A Sustainable Community Outside L.A.

T he new town of Centennial is still just an idea on an open landscape of barren hills and fields stripped of vegetation by 100 years of cattle grazing. Located a few miles away from the traffic on Interstate 5 at the edge of Los Angeles County and 60 miles north of the city, the new master-planned community will be bounded on the north by the farm- land and small towns of the San Joaquin Valley, reputed to become the busiest new node of population growth in California over the next 30 years. The 13,700-acre site of a former cattle ranch is well outside the congested metropolitan area and buffered from other development by millions of acres of national forest. The founders of Centennial—Ryan Ranch Company, Parscale Hanes, Lewis Investment Company, and Standard Pacific Homes—are proposing that the new town should include the many dimensions of sustainable design: architecture, landscaping, water and energy conservation, mass transit, and even control of light pollution. The idea, as its founders see it, is for the new community to emulate smart growth by maximizing the benefits of intelligent land use such as preserving large amounts of open space, incorporating pedestrian and bike paths, offering a variety of houses and housing sizes, and creating village centers, and, in general, developing the same sorts of qualities that make a town pleasant to live in. Most interesting of all is the general agreement on the urban sprawl associated with "leapfrog" development.

Located along the historic Ridge Road, the forgotten highway that was the chief route between northern and southern California before it was con- structed in the 1950s, Centennial will be built on the site of a historic Mexican land grant on a wet land that has remained uninhabited since the 19th century. The area is adjacent to Quartz Lake, a natural body of water that is part of a statewide system of reservoirs and joined by concrete aqueducts that supply the land with abundant supplies of water. The intent of Centennial is to be self-sufficient, and the community is characterized by a balance between natural beauty and efficient use of water and energy. The community will be designed to minimize the impact on the surrounding environment and to provide a place where people can live and work in harmony with the natural world.

Centennial will have an efficient transit system that will allow residents to easily commute to work and return home. The community will also have a comprehensive traffic management plan to reduce traffic congestion and improve air quality. The community will be designed to minimize the impact on the surrounding environment and to provide a place where people can live and work in harmony with the natural world.

Before embarking on new projects, Havana would benefit from a development strategy that integrates urban decay by integrating investment throughout the city.
Tourism has slowed in Havana, particularly in Old Havana, where hundreds of tourists come for the day, but return to distant hotels in the evening. A restored Cafe San Ignacio, lined with shops, restaurants, and cafes catering to tourists, leads to the restored Plaza de Cathedral and its church (right). A restored Cafe Amargosa, now closed to carry, is an open shop for tourists (facing page).

After transforming itself from an academic enterprise concerned with historic preservation, the Office of the Historian of the City of Havana (OCHO) is now a multi-million-dollar corporation that oversees a variety of business enterprises, including the restoration of the Laugia de Comercio, which provides market-rate offices for lease.

end of the decade, tourism accounted for 43 percent of the national balance of payments. Havana is the prime destination, receiving over 55 percent of Cuba's visitors. The city's nearly 13,000 hotel rooms represent one-third of the nation's total, and Havana, along with nearby Varadero Beach, generates 70 percent of Cuba's tourism revenue.

These days, however, things have slowed down in Havana. Tourism has gone from a staging area upward curve to one with set up and downs. This is particularly evident in Old Havana where busloads of tourists come for the day, but return to distant hotels in the evening, leaving hotels in the historic center quiet. Increased U.S. government restrictions have resulted in a visible decrease of American visitors, though the numbers of Europeans and Canadians on package deals is more or less holding steady.

Joint venture developments that were transforming parts of the city have tapered off, and now numerous projects are on hold. Many foreign investors, after nearly a decade of aggressively seeking to entrench themselves in the Cuban market before the advent of U.S. investment, are now proceeding with caution or holding back altogether. The Cuban government has also pulled back from its pursuit of international investment, suggesting the need to evaluate past outcomes and set future priorities for development. Moreover, the global economic repercussions of 911 have contributed to general uncertainty and a wait-and-see attitude. (See "Flirting with Capitalism," page 98, October 2002 and "Cuba Calling," page 40, August 1999.)

Compounding these issues are the U.S. restrictions imposed last May that severely limit the already limited opportunities for U.S. citizens to visit the island. In addition, reminders that Cuban Americans had been sending to support their families on the island have been severely cut. Together these restrictions are estimated to be deranging Cuba an annual $150 million beyond what the four-decade-old economic embargo is already blocking. In addition, the aggressive application of the 1996 Helms-Burton Act—which allows U.S. citizens to sue foreign firms profiting from the use of property confiscated by Cuba—recently resulted in the condemnation of two large hotel resort projects because of disputed claims of property ownership brought by Cuban Americans. The Cuban government claims that many potential foreign investors are dissuaded from doing business in Cuba by what it terms acts of intimidation, and such acts do not help Cuba efforts to control the current slowdown. U.S. economic policy allows sales of U.S. agricultural products and pharmaceuticals to Cuba, but bans all other economic exchange. The Wall Street Journal reports that U.S. agribusiness exports to Cuba are estimated to hit a record $320 million by the end of this year. Even more remarkable, according to Cuba News, is that millions of dollars in payments and technology transfer are slated to be made to Cuba by California biotech firm CanaceX in a joint venture to develop cancer drugs with Cuba's Centro de Immunologia. With these developments providing just a glimpse of what could be, it is no surprise that there is strong bipartisan support within the U.S. business community for ending the embargo. The recent discovery of indeterminate quantities of high-grade crude oil off Cuba's northwest coast by Spanish company Repsol-YPF can only increase the desire of U.S. business for access to Cuba. When the embargo is lifted, there is little doubt that U.S. investment will flow into Cuba, with much of the focus being on Havana. The question is whether Havana will be ready to manage a potential flood of U.S. investment money.

Havana has an urban legacy that spans 500 years, a legacy that is not only a cultural asset, but also an economic one—in fact, Havana's greatest economic asset. The original walled city, founded in 1517, developed within an irregular grid that prefigured the urban codes of the Lews of the Indies, established in 1573 by Philip II of Spain. By the end of the 19th century, wealth from sugar production was transformed into architectural landmarks and dramatic civic spaces. Neoclassicism became tropicalized; screen walls, courtyards, and other devices wrapped in classical ornament modified the adaptation and appropriation of European architectural conventions. The long period of Spanish colonialism left Havana with a legacy of gracious urbanity. In the 20th century, Cuba's overt colonial relationship with Spain was replaced by a more covert neocolonial relationship with the United States. This period, known as the Republic, was marked by further urban development and works of grand civic architecture. By 2010, Havana was regarded as one of Latin America's premier cosmopolitan cities, the Paris of the Caribbean, rivalling Buenos Aires and Mexico City in elegance and grandeur. Havana became a playground for North Americans, with an economy driven by entertainment, hotels, and Mafia-managed casinos.

Throughout the 1950s, a building boom, largely financed by U.S. investors, transformed much of the city. Vedado's commercial center, La Rampa, became the locus of much of this speculative development, and a collection of midcentury modern architecture contributed to what became a vibrant district of diverse scales and styles. But the revolution's victory on New Year's Day 1959 brought all this to a halt. The revolutionary leaders marched into a city they perceived as the overdeveloped capital of an underdeveloped country.

These new leaders sought to correct the inequity between the capital and the rest of the country, viewing this in the classical Marxist terms framed by Friedrich Engels' theory of the contradiction between city and countryside. They directed development away from Havana and toward Cuba's poor rural regions. As a result, today, after 40 years of deferred maintenance, Havana's urban legacy is endangered. The ability to turn this current situation around will depend significantly on foreign investment.

Foreign capital was not always welcome in revolutionary Cuba. After 1959, Cuba sought self-sufficiency as the means to mount underdevelopment. This failed, so the country turned back to an economy dep-
Real estate development, more often than not, has been a learning experience for Cubans as well as for foreign partners. In the typical scenario, the Cuban partner provides the land and the foreign partner provides the capital. But Cuba has lacked consistent standards for zoning, land use, property appraisal, permitting, granting of titles, accounting, and other development procedures common elsewhere. Property valuation is particularly challenging because no real estate market exists. Some early investors from abroad believed that they assumed unacceptable risks trying to navigate the murky waters of Cuban business, while Cuban officials sometimes thought that foreigners saber about capitalism, but didn't understand it.

To address this, the Cuban government established procedures within MINVEC to provide a one-stop shop for all authorizations, permitting, insurance, hiring of employees, banking, and other related activities, which is expected to lead to improved processes. However, the recent lag of interest on the part of foreign investors has been matched by the Cuban government, which wants to slow down and reevaluate its development goals. This hiatus is viewed by many as providing a welcome opportunity to take stock of recent experiences and to come up with a positive blueprint for the future development of Havana.

Old Havana and Monte Barreto

People who visit Cuba can stroll down the cobblestone streets of Old Havana, a mojito at its base. In cities, it is one of its restaurants, list churras in one of the clubs, and stay at the restored inns within the historic core. These and other enterprises are part of an elaborate development model managed by the Office of the Historian of the City of Havana (OHCH), which has transformed itself from an academic enterprise concerned with historic preservation into a multimillion-dollar corporation overseeing a variety of entrepreneurial divisions. The unique independence of this enterprise has much to do with the forceful advocacy of its director, Ruben Osvaldo Spengler, a member of the Communist Party, a practicing Roman Catholic, a TV celebrity with a series on historic Cuban architecture, and an effective executive who has assembled talented professionals into an efficient corporate team that has transformed Old Havana into an economically profitable and sustainable enclave. The OHCH's accomplishments and goals are celebrated in its new challenge of Havana: A Comprehensive Strategy to Manage the Safeguarding of the Old Havana: Part political manifesto, part corporate annual report, the document reflects the hybrid, changing socialist and market-driven cultures that the OHCH is seeking to navigate.

The OHCH's core enterprise is the touristic company Habaguanex S.A., of which Leal is president and CEO. The company, which had total revenues exceeding $80 million in 2003, includes among its enterprises 16 hotels, 75 restaurants and cafes, 64 stores, four construction companies, a furniture factory, and a nursery. The entre-

prunecentral complex also includes San Cristóbél, a travel agency; Fénix S.A., a commercial real estate company; and Aurora S.A., a resident real estate company.

Old Havana covers 0.8 square miles and contains 3,500 buildings— the OHCH's primary assets and nearly all having historic value. Foreign investment, primarily from Spain and other European countries, is used to restore historic buildings, which are then put to work generating hard currency through tourism-related services. Profits are reinvested in the restoration of more buildings and the creation of more services in an upward spiral of enterprise. The OHCH, which engages in no ground-up new construction, preferring to restore and develop existing buildings, has found a high-end clientele. Its largest project to date, with $13 million in financing from the Spanish bank Grupo Argentaria, is a commercial development completed in 1996—the restoration of the Lonja de Comercio, built in 1609, which now rents office space. The OHCH is considered not only as an economic success, but a social one as well, its activities having created 10,000 jobs for Old Havana's local residents. In addition, the OHCH funds social programs in Old Havana that are dear to the Cuban Revolution—schools, medical clinics, libraries, day care centers, and housing for the elderly. Apart from reinvesting 45 percent of its profits in further restoration, the OHCH contributes 20 percent to the national treasury, and 35 percent to the municipal government. The financial success of the OHCH has made Habaguanex a self-sustaining, independent corporation, now with enough capital to generate its own projects. Through this creative development model, using Havana's urban legacy as its primary asset, the OHCH has helped make Old Havana an environment where tourism and commercial activities are integrated with the daily lives of local residents.

A very different model is found far to the west of Old Havana. Here the largest player in real estate is Inmobiliaria Lares, a real estate development subsidiary of the state corporation Cubalux. Inmobiliaria Lares's main interest has been development of luxury residences for foreigners in Miramar and other suburban districts of western Havana through partnerships with Italians, Canadian, and Spanish developers. With the J.P. Pastor Group of Monaco, it has developed neo-Spanish colonial-style luxury condominiums in Miramar with names like Monte Carlo Palace, Habana Palace, Villa Roma Palace, and Elieze Palace. Inmobiliaria Lares's largest project is the joint venture Inmobiliaria Monte Barreto, registered in Panama but being developed with an Israeli partner, the B.M. Group. Located in Miramar, Monte Barreto is a 100-acre tract of oceanfront property, undeveloped until the 1970s. The anchor of the new development is a $200 million Inmobiliaria Lares project, the Miramar Trade Center, a 1.8 million-square-foot commercial office complex located at the center of the district along Third Avenue. Two of the 16 six-story office buildings planned for the complex have been completed recently. Designed by the Zedler Roberts Partnership, a Canadian architectural firm, the Miramar Trade Center office blocks are characterized by their heavily layered facades employing grids and planes of limestone, concrete, and glass. Across the avenue are several hotels, one of which is the Melia Habana by Cuban architect Abel Garcia, a project of the Span-
ish hotel chain Sol Melia. Another, the Hotel Panorama, designed by Cuban architect Roberto Caballero and developed by the PAB subsidiary Gaviota, is sited perpendicular to the panoramic ocean view and clad in reflective glass.

With projects still incomplete, Monte Barreto’s urban design has yet to coalesce, but there are concerns that it may never do so. “The whole complex is dollar oriented, with no room for a badly needed mixed-use development that would include other urban functions and different levels of income and social strata,” says Cuban urban planner and architect Mario Coya. “This district gives a hint of what might become a car-oriented, consumerist pattern of suburban development that will unfortunately reshape the image of Havana and change the traditional way people behave in public spaces.”

Throughout Old Havana, one notices the tangible evidence of the social dividends paid by development projects of the OCHI; similar evidence is not visible in Monte Barreto. Monte Barreto and Old Havana represent two very different development models. The development of Monte Barreto is a tabula rasa approach where costs for new construction and new infrastructure can be accurately estimated. Hence, return on investment can be more confidently predicted, finishing a model with which many foreign investors feel most comfortable. In contrast, renovation of heavily deteriorated existing building stock typically encounters many hidden costs, and outdated infrastructure requiring major replacement in existing neighborhoods can spring unhappy surprises on investors already cautious in what is considered a risky investment environment.

Nevertheless, faced with these conditions, OCHI’s enterprises have consistently produced profits. Much of this has to do with its unique position in relation to the state. Inmobiliaria Monte Barreto’s functions are integrated within the state structure, answering to both the MINVEC, whereas the OCHI benefit from a more independent, nimble, decentralized way of doing things. Unlike any other state enterprise in Cuba, the OCHI can negotiate directly with foreign investors without going through the MINVEC and other required government layers. Moreover, by focusing on its urban and architectural legacy as assets to develop, the OCHI plays an important role in repairing the city. The relative effectiveness of these two models is very much a subject of debate among planners in Havana.

**Saving Havana**

Every other day throughout Havana, one building on average is reported to suffer damage or even collapse. In 2002, the Alaska Building, an important early modern building on La Rampa, came crashing down unexpectedly. A crisis looms that requires creative strategic planning for a solution to be found, and the window of opportunity for that may have recently opened. The current economic hiatus can be considered a good thing: without foreign developers at the gates, strategic planning can take place. The question is whether Cuban officials will seize this opportunity.

Despite its deterioration, Havana’s urban fabric is still its greatest economic asset. The challenge will be to attract developers to areas of the city other than Old Havana and to tailor developments to reinforce neighborhood economic and social structures as much as possible.

**Cities in Japan and Germany did. Virtually every roof in Havana needs replacing. Renovating with photovoltaic systems would not only solve this problem, but also would provide a means to generate electricity. With steady ocean breezes, Cuba could mount an array of wind generators along the edge of the Malecon, or even offshore. Such investments would reduce dependence on oil. Moreover, if Havana sought to be not just a consumer of sustainable technologies but also a producer, it could become a leading exporter of these products. Other, less technology-based strategies, such as comprehensive recycling, could be introduced in the city to conserve resources. Vacant land in and around the city could be farmed to reduce transportation costs for food.**

Once investment in restoration and adaptive use of Havana’s existing building stock has reasonably abated urban decay, the time will arrive for significant new development. Embracing, for example, projects using the latest in green technologies and systems to provide a model of contemporary, sustainable, urban architectural design might just provide the self-sufficiency and independence Havana and Cuba have long sought. Today, as Havana waves between ruin and renewal, it contemplates its potential to become a leading global city.

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