Partners in Tourism, and
- The National Endowment for the Arts

These are but a few potential ideas for celebrating the history of sugar cane and role it has played in the development of Guayama and the region. While there is potential to develop this concept much further, this section seeks to simply introduce the concept of Heritage and Nature Corridors as a foundation for sustainable tourist development.

Goal: Increase regional cooperation for the purposes of heritage tourism

Recommendation

Develop a regional strategy for cultural tourism

Alone, Guayama may not have the capacity to draw tourists. Many communities in the southeastern region are in the same situation. However, there do exist a number of tourist attractions in the region that might enhance the profile of the region. This process requires working with numerous partners and cities, including:

- Puerto Rico Tourism Board
- Ponce and South Puerto Rico Chamber of Commerce
- *Instituto de Cultural Puertorriqueña*
- Regional city officials, including representatives from Salinas, Patillas and Ponce.

Ponce, is a community located about 45 minutes west of Guayama. It is increasingly becoming a regional tourist destination. Partnering with Ponce on marketing and promotion would help the entire region attract more visitors. Currently, Ponce is the only major draw on the Southern coast of the island. By suggesting to tourists that

there are two historic cities of interest and various cultural heritage sites within the region, they might choose to stay overnight in Ponce and make a day trip to Guayama instead of visiting Ponce just for the day, as is generally the norm. This kind of marketing could be a potential win-win for both cities.

Goal: Raise the profile and enhance the image of the pueblo and the sugar cane region both island-wide and abroad.

Recommendation

Work with Puerto Rico Tourism Agency to market the pueblo and southerneastern Region

- Provide signage on highways that directs drivers to the historic pueblo.
- Make sure local attractions, besides the enclosed mall and Casa Cautiño, make it to the official Puerto Rico tourist website. Work with the Puerto Rican tourism board to ensure that additional cultural sites are put on the website.
- Contact publishers that publish tour guides, such as *Frommers*, *Fodors*, *Let's Go*, *Lonely Planet*, etc. and campaign to get their writers to cover Guayama and the Southern region.

Recommendation

Work closely with the convention center to ensure that visitors spend time in the pueblo

- Use the pueblo to market convention center. Organizations looking for convention space are often as concerned with the proximity of other interesting activities for convention goers as they are with the space itself. An interesting location makes for higher turnout.
- During conventions, use the trolleys during lunch time to allow convention goers to eat in the pueblo.
- Work closely with the convention center to develop demand for historic hotel development.



Figure 74: Rhonda, Spain – A yearly parade celebrates the city's bullfighting heritage. This pictures shows local dance groups, who were invited to perform dances from other cultures.

Goal: Attract visitors to the region and increase local interest in regional heritage through enhanced Cultural Programming and activities

Recommendation

Change the character of the fiestas patronales to incorporate tradition oriented church services and activities

- Puerto Rico's tradition of fiestas patronales or 'patron saint days' began with religious celebrations held in the plaza. Over time, these festivals were commercialized with amusement park rides and games, with a growing departure from religious themes. The past decade saw the patron saint days turn into a raucous festival for teens, and the event became increasingly inhospitable to families. After a shooting during the festivities, the festival was moved outside of the historic downtown to a local fairground, where it remains to this day. A return to a more traditional festival might help involve the church in revitalization strategies. The event could also reignite interest in downtown activity and could be used to attract tourists who are interested in cultural tourism. One such example of religious/cultural festivities that spur tourism is Sevilla, Spain, where Semana Santa, or Easter Week, festivities regularly attract hundreds of thousands of visitors to the city.

Recommendation

Develop cultural events and activities that celebrate the influence of Sugar Cane on the region. Some examples include:

- **Yearly cultural festivals and other events that celebrate sugar cane.** These events also provide the opportunity for sponsorship by Puerto Rican rum manufacturers, including Don Q and Bacardi.
- **Celebrate the region's strong history of Paso Fino Horses.** Don Geraro Cautiño, whose restored home graces the Plaza de Recreo, was an avid breeder of Paso Fino horses. An event that encourages horse owners parade their horses through town, culminating at the Museo Cautiño would help bring the historic house and its history to life.

- **Bike races and marathons** that take competitors through the entire sugar cane region.
- **Tours to local sugar cane related sites**, including the *Torre Molino*, *Tren del Sur* and Hacienda San Isidro,

PROJECT FINANCING

Non-Profit Organization and professional coordinator

The implementation of this downtown revitalization strategy relies on a number of public and private sector financing tools. An analysis of the Main Street budget of 44 Main Street programs included in *Main Street Success Stories* indicates a median per capita spending of \$5 per town resident. However, a closer look at the data reveals that very small communities report significantly higher spending per resident than larger communities. When one considers communities between 30,000 and 60,000 people, median spending falls to \$2.57 per person. For Guayama, a city with a population of 45,000, this amounts to a yearly budget of \$125,000 which would cover the cost of paying a full-time staff member, an assistant, and renting and equipping an office. When considered in the context of the \$7,300,000 for the first phase of physical infrastructure projected for Guayama, this funding represents a mere 2% of total projected costs.

Fomento Comercial has announced competitive funding for up to \$100,000 for “innovative” revitalization initiatives. This ‘seed money’ could be used to establish the program and pay the coordinator for the first three years, after which additional funding would need to be identified.

While this thesis does not focus on long-term funding, early successes that convince local property owners and businesses of the need for a downtown organization might convince stakeholders of the need to establish a self-taxing district, or what is known as a Business Improvement Districts or BID, to support the program. *Fomento Comercial* is currently developing legislation that would allow for the establishment of local BID districts in Puerto Rico. Interviews with business owners suggest that there is little current

support for taxation without concrete evidence that such a program is effective and taxes would in fact go towards policies that benefit their businesses.

Leveraging Local Resources

Partnering with local civic, educational and religious organizations is a common way to raise funds for smaller projects and activities. Partnerships around local cultural activities, for example, are a good way to get local arts and culture organizations involved. The best way to ensure participation is to work with these organizations to develop and implement programs and activities that directly serve the mission of the organization in question. Not only does this expand the number of individuals involved in the revitalization process, but it also creates opportunities to sponsor low-cost events and activities that attract people to downtown.

Other funding options include:

- Local lawyers and accountants can be asked to provide in-kind support and services. In many communities, these individuals serve on the board and donate their time and expertise to the revitalization effort.
- Favorable media coverage can function as low-cost advertising for the downtown.
- A weekly article, written by the downtown coordinator, and published in a regional newspaper, is often a very good way to promote the downtown while also educating local residents and business owners about the downtown revitalization process. It is also a good way to generate additional volunteers.

Developing Institutional Capacity	Recommendations	Partners	Type of Demand
NON-PROFIT ORGANIZATION	<ul style="list-style-type: none"> Establish an independent non-profit downtown development organization 	Funding through <i>Fomento</i> is available to either: <ul style="list-style-type: none"> City of Guayama Asociación Comerciantes Unidos de Guayama (ACUG) Oversight and funding considerations would require the involvement of: <ul style="list-style-type: none"> <i>Fomento Comercial</i> <i>Directoría de Urbanismo</i> 	Local and Visitor
PROFESSIONAL COORDINATOR	<ul style="list-style-type: none"> Provide funding for a professional downtown coordinator 		
INCREASE LOCAL PARTICIPATION	<ul style="list-style-type: none"> Strengthen the partnerships between important downtown organizations and institutions, both public and private. Create opportunities for both formal and information communication between the private sector and public sector leaders. Reach out to the merchants' association (ACUG) and assist it in improving its ties with its members. Identify property owners and cultivate relationships with those whose involvement will have significant impact on the historic zone. 	All local stakeholders, including: <ul style="list-style-type: none"> Downtown property and business owners Local bank representatives Asociación Comerciantes Unidos de Guayama (ACUG) City of Guayama officials Local school officials Transportation officials Civic organizations (Lions Club, Rotary Club) General public Local media outlets 	Local and Visitor
INVOLVE EDUCATIONAL INSTITUTIONS	<ul style="list-style-type: none"> Establish relationships with educational institutions to design curricula and/or courses that assist in the revitalization effort 	<ul style="list-style-type: none"> Some potential partners include: <ul style="list-style-type: none"> UPR – Rio Piedras: Architecture and Planning program Universidad Inter-Americana: Business Administration program Instituto de Banca: Tourism and Culinary Arts programs Pontificia Universidad Católica: Business Administration Program Centro de Bellas Artes 	Local (some school projects may also impact visitor demand)

Work Plan

Physical Infrastructure and Design Committee	Recommendation	Partners	Type of Demand
IMPROVE IMAGE	<ul style="list-style-type: none"> • Reduce the visual impact of vacant and abandoned property • Work with owners of vacant commercial buildings to use empty storefront space for displays by local merchants • Improve major entrances to the pueblo with strategic façade improvements 	<ul style="list-style-type: none"> • City of Guayama • Local merchants interested in display space • Property owners of vacant commercial space and at gateways • Transportation officials 	Local and Visitor
STRATEGIC BUILDING REHAB	<ul style="list-style-type: none"> • Identify two or three significant buildings for rehabilitation that would serve as potential catalyst for additional development 	<ul style="list-style-type: none"> • Property owners • Oficina Zona Historica • Departamento de Vivienda • City of Guayama • Puerto Rico Housing Finance Authority 	Local and Visitor
IMPROVE DOWNTOWN ACCESS AND DIRECTIONAL SIGNAGE	<ul style="list-style-type: none"> • Raise awareness of existing parking opportunities in and around the pueblo • Work with local merchants to provide incentives for employees and business owners to park in satellite parking lots. • Provide quality directional signage from state roads to the pueblo 	<ul style="list-style-type: none"> • Downtown business owners • Managers of downtown parking structures • Transportation officials 	Local
CLEARER HISTORIC DISTRICT REGULATIONS	<ul style="list-style-type: none"> • Provide clear graphic guidelines of appropriate architecture and design determined by the historic zone design code. 	<ul style="list-style-type: none"> • Oficina Zona Historica • Instituto de Cultura Puertorriqueña • Local architecture schools 	Local

Commercial Development Committee	Recommendation	Partners	Type of Demand
IDENTIFY WAYS TO TARGET LIMITED RESOURCES	<ul style="list-style-type: none"> • Perform market analysis • Concentrate commercial development activities within the boundaries of the downtown commercial district. 	<ul style="list-style-type: none"> • ACUG • Local merchants • City of Guayama • <i>Fomento Comercial</i> 	Local and Visitor
IMPROVE RETAIL PROMOTION AND MARKETING OF LOCAL BUSINESSES	<ul style="list-style-type: none"> • Develop a sub-committee of business owners to organize downtown retail events • Promote retail events and activities to attract customers to local stores (weekend activities, sidewalk sales) 	<ul style="list-style-type: none"> • ACUG • Local merchants • City of Guayama • Transportation Officials (for street closures) • <i>Fomento Comercial</i> • <i>Directoría de Urbanismo</i> • Guayama Centro de Convenciones 	Local and Visitor
STRENGTHEN EXISTING BUSINESSES	<ul style="list-style-type: none"> • Expand the ways in which the pueblo markets to local residents. Approach a variety of media internet outlets • Provide staff support for monthly business events 	<ul style="list-style-type: none"> • ACUG • Local merchants • City of Guayama • <i>Fomento Comercial</i> • <i>Directoría de Urbanismo</i> 	Local and Visitor
SUPPORT NEW BUSINESS DEVELOPMENT	<ul style="list-style-type: none"> • Provide 'account managers' to new businesses to speed permitting process • Better utilize the resources of <i>Fomento's</i> Guayama office. 	<ul style="list-style-type: none"> • <i>Fomento Comercial</i> • City of Guayama 	Local and Visitor
CREATE OPPORTUNITIES FOR LOCAL FARMERS AND FISHERMEN	<ul style="list-style-type: none"> • Establish a weekend 'farmers' market on a vacant downtown parcel where farmers can sell directly to local residents 	<ul style="list-style-type: none"> • City of Guayama • <i>Fomento Comercial</i> • Puerto Rico Department of Agriculture • Local farmers and fishermen 	Local

Work Plan

Heritage Tourism Committee	Recommendation	Partners	Type of Demand
CREATE REGIONAL PARTNERSHIPS FOR TOURISM DEVELOPMENT	<ul style="list-style-type: none"> • Create a working group of representatives from local cultural attractions, municipios, Commonwealth tourist-related organizations, to further develop a plan for regional tourist development. • Develop a regional strategy for cultural tourism 	<ul style="list-style-type: none"> • Local municipalities, including Guayama, Ponce, Salinas, Patillas, Arroyo, etc. • Guayama Centro de Convenciones • Puerto Rico Tourism Agency • Instituto de Cultura Puertorriqueña • Cámara de Comercio de Ponce y Sur de Puerto Rico (CCSPR) 	Visitor
RAISE PROFILE	<ul style="list-style-type: none"> • Work with Puerto Rico tourism agency to market pueblo and South, Southeast region • Provide uniform and quality signage throughout the pueblo that directs visitors to significant sites, monuments and public spaces. 	<ul style="list-style-type: none"> • City of Guayama • Guayama Centro de Convenciones • Asociación Comerciantes Unidos de Guayama • Transportation officials • Puerto Rico Tourism Company • Instituto de Cultura Puertorriqueña 	Visitor
ENHANCE CULTURAL PROGRAMMING	<ul style="list-style-type: none"> • Change the character of the Fiestas Patronales to incorporate church services and activities • Enhance cultural programming and activities that build on the 'Sugar Cane' theme • Work closely with the convention center to ensure that visitors spend time in the pueblo. 	<ul style="list-style-type: none"> • Local municipalities, including Guayama, Ponce, Salinas, Patillas, Arroyo, etc. • Centro de Convenciones • Puerto Rico Tourism Agency • Instituto de Cultura Puertorriqueña • <i>Fomento Comercial</i> • <i>Directoría de Urbanismo</i> 	Visitor

APPENDICES

PROGRAM MODELS

Puerto Rico's distinct status as both a former Spanish colony and a Commonwealth territory of the United States has heavily influenced the unique political culture found on the island. This is why it is often difficult to compare communities in Puerto Rico to communities in either the US or in Latin America. Access to certain federal programs and resources, for example, might cause one to look to the Mainland for examples of successful downtown development. On the other hand, a strong Latin American culture might cause one to consider examples of successful downtown development in other Spanish colonies. What is clear is that any potential development models must reflect the mix of political and social cultures that make Puerto Rico unique. This chapter reviews successful models of downtown revitalization--models that can be replicated, with modification, in many communities and towns in Puerto Rico.

SMALL-CITY DOWNTOWN MODELS

The Main Street Program Overview

LOCATION: OVER 1,600 TOWNS AND CITIES ACROSS THE UNITED STATES

POPULATION: VARIES FROM COMMUNITY TO COMMUNITY. GENERALLY THE SERVICE AREA DOES NOT EXCEED A POPULATION OF 50,000.

PROGRAM COMPONENTS

- An emphasis on the simultaneous coordination of four major focus areas: Design, Promotion, Economic Restructuring and Organization.
- Emphasis on professional management
- Community consensus building

ENTITIES INVOLVED

- City/Public Sector

PROGRAM MODELS OVERVIEW

Small-City Downtown Models

- ◆ The Main Street Program
- ◆ Small-City Downtown Survey Results

State and/or City Models

- ◆ Boston, Massachusetts

Commercial Development Models

- ◆ Chicago, Illinois
- ◆ Los Angeles, California

Public-Private Partnership Models

- ◆ Quito, Ecuador

- Business owners
- Property owners
- Residents

The Main Street model of historic preservation and downtown development has enjoyed a great deal of success since its inception in 1980 as a pilot program administered by the National Trust for Historic Preservation. The program began as a way to save the buildings and character of historic downtowns, however, the first communities quickly realized that saving downtown meant doing more than simply repaving sidewalks and painting buildings; it required active support for the businesses who occupied those buildings. Without successful businesses, even the most attractive buildings would remain vacant. Over time, the program has come to represent an economic development philosophy grounded in historic preservation. For this reason, it continues to serve as a comprehensive model for communities hoping to improve their economies while respecting and preserving the historic architecture and built forms that make them unique.

MAIN STREET REINVESTMENT STATISTICS

Today, the Main Street model is used in over 1,600 communities and major cities, including Boston, Massachusetts and Washington, D.C. The rapid expansion of this model is in many ways a testament to the success it has had in helping communities effectively utilize their existing resources for the purposes of downtown revitalization.

Nationally, Main Street Programs have helped generate over 206,000 new jobs and \$16.1 billion in public and private reinvestment. A look at the statistics for an 'average' community is also significant:¹⁷

- Average program length, to date: 7.36 years

¹⁷ National Main Street Center, "The 2001 National Reinvestment Statistic," *Economic Statistics*, 2002, <<http://www.mainstreet.org/About/numbers.htm>> (15 April 2003)

- Average cost per job created: \$2,504
- Average cost per business created in a main street district \$10,090
- Ratio of Reinvestment into the Community (ii): \$39.96 reinvested for every \$1 spent. For the average program with a \$100,000 budget, this means that the downtown saw additional investment to the sum of \$3,996,000.

In addition, 2001 statistics reveal that in the over in the 1,633 communities that have begun Main Street programs to manage their commercial districts, over 52,000 new businesses have been created and 79,000 buildings have been rehabilitated.¹⁸

THE MAIN STREET PHILOSOPHY

Since its inception, the Main Street Program has used successful mall management techniques as a framework to organize local merchants and downtown stakeholders. The building blocks for this effort include a non-profit entity with a full-time 'Main Street manager.' This individual is a paid, professional staff person who works closely with local stakeholders to coordinate and implement downtown revitalization strategies. These strategies are generally organized around what are known as the 'four points,' Design, Organization, Promotion and Marketing, and Economic Restructuring:

Organization: Organization requires working closely with local stakeholders to build consensus and cooperation between all of the individuals and organizations with an interest in downtown. Because many individuals and organizations have a stake in the economic vitality of downtown, this group of individuals may include bankers, property owners, city and county officials, merchants, residents, professionals, civic groups the chamber of commerce, schools, real estate agents, and others. The downtown development organization and the local Main Street program manager are key players who serve to coordinate the efforts of all of these individuals and groups. The Main Street manager serves as the advocate for both downtown and its

At its best, a local Main Street program represents and involves a coalition of organizations, agencies, businesses, and individuals from throughout the community -- not just those who own property or businesses in the commercial district or who have a direct economic tie[s]...

- The National Main Street Program, www.mainstreet.org, 4/10/03

¹⁸ National Main Street Center, "The 2001 National Reinvestment Statistic," [Economic Statistics](http://www.mainstreet.org/About/numbers.htm), 2002, <<http://www.mainstreet.org/About/numbers.htm>> (15 April 2003)

THE “FOUR POINTS” IN BRIEF

Organization: Building consensus and cooperation among the groups vested in the district.

Design: Helping create an inviting physical atmosphere in downtown.

Promotion: Selling the image and reality of downtown to potential shoppers, investors, and entrepreneurs.

Economic Restructuring: Helping existing businesses expand and recruiting new ones.

Source: Dane, Suzanne. Main Street Success Stories, National Trust for Historic Preservation, 1997.

businesses.

Design: Design refers to improving downtown's image by enhancing its physical appearance--not just of buildings but also streetscapes, window displays, parking areas, signs, sidewalks, promotional materials—but of all the elements conveying a visual message about the downtown. The Main Street design philosophy is one that seeks to utilize and enhance those elements of quality design that remain in each building. Good design should also include promotional literature, store window and merchandise displays, public building improvements, and street amenities, and may even include educational programs aimed at enhancing local sensitivity to downtowns unique design characteristics.

Promotion: Promotion includes marketing downtown's to shoppers, investors, new businesses, tourists, and others. More broadly, it includes creating a positive image of downtown through retail promotions, special events, and on-going programs that attract shoppers while simultaneously building positive perceptions of the downtown. The promotion of the downtown as a single, unified commercial area – in the same way that a major shopping mall is promoted – will help attract customers and strengthen Main Street's role as a viable business center.

Economic Restructuring: Economic restructuring, also known as economic development, involves strengthening the existing economic base of downtown while actively seeking to diversity it through business attraction activities. Typical activities include helping businesses to expand, recruiting new businesses, converting unused space into productive property, and sharpening the competitiveness of downtown merchants through training and technical assistance. While many small downtowns may not regain their dominance as primary retail centers, careful economic and market analysis usually confirms that they can maintain economic strength by diversifying the present mix of retail uses and by attracting new retail and non-retail functions, including office, recreation services, and residential uses.

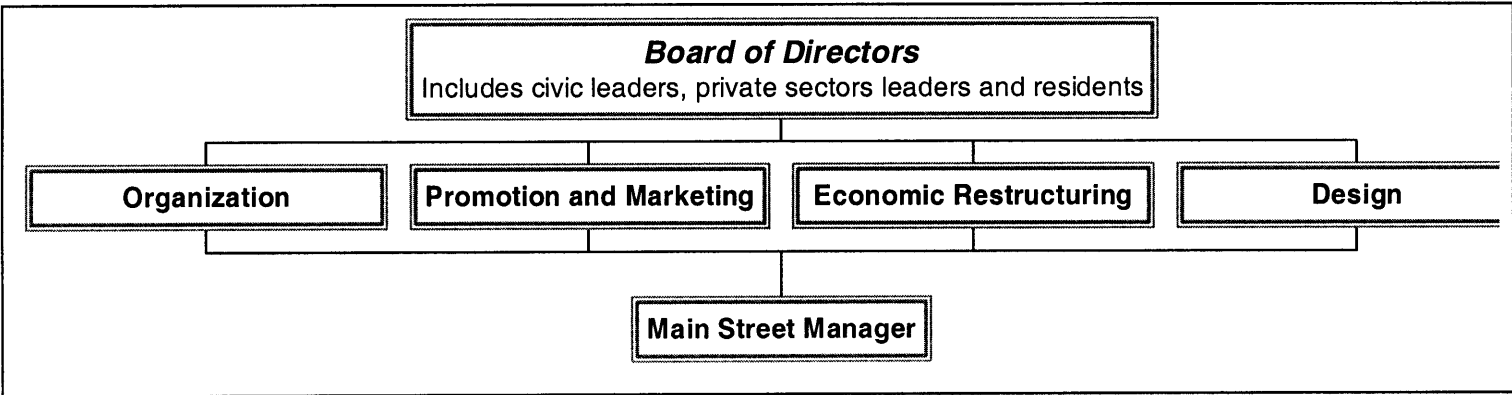
ORGANIZATIONAL STRUCTURE

Small town and neighborhood Main Street Programs are organized in a relatively similar manner from one community to the next. The most important component of the Main Street Program is a professional director who coordinates the efforts of volunteers and stakeholders and implements the program.

From an organizational standpoint, successful Main Street programs are often structured as a non-profit corporations guided by an active working board of directors made up of local civic leaders, private sectors leaders and residents. In some cases, Main Street programs are created within existing institutions, like a local Chamber of Commercial or existing downtown association. In all cases, the Main Street manager is responsible to the board of directors, who themselves play an active role in determining program initiatives.

In addition to the Main Street manager and the Board of Directors, there are four standing committees that correspond to the ‘four points.’ These committees are made up of volunteers and other institutional representatives and are responsible for developing and implementing projects that reflect the basic principles behind each ‘point.’ In most cases, the Chairperson of each committee holds a seat on the Board of Directors. This helps to facilitate information sharing and coordination between committees and the board of directors.

Figure 75: Typical Small Town Main Street Organization Diagram



LESSONS IN BRIEF

- ◆ Professional Management
- ◆ Comprehensive Approach
- ◆ Private Sector Involvement
- ◆ Marketing and promotional activities are important

LESSONS APPLICABLE TO GUAYAMA

- A full-time or part-time manager whose responsibility it is to coordinate the efforts existing stakeholders is an effective and relatively low cost method of increasing local collaboration.
- The need to tackle a variety of downtown challenges simultaneously in a coordinated manner is an important lesson, particularly in a community where existing revitalization efforts have focused on physical and design improvements to the exclusion of business development efforts. This model provides a template for dealing with both physical infrastructure and design issues and economic development.
- The need to work closely with business owners to develop strategies and plans for downtown revitalization speaks to the valuable input that business can provide and the intimate knowledge they have of their own needs.
- Marketing and promotion are invaluable strategies necessary to attract new customers and support existing businesses.

Small-City Downtown Survey

LOCATION: FIFTY-SEVEN (57) NON-SUBURBAN SMALL CITIES LOCATED ACROSS THE UNITED STATES

POPULATION: CITIES RANGE IN SIZE FROM 25,000-50,000

COMPONENTS OF SUCCESSFUL DOWNTOWN REVITALIZATION STRATEGIES:

- Historic Preservation
- The Main Street Approach
- Mixed use development

- Public-Private partnerships
- Assistance in fundraising

Puerto Rico development patterns have closely followed American development patterns, particularly in the past 15-20 years, as American cultural influence has grown. As a result, downtown Guayama faces many of the same problems that small-city downtowns on the Mainland do. Competition from the mall, primarily beginning in the 1970's and 80's, population decline and decentralization have affected US and Puerto Rican small-city downtowns alike. As such, the successful revitalization strategies indicated here speak to possible strategies that might be replicated.

SURVEY SUMMARY

In 1999, Professor Kent A. Robertson of St. Cloud, MN mailed surveys to 108 small-city downtowns, cities with populations between 25,000 and 50,000.¹⁹ Fifty-seven communities replied, representing 34 states. General findings on successful downtown development strategies were culled from these respondents.

Attracting new development, attracting people downtown on weekends and evenings and strong competition from discount and suburban malls topped the list of small-city downtown problems. This was followed closely by the prevalence of vacant/underutilized retail space and the lack of parking.²⁰

Survey respondents also rated revitalization strategies for both their utility and level of effectiveness. Of these strategies, 87.7% of small-city downtowns were using historic preservation as a way to impact downtown development. Most importantly, preservation enabled communities to build upon what are generally perceived as their strongest assets, historic architecture and a strong traditional role as the economic and civic core of

“It is common in small-city downtowns for parking problems to be based more on perception than reality.”

- Kent A. Robertson

¹⁹ Kent A. Robertson, “Can Small-City Downtowns Remain Viable?: A National Study of Development Issues and Strategies.” *Journal of the American Planning Association*; Summer 1999: 270-283.

²⁰ Many downtown business owners argue that without additional parking, the existing vacant retail space will go un-rented. However, the survey found that the perception of a parking shortage was frequently stronger than the reality. In many cases, parking management was the key to the perceived parking problem.

the greater region. When compared to the often-generic space found in suburban malls, “downtown possesses the building blocks to furnish a distinctive and unique setting that offers a refreshing alternative to the anonymity of place...characteristic of much of America’s built environment.”²¹

Preservation activity was supported through the use of incentives and low-interest loans in two of the communities the author looked at in more depth. In others, façade ordinances were passed that required property owners to comply with façade guidelines in exchange for façade improvement loans. Interestingly enough, while Historic Preservation was the most widely used revitalization strategy, it was rated the 7th most effective, out of 16.

Another successful strategy was the Main Street Approach. While it ranked third in use, with 78.6% of communities using some form of the Main Street “Four Point” approach, it ranked first in effectiveness. The Main Street approach, as explained earlier, depends heavily on a full-time professional staff to implement a comprehensive strategy of development based on “Four Points,” Design, Organization, Promotion/Marketing and Economic Development. While many of the survey communities were not affiliated with the National Main Street Center or other formal Main Street Program, a positive response referred to the use of the Main Street revitalization philosophy.

In contrast to larger downtowns, where large-scale projects are often utilized to ‘jump-start’ the development process, smaller communities often lack the market capacity to make these projects feasible. According to Robertson, “the cost, size, and questionable appropriateness of these projects in smaller downtowns have resulted in relatively low utilization rates.”²²

New office development was another strategy that was rated successful, coming in second after the Main Street approach. The author indicates that new office development

²¹ Kent A. Robertson, “Can Small-City Downtowns Remain Viable?: A National Study of Development Issues and Strategies,” *Journal of the American Planning Association* 65, 3 (1999): 272

²² Robertson, 275

is often needed, as downtowns have increasingly become service oriented rather than retail based, resulting in increased demand for office space. Office buildings may also be constructed in a manner that is more conducive to infill development, which makes this approach more amenable to communities' intent on maintaining their historic architecture. The author also found that many small cities are recognizing the strength in mixing uses and functions in downtowns by "working towards adding new functions (or expanding underdeveloped ones) to the conventional retail, service, and government mix."²³ These 'supplemental downtown functions' included attracting entertainment and nightlife (86% of surveyed communities), downtown housing (68.4%) and tourism (72.2%). However, these strategies did not rank among the most successful strategies evaluated by survey respondents.

Parking, the perennial downtown concern, ranked fifth among downtown problems. However, strategies targeted at solving the parking problem were not as successful as other strategies. In fact, strategies aimed at solving the parking problem were rated in the middle or bottom of downtown strategies 'in terms of use, success, and plans for future use.' In Texarkana, TX/AK, a community of almost 50,000 people, the private parking facility closed due to lack of demand. And in Bangor, ME and Auburn, NY, municipal parking facilities constructed in the 1980's are nowhere near filled to capacity during the weekdays. The fact that many municipal parking structures remain underutilized suggests parking shortages may be more 'perception than a reality.'

Finally, survey respondents made it clear that building a strong public/private partnership was critical to the success of the downtown revitalization effort. Of the communities in the survey who believed that downtown was on the demise, 80% reported the lack of organization and cooperation between key stakeholders as a major concern. Of those communities who indicated that their downtown had improved over the last decade, all possess 'strong reciprocal relationships between their respective community development departments [the city] and downtown organizations [merchants and residents].'

²³ Robertson, 276

LESSONS IN BRIEF

- ◆ Importance of public-private sector partnerships
- ◆ Emphasis on architectural heritage
- ◆ Parking is often not the main problem
- ◆ Professional Management is vital

LESSONS APPLICABLE TO GUAYAMA

As a community facing many of the same challenges, Guayama's revitalization strategy should reflect some of the findings of this survey, in particular:

- Bringing together the public and private sectors is an important first step
- The city should develop a strategy that recognizes the value of its distinct architectural heritage and pedestrian friendly downtown;
- Parking problems may be less problematic than many city officials and business owners assume; and
- The success of the Main Street approach in these communities should be considered as a model for Guayama- in particular the central tenant of the Main Street program- that of professional management and coordination of revitalization activities, including design and economic development.

STATE AND/OR CITY MODELS

In many places, the state (or in some cases, a regional utility company) provides funding and technical assistance to local main street programs, many of whom have competed for Main Street designation. In Boston, a case that will be considered later in greater depth, the City's Department of Neighborhood Development (DND) works closely with the twenty-one neighborhoods that participate in the program. Each community has established a non-profit Main Street program and hired a Main Street manager to coordinate local revitalization efforts and develop and work with a local Board of Directors. The following diagram illustrates how states programs may be organized.

Figure 76: Typical State or City Organizational Diagram

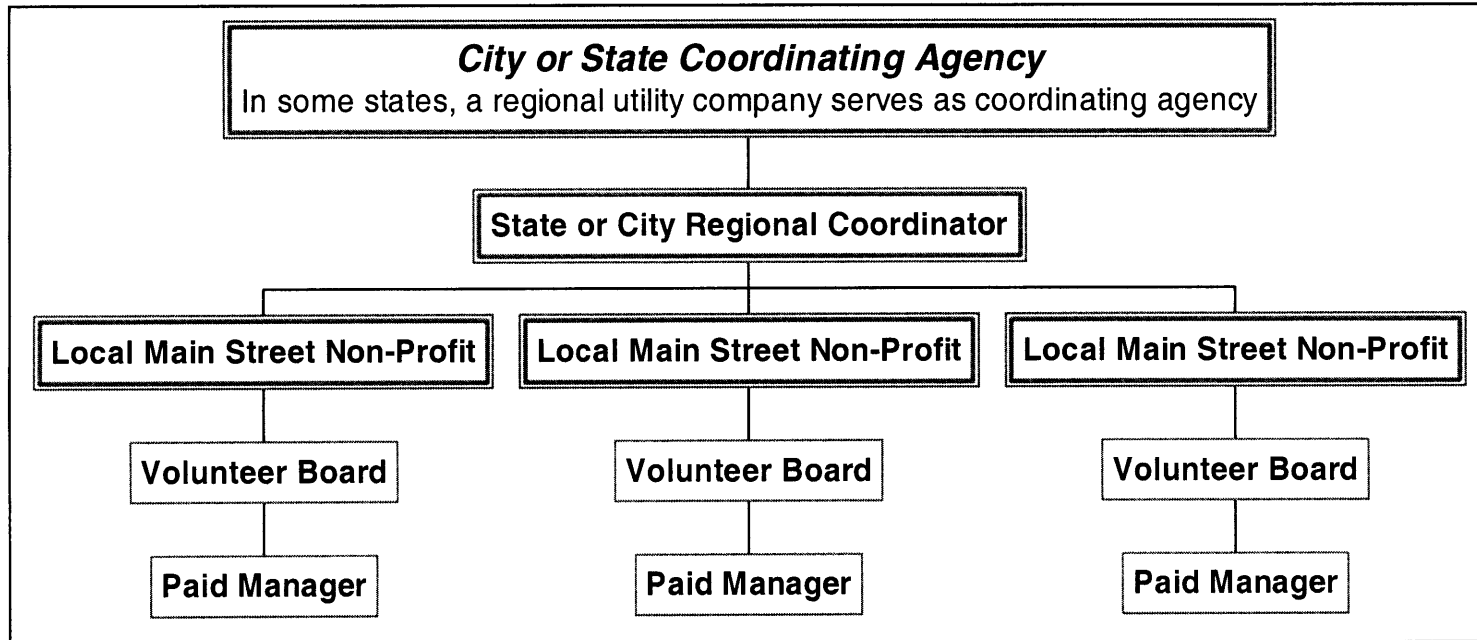




Figure 77: Boston's Main Streets Logo

Boston Urban Main Street Program

LOCATION: BOSTON, MA

POPULATION: IN A VARIETY OF NEIGHBORHOODS THROUGHOUT THE CITY

SERVICES PROVIDED:

- Funding assistance for a professional manager in each neighborhood
- Regional advertisement and marketing of neighborhoods
- Architectural services
- Funding for façade improvements
- Assistance in fundraising

ENTITIES INVOLVED

- City of Boston
- Local businesses
- Private property owners
- Local residents

The Boston Urban Main Streets program is a city-run program that uses the National Main Street Center's "four-point approach" to downtown development. The Boston Urban Main Street Program is outlined here as a possible model for the Commonwealth of Puerto Rico in its downtown revitalization program, now in its second year of existence. In Boston, this program has enjoyed a great deal of success, and is increasingly considered a model for other cities across the country. Like Puerto Rico's pueblos, Boston neighborhoods each maintain a unique identity and leadership structure. As a result, the City of Boston coordinates twenty-one distinct Main Street Programs, providing valuable technical services and funding to participating programs, much in the same way that the *Directoría de Urbanismo* is currently functioning in Puerto Rico.

STAKEHOLDERS

While stakeholder involvement may vary depending on the particular project, the entities involved generally include the following:

- City of Boston, Department of Neighborhood Development manages the program at the City-wide level.
- Local financial institutions, in some cases, have 'adopted' a local Main Street district, providing funding for the program and staff over a three-year period.
- Local Main Street managers coordinate everyday program needs. They also spend much of their visiting business owners and working with the board and local volunteers to implement revitalization strategies.
- Business Owners are actively encouraged to participate in the development of strategies, serve on the board or participate on committees.
- Property Owners are approached to coordinate new development and/or help lease commercial space to appropriate retail businesses.
- Residents are involved in determining strategies and ultimately serve as the primary market for local businesses. Residents are also active on the board and serve on committees.

CASE SUMMARY

Boston's program was started in 1995, when Mayor Thomas M. Menino provided funding for the first urban, multi-district Main Streets program in the nation. Menino's experience with the Main Street Program began as a councilman for his own neighborhood of Roslindale. The experience left Menino convinced that the Main Street program could be implemented successfully throughout Boston.

There are currently twenty-one neighborhoods participating in the program, all of which were chosen through a competitive application process that required clear demonstration of community involvement and support of the program. Designated districts are also required to form a non-profit civic institution and provide partial funding for a full-time staff

"Small merchants, in particular, are difficult to actively involve in Main Streets programs. Identifying the type of activities that will appeal to them, benefit their business and gain their participation is critical to a strong and effective Main Streets district."

- Karl Seidman, MIT Professor and Economic Development Consultant in *"Wanted: Solutions for America, Report Summary and Excerpts."*

Program Models

member who is responsible for the coordination of stakeholder input and the implementation of local projects and plans.

The City's Department of Neighborhood and Development (DND) runs the program. The DND provides matching funds for a full-time staff person. In addition, the department provides technical assistance, training and \$100,000 in matching funds for physical improvements.

Other services include:

- architectural services, including funding for façade improvements
- marketing and advertising at the regional level, including:
- an events calendar available on-line that includes activities in all of the twenty-one Main Street communities
- a shopping card that gives discounts at participating Main Street stores throughout the city
- soliciting support from corporations and foundations for additional financing and in-kind support
- coordinating a monthly meeting where program managers meet with the regional coordinator and one another to share their experiences and lessons learned



Figure 78: Main Streets Shopping Card

RESULTS

In "Wanted: Solutions for America" a report summary presented at the Urban Main Streets Forum in 2002, MIT professor and consultant Karl Seidman took an in-depth look at three of Boston's Main Street districts. Seidman considered the success of the Urban Main Street program as a whole, while also looking at how local districts have developed their local organizational capacity and improved business performance.

District-wide Improvements

At the district-level, the Main Street program was most effective at improving the physical appearance of the area through façade improvements and building rehabilitation.

Local organizational Capacity

One of the most noteworthy outcomes of the program was the improved ability of local level leaders to make concrete changes in their neighborhoods. “Local capacity,” as it is called, is an important first step that allows communities to tackle the many organizational problems they face, without depending heavily on outside resources and funds. “By establishing a vehicle for broad-based civic engagement in improving local commercial districts, the Main Streets Program brought residents into the process of shaping their business district and fostered cooperation among existing stakeholders and civic organizations.”²⁴

Getting business owners to participate was a challenge; however developing programs of specific interest to merchants, such as promotional brochures and sales events was a surefire way to ensure involvement by local business owners. When a busy merchant saw an opportunity for low-cost promotion and events, they were more apt to participate in Main Street activities.

Business Performance

Seidman’s also found an increase in business sales in all three of the districts studied. While the Main Street program was not the only reason for this increase, Seidman’s research suggest that it played a role in improving business through technical assistance and promotional efforts.

APPLICABILITY TO PUERTO RICO

While not every component of the Boston Urban Main Street Program is applicable to the Commonwealth of Puerto Rico, in particular the heavy emphasis on volunteers to head committees and implement projects, the example does provide an excellent model for how a larger government entity can effectively manage smaller initiatives across a large geographic area. Some important lessons to be learned from the Boston example include:

LESSONS IN BRIEF

- ◆ Professional Management
- ◆ Build trust with business owners
- ◆ Regional promotion and marketing
- ◆ Technical support and monthly meetings
- ◆ Public-Private sector partnerships
- ◆ Decrease dependency on federal and state funding

²⁴ Karl Seidman, “Wanted: Solutions for America, Boston Main Streets Program Final Report Excerpts,” October 2001. <http://www.nmsi.org/forum/pdfs/karl_seidman_excerpt.pdf> (23 February 2002)

Program Models

- Participating Main street neighborhoods are required to establish a non-profit entity staffed by a Professional manager whose responsibility it is to organize the community and work closely with local businesses. The Commonwealth of Puerto Rico should consider funding full-time managers in participating communities in much the same way that Boston's Main Street Program has done.
- Working closely with local businesses, and overcoming their inherent distrust of government programs has been challenging, but all accounts report that communities that work to include local businesses in developing and implementing strategies are more successful than those that don't.
- Providing regional promotion and marketing allows small businesses to compete with larger stores, whose budgets allow for advertisement on television and in regional papers and on television.
- At the City-wide level, technical support and monthly meetings with other Main Street managers helps a manager learn from other managers.
- Cooperation between the public and private sectors is sorely lacking in Guayama, where a local merchants association is nearly defunct and downtown revitalization strategies have been determined without input from local merchants. The creation of a non-profit entity with representing from local merchants, residents and public officials has made a big difference in the level of cooperation found between these sectors. It has also allowed local communities to tackle many of the fundamental economic problems of the district more effectively.
- Improved local capacity means that the community is less dependent on federal funds to make changes in the downtown economy and physical state.

COMMERCIAL DEVELOPMENT MODELS

Providing effective commercial development, particularly among small businesses, is often cited as one of the greatest challenges facing Puerto Rico's Commercial Development Agency, *Fomento Comercial*. According to one recent newspaper article titled "*Merchants give Fomento Comercial an 'F'.*" a former President of the Rio Piedras Chamber of Commerce wondered how it was possible that *Fomento Comercial* could not tell her what properties were available for rent if she wanted to open a business.²⁵ While the organization is currently working on to restructure its services, local businesses are clearly unsatisfied with the level of service that they receive from the agency charged with providing assistance to these businesses.

In the absence of a strong state-run small business development agency, there is much that can be done to help businesses at the local level. Case study after case study points to the importance of assisting businesses maneuver the often-lengthy permitting process, a problem that all interviewees concede hurt small business development in Puerto Rico. Assisting business owners wade through the permitting process can take on a number of different forms. In some communities, 'account managers' provided by the city work one-on-one with business owners, assisting them contact the right people and fill out the right forms. In other communities, this assistance comes in the form of a database of available retail space that the city or a local non-profit organization manages. This kind of database is also helpful for providing cities a centralized listing of property owners and allows the targeting of "owners who can have the greatest impact on the district."²⁶ The two examples below hail from Chicago and Los Angeles.

²⁵ Diaz, 13.

²⁶ Seidman, 58.

Retail Chicago

LOCATION: CHICAGO, ILLINOIS

POPULATION: IN NEIGHBORHOODS FROM 33,000-90,000

SERVICES PROVIDED:

- Commercial Database of Properties
- 'Account Managers' who facilitate the permitting process
- Provide customized marketing information to small businesses

ENTITIES INVOLVED

- City of Chicago
- Local Initiatives Support Corporation
- Chicago Association of Neighborhood Development Organizations (CANDO)
- Major retail operators

CASE SUMMARY

In 1994, the City of Chicago initiated a concerted retail revitalization effort in an effort to foster the commercial development of its urban neighborhoods. The City began by convening focus groups that brought together developers, lenders, and representatives from retail chains and local area non-profits. Together, this group suggested that the City embark on a three-step initiative to improve the City's retail development process.²⁷

Understand the Problem and Develop Staff Capacity.

- Develop a database of commercially zoned land

²⁷ B.W. Ferguson, M. Miller, and C. Liston, "Retail Revitalization," Economic Development Commentary 19, no. 4 (1996): 11.

- Conduct market analysis of the City's neighborhoods to determine leakage, or the amount of retail dollars that were being spent outside of the neighborhood trade area.
- Train City staff in retail development issues.

Market Chicago's neighborhoods and streamline the deal making process.

- The development approval process in Chicago involved many departments with little to no guidance provided. To remedy this situation, the City created a Business Division with "Account Managers," individuals who would help business owners navigate the permitting process.

Make sure the City conducts appropriate follow through and provides the support necessary to bring the project to fruition.

- Provide the leadership necessary to make projects happen, whether this involved land assembly, site remediation or financial assistance.

LESSONS APPLICABLE TO GUAYAMA

- Much like Chicago, the lengthy approval process stymies retail development in Puerto Rico. In some cases, new businesses must receive approvals from over twelve agencies, some of which may take months to reply to simple requests. By providing "account managers" who play a role in helping businesses find space and facilitate the approval process, Guayama can foster the establishment of potential new businesses and the expansion of others.
- A database of vacant properties makes it easier for businesses looking for space to find it.
- By assisting potential businesses find available space, the City can direct businesses to where the use may be most appropriate, thereby helping existing businesses by creating a better mix of businesses that helps attract more customers to a particular area of town.

LESSONS IN BRIEF

- ◆ Professional "account managers" provide assistance with permitting
- ◆ Maintain a database of vacant commercial properties
- ◆ Provide assistance to businesses looking for commercial space

“The principal reasons for the success in rehabilitating the historic city center to date have been the political will of the municipality...and the efficient and nonpartisan management of the ECH.”

- Eduardo Rojas, Principal Development Specialist from the Inter-American Development Bank on Quito’s revitalization program

Rebuild L.A.²⁸

LOCATION: DOWNTOWN LOS ANGELES, CA

POPULATION: IN NEIGHBORHOODS FROM 25,000-30,000

SERVICES PROVIDED:

- Commercial database of downtown properties
- Real estate financing
- Retail attraction and marketing

ENTITIES INVOLVED

- Rebuild L.A., a non-profit organization
- City: Provides financial support
- Local Businesses: Provide financial support

CASE SUMMARY

Rebuild L.A. is a non-profit that is addressing the proliferation of vacant properties and retail storefronts in a low-income, predominantly minority area of downtown Los Angeles. The program’s retail attraction strategy included:

- Identifying vacant or boarded up commercial properties;
- Photographing and focusing further the most promising commercial properties
- Sending out a preliminary questionnaire to owners of these properties and vacant lots; and

²⁸ Ferguson et al., 6-14.

- Polling residents on the goods and services they would like to see in their neighborhood.

The results of the resident survey, which indicated a strong need for a local grocery store, gave Rebuild L.A. its first project, attracting a full-service supermarket to the area. After conducting a marketing study that indicated strong local demand for a grocery store, the organization approached supermarket chains with this data, only to find that the available parcels were not large enough for the prototypical supermarkets that many chains were interested in building. Instead of being discouraged, Rebuild L.A. began to work with Certified Grocers Association, an organization that represents smaller grocery stores. Together they developed a smaller grocery store prototype that was more suitable to the typical lot sizes found in the L.A. neighborhood. With the Grocers Association financing inventory and equipment, and Rebuild L.A. providing real estate financing, the organization has had success in attracting two smaller grocery stores to the area.

Lessons Applicable to Guayama

- A database of vacant properties makes it easier for businesses looking for space to find it
- Allows city to be proactive in determining where uses are most appropriate and where they will best achieve a successful retail mix.

PRIVATE SECTOR PARTICIPATION MODELS

The emergence of public-private partnerships as the primary component of successful downtown revitalization spans the globe. From Barcelona's recuperation of the Barrio Gòtico, where local banks and civic institutions were called upon to actively participate and contribute to the revitalization effort, to the success of the Main Street program and the prevalence of Business Improvement Districts, communities around the world are coming to recognize that working closely with the private sector is not simply an option, it is increasingly a requirement of successful revitalization strategies. This case study looks at the experience of Quito, Ecuador, one of the first Latin American cities to look to the private sector as a partner in a comprehensive downtown revitalization plan.

La Empresa del Centro Histórico (ECH)

LOCATION: QUITO, ECUADOR

POPULATION: DOWNTOWN POPULATION, 16,635 (METRO POPULATION, 1.2 MILLION)

SERVICES PROVIDED:

- Real estate financing
- Retail attraction and marketing of the centro
- Coordination of physical infrastructure improvements

ENTITIES INVOLVED

- City of Quito, Ecuador
- Inter-American Development Bank
- Private property owners
- Private Developers

CASE SUMMARY

As with many Latin American cities, Quito's urban decline is the result of a myriad of forces, including poverty, deteriorating infrastructure, pollution ridden public transportation, and a strong black market of street merchants who make formal economic activity a challenge by blocking streets, impeding traffic and blocking access to storefronts.

When Rodrigo Paz, Quito's Mayor, approached the Inter-American Development Bank (IDB) in 1992 with a plan to fund an urban revitalization program, the City had recently been named a UNESCO World Heritage Site in recognition of the historic center's significant architectural and cultural value.

Quito has gone through three phases of development, as described by Eduardo Rojas of the Inter-American Development Bank in his 1999 book entitled "Old Cities, New Assets: Preserving Latin America's Urban Heritage." The first stage involves the preservation of major heritage sites through funds provided by a national agency. The City also prepared a preservation plan that included the rehabilitation of important public spaces, municipal buildings and the infrastructure surrounding these spaces.

The second stage of development involved the establishment of the Empresa del Centro Histórico (ECH), a development corporation focused on the historic city center. IDB provided initial funding for the pilot project. In 1994, \$41 million dollars in loans were approved for a comprehensive plan that used the Barcelona revitalization experience as a model for the public-private partnerships that the bank envisioned. The foundation for revitalization was to be commercial investment. According to Eduardo Rojas, team leader for the IDB's Preservation lending programs, "The goal is to create a sustainable program...we want to ensure sustainability through commercial investment."²⁹

As part of the deal, the ECH was given independence from the city and responsibility for the coordination all public infrastructure and private development within the 90 city blocks that comprise the historic center. In turn, the corporation is charged administering IDB funds. The first projects included major improvements to public areas, parking and traffic control, followed by the rehabilitation of flagship buildings, some in partnership with local developers. The ECH has also begun to work closely with vendors on the street and in open-air markets to improve the cleanliness and safety of these areas.

The investment strategy is to invest heavily in the improvement of major transportation and pedestrian axes, while investing in major real estate projects at 'focal points.' The idea is that these real estate projects will spur additional private investment in the immediate vicinity and create 'radial growth.' The ECH is responsible for the management of a plan with three major components:

²⁹ Eduardo Rojas, interview by Larisa Ortiz, Nov. 1999.

Infrastructure investment. The public sector has invested in the rebuilding of sidewalks, the rehabilitation of significant public spaces and the construction of a 2,000 new parking spaces scattered over a designated 72-block revitalization zone.

Attracting private sector investment. Quito's historic center was notorious for its blight, poverty and high levels of crime. To counteract the private sector resistance, ECH works closely with local developers, and in some cases forming development partnerships that reduce the liability to the private investor. The idea is to demonstrate the financial viability of real estate development in the center city. A number of buildings, including a historic hotel facing Quito's principal plaza, have been redeveloped using this strategy.

Construction and provision of low-income housing. A French nonprofit, Pact.Arim 93, directs all housing investment from within the offices of ECH. The nonprofit purchases buildings, and then works directly with residents to obtain low-interest loans to purchase the apartments once rehabilitation is complete. The goal is to revitalize the center without widespread gentrification.

LESSONS IN BRIEF

- ◆ An independent program to coordinate downtown
- ◆ A program with fewer official ties to political leadership
- ◆ A commitment to a long-term process
- ◆ Downtown as a political priority
- ◆ Housing and densification program

LESSONS APPLICABLE TO GUAYAMA

- The establishment of a public-private entity to manage downtown development projects has enabled the program to tackle larger, more complicated projects.
- An entity with fewer ties to the political leadership has made working with merchants, many of whom are distrustful of the government, easier.
- The process is long-term. According to Rojas, Cities must recognize that revitalization is a long-term process. Real success comes with dedicating human and capital resources over the long run. The funding for the public-private entity has gone towards establishing partnerships with local developers. These partnership interests are then sold and the proceeds are used to partner in another developer.
- The private sector must see that the public sector is willing to make revitalization a priority. This will help spur private sector investment.
- The program recognizes the importance of housing to the downtown mix.

- ECH investment in the rehabilitation of significant properties is used to convince private sector developers in the viability of projects in the historic city center.
- Strong public sector leadership is vital. The mayor's priority was the historic city center, which meant that important resources were directed at the center.
- The mayor's willingness to share control of the program – to give the program independence and allow for private sector involvement was crucial in helping to convince private sector developers to consider partnership with ECH.

Program Models

PROGRAM MODEL MATRIX

Program Model Matrix Program	Location	Lessons Learned
MAIN STREET PROGRAM	Over 1,600 communities nationwide	<ul style="list-style-type: none"> • Comprehensive approach including business support and assistance is vital. • Professional coordinator is fundamental. • Public-private sector partnership is a valuable way to structure the development process.
BOSTON CITY-WIDE MAIN STREET PROGRAM	Boston, MA	<ul style="list-style-type: none"> • Program improves local capacity and private sector participation • State coordination of regional promotion and marketing helps raise profile of communities • Designing programs specific to merchants helps increase their participation rates • Technical assistance and promotional efforts play a role in improving businesses.
LA EMPRESA DEL CENTRO HISTÓRICO	Quito, Ecuador	<ul style="list-style-type: none"> • Public-private entity can tackle larger, more complicated projects. • Loosening political ties makes it easier to work with merchants. However, strong public leadership is still critical • Revitalization is a long-term process. • The program must receive consistent public sector support <p>Housing is important to the downtown mix.</p> <p>Strategic real estate investment helps convince private sector developers of investment potential.</p>
RETAIL CHICAGO	Chicago, IL	<ul style="list-style-type: none"> • City provided “account managers” who help businesses find space and facilitate permitting. • A database of vacant properties allows program to work more closely with property owners
REBUILD L.A.	Los Angeles, CA	<ul style="list-style-type: none"> • A database of vacant properties makes it easier for businesses looking for space to find it • Allows city to be proactive in determining where uses are most appropriate and where they will best achieve a successful

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