



**Manuel Velarde** was sworn in as the 20th Mayor of San Isidro, a district within Lima, Peru, in January 2015. Since 2010, he has also taught at the University of San Martín de Porres. A lawyer who served in the firm of Lazo, Romagna and Gagliuffi Abogados, he was a legal counsel from 2003 to 2008 at the Ministry of Economy and Finance of Peru, and in 2009 he was made superintendent of the National Superintendency of Tax Administration of Peru. He graduated from the Pontifical Catholic University of Peru and earned master's degrees in law from both the University of Pennsylvania and King's College London. Lincoln Institute Senior Fellow Anthony Flint interviewed him in May 2018 for this issue devoted to Latin America and the Caribbean.

## Seeking Sustainability in Lima's Financial District

**ANTHONY FLINT:** Governance structure affects the administration of large metropolitan regions and the quality of life for its citizens. Can you tell us about the challenges and opportunities of being part of the governance system in Lima?

**MANUEL VELARDE:** San Isidro is 1 of 43 districts run by the Metropolitan Municipality of Lima. Each district has its peculiarities. We are a 10-square-kilometer (3.86-square-mile) territory with approximately 60,000 residents. We are also the financial center of Peru. From Monday to Friday, around a million people come into San Isidro to work, shop, or do some other kind of task. It's a big challenge to accommodate this. The policies we apply are seen as cutting edge. We are in a position to offer better services, generating a better quality of life, but we face challenges—for example, [the need for more] public transportation. We must also constantly coordinate with other districts.

**AF:** What are the major financial and planning challenges in San Isidro and how is the municipality dealing with those challenges?

**MV:** Today the district is financed by two taxes: the property and the service tax. Both taxes, but principally the service tax, provide the revenue for all services. In certain parts of our country, noncompliance is a big problem. That's because the residents don't feel they get what they paid for with their taxes because of poor management and corruption. There is a lack of trust in the local government. In San Isidro, however, around 90 percent of residents and businesses pay their taxes on time, and that allows us to generate public investment. Our budget is always limited and we need to prioritize. For that, we develop planning strategies to maximize the impact of investments.

**AF:** San Isidro is considered the financial center of Lima, if not Peru, and its population has a relatively high level of income for the region. To what extent does the municipality rely on land-based resources and financial tools such as the property tax or land value capture?

**MV:** At this time, land value capture here is not within our competencies. We are attracting private investment and creating public-private partnerships and making sure those projects are aligned with our sustainable development policies. The problem in San Isidro is that the

value of the property is expensive, and there is not enough population—particularly younger residents—to support that. We need affordable housing. One solution is that we have reduced the minimum size of an apartment from 200 square meters to 45, 60, and 80 square meters to attract new residents, especially young people. We also have reduced parking requirements for this. Today, we have new housing investments starting construction at the financial center. This will allow people to walk to their jobs and reduce the use of cars that generate congestion. We are [focused on] transit-oriented development.

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The bike path along Los Libertadores Street, designed by San Isidro’s urban planning office, was constructed in 2016. Credit (previous page and below): Archive of the Municipality of San Isidro



**AF:** Your efforts to prioritize pedestrians and bicycles over cars have prompted fierce criticism, including an attempted recall. Do you feel you have successfully changed the culture in the public realm?

**MV:** When I was elected mayor, I promised the voters I would modernize San Isidro but keep it on a human scale. Our area has suffered dramatically from the intensive use of cars. Our district needed to be retrofitted for pedestrians and cyclists. We began with the ideas that [it’s more affordable to live without] a car and that the car is having negative effects on the city and quality of life. Transforming underutilized land and areas dominated by cars, we have created public spaces that people would not [have thought] possible a short time ago. Of course, it meets resistance. Any city undergoing these kinds of reforms will face resistance. But as citizens start to recognize they can live in a better environment than before, that will change.

In the beginning, we created bike lanes and parking for bikes, and then we wanted to provide a public system of bikes. We wanted to promote intermodality and better [ways to] cover short trips that are currently [made] by car. Short trips should be made by bikes [or on foot], by promoting walkability and road safety. Our new bike-share system will stretch that policy. We have already signed the contract, and the implementation will be done soon. The operator is the same investor that recently revamped the bike system in Paris.

**AF:** Expansion of the Metro mass transit system is underway in Lima. How important is public transportation in San Isidro, and how does it fit in with your planning?

**MV:** There’s an additional line [under construction] right now. We have one line in operation, but it does not cross the district. We will have to wait around 10 years more for the next lines that pass through San Isidro. The new lines will be under-

ground and funded by the national government. Investment in public transport is crucial to facilitate accessibility for residents and visitors. At the same time, we need better management of parking spaces. We don’t have parking meters, so we are inducing demand [because people can park for free on the streets]. We need to be able to build an efficient [parking payment system].

**AF:** You have partnered with IBM and others to make the district a “smart city.” Can you identify a few ways that technology has improved quality of life?

**MV:** We have to be careful with the use of technology. Look at history. At one point, we were told that using a car was affordable and efficient, and it had a huge impact in cities. We have been victims of the presence of cars in our environment and from thinking that the car was an absolute solution. We now know it is not, so we have to [avoid] becoming victims of any other kind of trap. Technology is useful, but we cannot commit the same mistake. What we need more than a smart city is smart citizens who know how to live in the city of the future.

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A couple of years ago, we worked on a contest sponsored by IBM, and they gave us advice to implement certain applications. We want to help people with intermodality—to [give] people the tools to make their trips more efficient. That means [providing] up-to-date departure times and showing how you can connect to other modes—[such as] where the bike share is, and how far it is to walk. That is [how I view] the role of technology. □