

AN INTERNATIONAL ACTIVITIES PROJECT

**FROM PLANNING TO MARKETS
HOUSING IN EASTERN EUROPE**

THE URBAN INSTITUTE

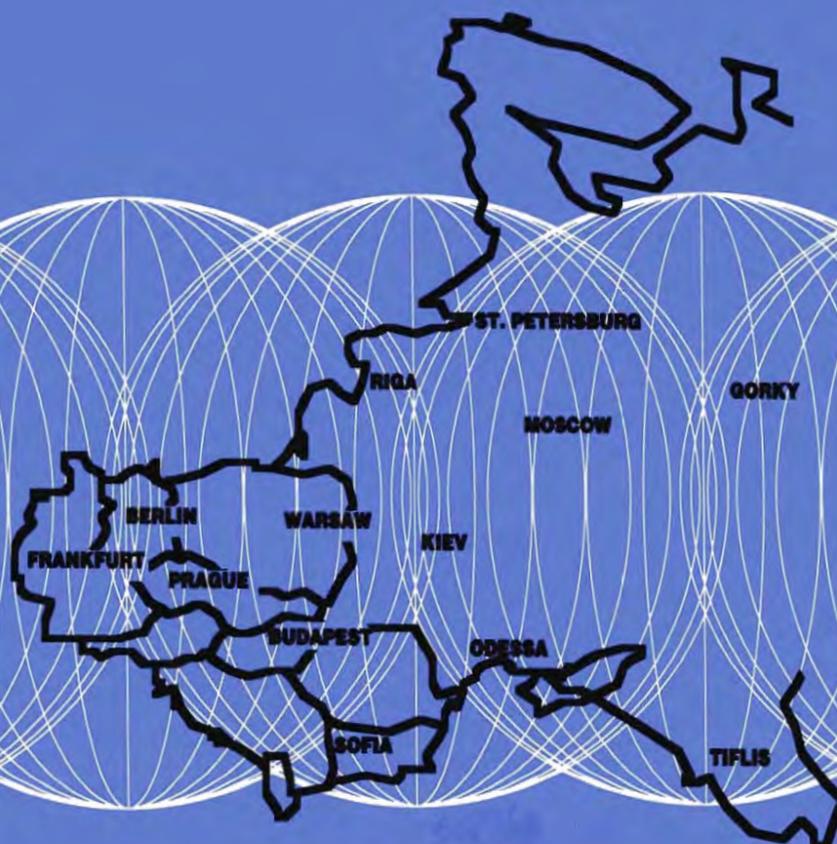
Contract No. CCS-0008-C-00-2055-00

UI Project No. 06306-000-00

**HOUSING SECTOR REFORM PROJECT
RUSSIAN FEDERATION/CITY OF MOSCOW**

QUARTERLY REPORT (No. 16)

June - August 1996



THE URBAN INSTITUTE

Prepared for the Office of Housing and Urban Programs (USAID)

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Submitted on September 23, 1996

Section I - Contractor's Report

A. *Narrative*

1. **Background:** The program objective is to help shift the residential sector from a command basis (as existed in the Soviet era) to one operating on market principles, i.e. one in which decisions about production, financing, and allocation are made on the basis of freely determined prices. In particular, this objective is achieved by reaching these detailed goals:
 - Allocation of the housing stock by price mechanisms;
 - Consumer sovereignty in the choice of units and unit quality;
 - Promotion of private ownership of housing;
 - Competitive maintenance, rehabilitation, and construction;
 - Targeting of subsidies to low-income households, with equity among similarly situated households; and
 - Making housing affordable to families with a wide range of incomes in a way consistent with sound macroeconomic policy.
2. **Expected Results:** Expected results for the life of the project include:
 - Forty percent of Moscow's housing stock under private maintenance;
 - At a minimum, rents at or approaching full operating costs; at a maximum covering full costs, including allowance for depreciation and capital costs;
 - Housing allowance system fully functional;
 - Some households are relocating within social housing stock, shifting their housing vouchers when they move;
 - Dissemination of condominium legal infrastructure to other jurisdictions;
 - Mortgage lending equivalent of 30 to 50 percent of the volume of other countries with similar levels of development (GDP per capita) and financial system development;
 - Mortgage law in place; widespread dissemination and use of standardized loan documentation; and
 - Commencement of public initiatives in housing finance, such as mortgage insurance and secondary sales of mortgages.
3. **Current Activities:** See attached task order by task order synopsis.
4. **Performance:** See attached task order by task order synopsis.

5. **Statement of Work:** See attached task order by task order synopsis.

B. Administrative Data

Contract Data:	Total Level of Effort:	485.0 person-months
	Total Estimated Cost:	\$15,597,752
1.	Level of Effort (last three months):	19.61 person-months
2.	Cumulative Level of Effort:	443.92 person-months
3.	Unused Level of Effort:	41.08 person-months
4.	Cumulative Expenditures to Date:	\$11,876,471
5.	Remaining Unexpended Balance:	\$3,721,281

C. Task Order by Task Order Synopsis

Task Order 12

Current Activities:

UI/Washington staff continue to provide technical and administrative support to the Moscow field operation. Major tasks this quarter include research on legal issues pertaining to land and mortgage lending, preparation of case studies for use in construction lending training courses, and arrangement of logistics for short-term technical personnel traveling to Russia.

Renée van Wisse Hendley traveled to Moscow this quarter to attend a meeting hosted by Peat Marwick concerning the results of the Moscow field office audit of HSRP I and HSRP II and to follow up with field office staff on local financial currency management issues.

Performance: The task order is proceeding according to schedule.

Statement of Work: The task order performance period is being extended to September 1996 in order to align the work plan period with the HSRP II contract.

Task Order 9

Current Activities:

Legal Developments

The Law on Homeowner Associations [Condominiums] was voted on and approved during the first week of June by the Federal Assembly. On June 15 it was signed into law by President Yeltsin.

At Minstroi's request the Institute for Urban Economics (IUE) drafted an amendment to the Law on the Value Added Tax exempting housing maintenance organizations. The draft and the supportive text were approved by Minstroi's Communal Economy Department which will present the draft.

The Council of Ministers Resolution implementing the "Svoi Dom" Program was approved in June and signed by Prime Minister Chernomyrdin in July. Among many other provisions the Resolution gives the Government one month to approve a concrete plan for the creation of the Agency for Mortgage Lending. Anvar Shamouzafarov, others in the Government, and Nadezhda Kosareva (IUE) are involved in the details of establishing the Agency for Mortgage Lending. Key points are the naming of the Agency's president, determining its initial equity, and establishing the rules under which it will operate until the full board of directors is named and meets.

This quarter Lyuda Kolokolnikova (IUE) continued to work on the Urban Planning Codex. She completed comments on the entirely new draft prepared by the Institute for Law-Based Economy and provided them to the Institute and other interested parties. In addition, she completed a "compromise draft" of the law which moves the Minstroi draft to a more market-oriented, less

centrally-directed system. This version has been particularly well received in Minstroi.

In July the Russian Federation Law on Housing Privatization was approved by the State Duma on its second reading. The current text lifts the ban on privatization of commercially leased housing in state or municipal housing stocks, which actually blocked development of that market. The text also provides Russian Federation subjects the right to set time limits for free privatization after half of the state or municipal stock has been privatized. IUE participated in this discussion by sending comments both directly to the Duma Committee and to Minstroi to be incorporated. The final reading is expected to be in October.

On July 5 the State Duma unanimously passed the Law on Registration on the second reading. For procedural reasons, the Law required a third reading in the State Duma. On July 19, the last day of the Duma's session, the law was approved on its third reading. Under the Constitution, this law deals with subject matter such that it is not required that the Federal Assembly formally consider it. As a result, this law could go directly to the President for signature while the parliament is out. In late July, however, the Federal Council decided to consider the Law, i.e., not to decline consideration and have the bill sent directly to the President. In August, for reasons that are not entirely clear, the Law on Registration was referred by the relevant committee of the Federal Council back to the responsible committee of the State Duma. The bill will now be considered by a joint Duma-Council "reconciliation committee." Ultimate passage appears to be some months away.

GKI submitted the draft Federal Regulations on Licensing of Real Estate Activities to the Government on June 30 after obtaining the results of its review by the interested Ministries and Committees. The Ministry of Justice had some non-essential objections, the GKI enclosed the explanations why the proposed changes were not introduced. The draft is currently being considered by the lawyers from the Government. Andrei Khakhalin (IUE) will meet with the GKI people with whom he worked on this document to discuss the final version and to get its copy which will then be translated.

Moscow State Housing Inspection began to draft the Law of the City of Moscow "On the Housing Policy of the City of Moscow Regarding the Use and Maintenance of Premises in Private Property, Rent or Lease by Citizens." The Law establishes the rights and responsibilities of property owners -- physical persons, lessees and the procedures of Housing Codes enforcement.

After the flurry of activity to prepare the Law on Mortgage for its second reading, the Duma decided not to deal with it before its recess. The appointment of Anatoli Chubias as head of the president's staff has been interpreted by the other parties to mean that a coalition government would not be formed. Therefore, the spirit of cooperation that resulted in the passage of the Law on Registration has evaporated. At the start of the final Duma session, the Communist and the Liberal Democratic Parties combined in a procedural maneuver to have the mortgage bill taken off the list of those that would be considered. Even though the Duma will reconvene for a couple of days in August to consider the president's nominee for prime minister, it is unlikely the bill will be considered then. Hence, the next opportunity will be when the Duma resumes work in October.

Housing Finance

In August HSRP sent letters to all of the banks with which we have been working on mortgage lending for home purchase informing them that in September USAID would phase out its support for this program. The letters thanked the banks for the opportunity to work with them. The bankers were informed that some training support would remain (for example, for the FNMA workshop series) and that consulting services on beginning and improving mortgage lending operations would be available from the staff at IUE. Note that USAID-supported TA will be used next year in two of the new regional centers -- Rostov-on-Don and Vladivostok -- and possibly to introduce such lending in one region of the Sberbank of Russia system.

Natalya Rogozhina (IUE) met with Alexei Zvetkov, Deputy Head of the Credit Department, of Nefthanoi Bank in Moscow. Nefthanoi has started its mortgage program and has already originated over \$400,000 in mortgage loans. The bank is currently offering three types of loan products: lease/purchase loans (30 percent dollar-denominated, 1 year term, 60 percent LTV); the Bridge Loan (25 percent dollar-denominated, 3 month term, LTV 70 percent), and targeted savings accounts with a term of up to 5 years. Nefthanoi is using all of the forms, guidelines, and computer software we developed for them and is using the self-amortization software we developed for the first time. Zvetkov stated that the bank is now charging fees according to the scheme they learned during the recent Fannie Mae seminar.

Jamie Cook (UI Housing Finance Advisor) and Andrei Suchkov (IUE) met with Tatiana Rachkova, Director of the Individual Banking Department at Bank St. Petersburg. Rachkova announced that the bank has initiated the savings account program we recommended in our initial proposal to the bank on starting a mortgage lending program. This represents a significant step as the bank becomes more retail oriented. Rachkova has been assigned the task of meeting these goals which includes a target of 100,000 individual customers by the year 2000. Bank St. Petersburg has followed our program proposals and recommendations in detail. We discussed the savings account procedures, legal documentation, recent legislation, pre-qualification procedures, and finalized the bank's business plan. Rachkova informed Cook and Suchkov that the bank has adopted the Bridge Loan Program and began offering the loan in June. We agreed to work with the bank on defining their market in the area and determining the potential cash flows for the program. The bank is conducting a feasibility study to determine the equipment needed to outfit their affiliate network, necessary staff, and training.

Valentin Porzhenko (IUE) met with Edvard Yakoshanka, First Director of the Department of Municipal Housing, and Yarnich Serafim, First Vice President of the Loan Department of Moscow Sberbank. We discussed the development of mortgage lending in Russia, the activity of banks offering mortgage loans in Moscow, and how Sberbank can work with the city on developing their program. Moscow Sberbank has been given the task of developing a mortgage lending program following the city's "Declaration of Mortgage Lending Development." In addition, we discussed the legal aspects of mortgage lending and how the bank can structure its program.

Ivan Labutin-Rymsho (CCN Consultant) and Porzhenko met with Antonina Balikova, Chief Economist of the Credit Department of Menatep Bank in Moscow. In an encouraging move, Menatep has made a formal decision to re-establish its mortgage lending program and create a separate Mortgage Lending Department. Menatep is one of the top 10 Russian banks and is well-respected in the

industry. Balikova stated that a resolution has been passed at the bank to start a new program for originating loans to the general public. This marks a positive movement in the bank's policy by moving away from lending only to bank employees. We discussed and provided copies of the Bridge Loan and Home Improvement Loan Programs. Menatep was very interested in the Bridge Loan and may use it as a basis for their program. We also discussed and demonstrated the advantages of self-amortization vs. constant amortization, the establishment of a savings program, and the legal aspects of the Bridge Loan. Balikova restated that the bank views the Bridge Loan as the most attractive form of lending at this time. Additionally, we learned that Menatep may join Stolichny Bank in the project to develop a townhouse community in Moscow.

Suchkov met with Alexander Gavrilin, Head of the Housing Construction and Lending Department of Moscow Sberbank. The department, which was created in March 1996, is also responsible for long-term mortgage lending. Gavrilin stated that Moscow Sberbank considers mortgage lending a vital part of its strategy. They have already created a savings program and are in the process of formally organizing their mortgage lending program. Gavrilin stated that while the bank has been active in construction finance projects, it has experienced problems in selling the units once completed. Therefore, the bank is moving rapidly towards creating a mortgage lending program to alleviate this problem. Sberbank is very interested in the Bridge Loan Program and we discussed the program in detail. We provided Gavrilin with a copy of the Bridge Loan Program and will discuss his questions during our next meeting. IUE, the Department of Municipal Housing, the Department of Economic Policy, Stolichny Bank, and Moscow Sberbank have been assigned to work on a draft plan for mortgage lending in Moscow. We are very pleased with these developments at Moscow Sberbank and believe that the successful implementation of the mortgage lending program will send a positive signal to other banks entering the program.

Suchkov met with Andrei Artemov, Chief Lawyer of Moscow United Industrial Bank, to discuss the legal documents they developed for their mortgage lending program. The bank is preparing to launch its mortgage lending program this fall based on our recommendations. Porzhenko prepared his comments on the legal documents and forwarded them to the bank.

Lena Klepikova (IUE) and Rogozhina met with Luba Feodorova, Head of Mortgage Lending, and Dmitri Sergeiyev, Chief Expert, at Promstroibank in St. Petersburg. Promstroibank's business plan now includes a provision for lending to the general public and the bank has established a new Housing Finance Department which includes a division for up-front subsidies. Plans call for the bank to expand past its original pilot program and begin offering two loan products--the Bridge Loan and lease/purchase loans. A dollar-denominated loan (30 percent annually, 6 months to one year term, 70 percent LTV) is being considered with a monthly target volume of \$400,000. Feodorova stated that they have established a savings account program based on our model and plans further expansion. Promstroibank is currently considering the introduction of a Home Improvement Loan to renovate summer houses (dachas) for year-round use in the St. Petersburg area. The bank estimates that the estimated loan amount for each Home Improvement Loan will be between \$10,000 - \$30,000.

Porzhenko completed a manual entitled, "The Legal Aspects of Mortgage Lending in Russia." The manual includes an analysis of how banks can overcome the current legal obstacles facing them in starting mortgage lending programs, information about the loan agreement and mortgage agreement, different rights and duties between the bank and the borrower, and sample legal documents. The

manual will become volume four of IUE's mortgage manual series.

A manual to train bank employees on how to market the Deferred Adjustable Instrument for Russia (DAIR) was completed this quarter. The manual, which was originally developed by the State Savings Bank of Hungary (OTP), Fannie Mae, and HSRP, was revised for Russia. The manual discusses the advantages of DAIR in an inflationary environment and how bankers can market this instrument to their clients. The manual will be distributed to the bankers who attended the study tour in Hungary earlier this year and to other Russian banks.

On August 3 Prime Minister Victor Chernomyrdin signed the Resolution of the Russian Federation "On providing the citizens of the Russian Federation who are on the waiting list for housing conditions improvement with non-repayable up-front subsidies on construction or acquisition of dwellings." IUE had been participating in the development of the Resolution Draft. As a result of this work many of IUE's proposals were included in the Resolution, the provision on opening named blocked targeted accounts in designated banks for transferring up-front subsidy money in particular.

Klepikova prepared a three page document on the "Certified Mortgage Lender" Program and submitted it to the Association of Russian Banks. Victor Koreshkov, responsible for education in the Association, distributed 350 copies of the document among the representatives of Moscow banks at a meeting held on August 22. He also promised to consider the possibility of obtaining a letter of support for the Program from Sergei Egorov, President of the Association, and his approval for publication of the materials on the Program in the Association's Bulletin.

Klepikova completed the manual on up-front subsidies which will be used to assist city and oblast officials structure and administer the up-front subsidy program.

Cook completed work on the Condominium Rehabilitation Loan Program which will be used by Russian banks to lend to condominium associations for the renovation and rehabilitation of the building. The loan program will enable associations to repair and improve not only vital elements of the building (such as elevators, roof repair, etc.), but also the common areas, stairwells, and surrounding areas. We are currently identifying banks to pilot the program this fall.

Rogozhina completed a comprehensive manual entitled "Recommendations on Developing Targeted Savings Account and Banking Practice." This manual will be used by banks as a guide for starting targeted savings programs for mortgage lending. The manual also includes a review of international experience and practical recommendations for Russia. It will become part of a new manual series being developed by the Housing Finance Team which already includes the Bridge Loan and Home Improvement Loan Programs.

Housing Allowances

On June 18, the Russian Government issued Decree 707 "On Regulation of the System of Payments for Housing and Communal Services." Its structure largely repeats the former 935 Decree. The changes that it makes are to a large extent due to the implementation of the Law "On Fundamentals of the Federal Housing Policy" and the second phase of the State Targeted "Shelter" Program. The basic changes are as follows: The transition period is extended to 2003, although capital rehabilitation costs are now to be covered by the end of that period; there is a new limitation that net payments (after housing allowances) of those with per capita income below the standard of living should not exceed half of the minimum wage. The "t" value is now to be approved by the administration of the Subject of the Federation. The wording of the 935 Decree and the Regulation on Housing Allowances Provision approved by that decree is slightly improved with more emphasis on using social standards and on financial responsibility of the housing stock owners for granting housing allowances.

At the request of Mrs. Yelena Medvedeva, Deputy Head of the Moscow Department Engineering Services, Sasha Puzanov (IUE) and Lisa Lee (UI/Moscow) ran a new series of simulations for scenarios of further rent increases to go into effect January 1, 1997. The simulations produce results on the likely number of housing allowances recipients, the cost of allowances and the revenue net of allowance payment realized by the City from the rent increase.

In late July Puzanov was informed that Ministroi submitted proposals to the newly established Commission on Social Reform (headed by Chernomyrdin) on social reform in the housing sector which are based on the "Concept of Reforming Housing and the Municipal Economy" developed by IUE. Additionally, as suggested by Puzanov, the Department issued a new instructive letter on granting allowances to households with arrears.

Land Reform

Andrei Khakhalin (CCN Consultant) is finishing gathering information for Steve Butler's municipal exactions study. Comprehensive data was obtained from Chelyabinsk (with Serdukov's assistance) and from Ryazan (through Sergei Sivaev). We now have information on Gus-Khrustalny, Chelyabinsk, Tver, Ryazan and Moscow (not completed). Information from the City of Vladimir will also be available.

Throughout much of the quarter Kolokolnikova with the help of Sheila O'Leary (UI/Washington) and Ritu Nayyar-Stone (UI/Washington) worked on "The Economic Feasibility of Historic Preservation in St. Petersburg" project. As a result of the field work gathered in mid-July, Kolokolnikova prepared reconstruction costs spreadsheets based on "Lenzshilniiproekt" files for the reconstruction of residential buildings located in the historic center of the city. Information spreadsheets on the costs of restoration and renovation work were prepared on the basis of materials provided by the Association of St. Petersburg Researches, headed by academician Tatiana Slavina.

Housing Codes

On June 4, the Moscow City Duma adopted the Law "On Moscow City Normatives for Maintenance of the Housing Stock and Measures for their Implementation." The Moscow Government then issued the corresponding Resolution 465 "Normatives of the City of Moscow for Maintenance of the Housing Stock." The law establishes the procedure for implementing the housing maintenance normatives in the city and provides for control and enforcement for the non-fulfillment of such normatives. The enforcement of these normatives is the responsibility of the State Housing Inspection, the Conflict Commission (an independent city body outside of the housing inspection agency), administrative commissions and bodies of city self-management. The adopted normatives regulate various aspects of the maintenance practices in the city.

The first stage of the project "Urban Real Estate Reform Indicators in Russian Cities" was successfully completed. The two cities selected for the pilot project are Chelyabinsk and Ryazan. The next steps (in cooperation with the Union of Russian Cities) require getting official consent from the Mayors to carry out this project and making a list of appropriate specialists in the two cities who will participate in collecting information. Khakhalin is continuing to negotiate an agreement with the Union of Russian Cities which presented an unrealistic financial estimate of their expenses for the second stage of the project.

Urban Zoning Pilot

The Zoning Working Group held a study session on August 2. Presentations were made by a number of people, including representatives of KGA and Bob Odland (UI Consultant/Land Policy). The session was notable from a number of perspectives. First, KGA was quite conciliatory. Although Deputy Chairman Polishuk took the position that he doesn't see how zoning will be useful and, if implemented, should be part of a three-tier system of regulations, his approach was cooperative. In general, all participants stressed the need to work together. Part of this effort was to offset several newspaper articles that had highlighted differences between KGA and the Zoning Working Group, which is identified with the Legislative Assembly. The meeting was run by a facilitator who did a good job of identifying agreements and disagreements. Everyone seemed to agree that the meeting was a great success and hoped that it would be the first in a series of working sessions to produce agreement on the zoning law.

Later in the quarter the Zoning Working Group members produced a set of working papers that will be made into the final report. Odland got the material copied, and the complete packages were distributed to all members. Odland participated in a meeting of the group to discuss the first of the working papers. The objective of the Working Group is to produce a report by the end of August that will provide the framework for the zoning law. This work is taking place in accordance with the work plan that Odland prepared in July.

Nazarov, chairman of the Working Group, reported to Odland on a meeting he had just had with Victor Loktionov, Deputy Governor for Construction. Loktionov said that the creation of a legal zoning plan for St. Petersburg was his "number one priority." He said that he was convinced of its importance by the meeting he had with Deputy Ananov and Odland (11 July) and by discussions with others who were interested in reform (The briefing paper Odland prepared, dated July 16, had been sent to him several weeks ago). Loktionov also said that he wanted to set up a permit center within

KGA that would assist developers through the entire real property allocation and approval process, and wanted to clarify relationships between KGA and other committees. A better outcome could not have been expected.

Privatization of Maintenance and Management

A conference was held in St. Petersburg by A. Tregubov, First Deputy Chairman of the City Economy Management Committee, which was attended by representatives from City Economy Management Committee, City Property Management Committee, Committee on Land resources, and the Russian Privatization Center. Two important issues were discussed: (1) procedures for establishing boundaries for land plots in condominiums and registering home ownership certificates (passports); and (2) procedures for registering housing associations in newly organized condominiums. At the end of the conference it was decided that the City Economy Management Committee should be assigned the task of optimizing the procedures of registering land rights and establishing documents as described in the Mayor's Order 1010. Additionally, it was decided that the City Economy Management Committee should complete all amendments to the model housing association charter in order to use it for registering newly organized condominiums.

At a meeting with S. A. Romodin, Chairman of Property Management Committee of the Administration of the Pushkin region, an agreement was worked out to cooperate on organizing housing associations in the city of Pushkin (just outside St. Petersburg).

Suchkov, Klepikova, and Dima Khomchenko (IUE) met with I. Smolianin, Head of the Department of Construction, Architecture and Communal Services of the Irkutsk Oblast Administration. They discussed establishing a regional center for housing reform in Irkutsk. Smolianin expressed his interest in creating the regional center and asked for our assistance in implementing the regional portion of the "Your Home" federal program. He also requested our assistance in developing schemes for non-budget finance for individual construction and housing. HSRP also met with Leonid Osherin, Vice Mayor of Irkutsk, and Victor Klemenov, the Head of Housing and Communal Services Department of the City Administration. The city is taking some steps towards housing reform and has adopted a local decree on condominiums. The city is very interested in creating a regional center. Osherin and Klemenov were particularly interested in the Unified Customer Service concept and the Enterprise Divestiture Program. We agreed to hold a workshop on housing finance this fall in Irkutsk to launch our cooperation.

The well-advertized reorganization of the Government of Moscow continued this quarter. Some important changes are becoming clear: the Department of Engineering Provision will be dismantled with its functions scattered across several other government bodies; the Department of Municipal Housing is being downgraded to a committee and its head, Pitor Saprikin, will no longer be a Member of Government; on the other hand, none of the Prefects with whom we work will change.

Puzanov met with Galina Khovanskaya, Moscow City Duma Deputy to discuss a number of issues including cooperating on the Federal Law On Housing Privatization and the Moscow City Law On Housing Policy. Puzanov expressed concern that after the Department of Communal Services is abolished there will be nobody to execute any control over the City Center for Housing Allowances. Khovanskaya admitted that she continues to receive numerous complaints on payments delays from the City Center for Subsidies to housing organizations and housing cooperatives. She promised to

raise this issue during her coming meeting with the Mayor.

Katya Petrova (CCN Consultant) received some new data on the municipal housing stock and competitive maintenance volumes in Moscow and updated HSRP's chart on the implementation of the program in different administrative districts. The South-East district is the most outstanding with private firms maintaining 76 percent of the municipal housing stock on a competitive basis.

Petrova finished her work on updating the HSRP materials "Request for Proposals" for housing maintenance competitions to bring them into compliance with the recently adopted Regulations of The Moscow Department of Engineering Provision "On housing maintenance competition procedure."

Statement of Work: There are no statement of work changes.

Performance: The task order performance period is being extended to September 1996 in order to align the work plan period with the HSRP II contract.

Task Order 10

Current Activities:

This quarter Robert Odland continued to work on urban land use and development with the St. Petersburg Fund of Real Estate Development. This assignment is part of HSRP's work program of August 1995 for urban land redevelopment in St. Petersburg coordinated by Mr. Butler. In addition to working with the Zoning Working Group (*see Urban Zoning Pilot section*), Odland prepared a short paper entitled "The Concept of the Proposed St. Petersburg Law on Zoning" which is to be given to Deputy Governor Loktionov. This paper explains why St. Petersburg should reform its urban development approval process and outlines steps that could be taken. The translation into Russian was completed on Wednesday, July 17, and was submitted the following day. Odland also completed the first draft of a paper summarizing the land-use control systems in the following five countries: England, France, Germany, the Netherlands and the United States.

Statement of Work: There are no statement of work changes.

Performance: The task order performance period is being extended to September 1996 in order to align the work plan period with the HSRP II contract.

Task Order 11

Current Activities:

Donald McCarthy (UI Consultant) traveled to Russia to provided technical assistance to Russian banks in the area of construction finance. More specifically, he assisted the banks in establishing and implementing construction lending operations, reviewing and upgrading existing construction finance programs operated by the banks, and evaluating construction loan applications.

Ritu Nayyar-Stone and Shelia O'Leary (UI/Washington) traveled to St. Petersburg this quarter to conduct an economic analysis of the profitability of historic preservation for private developers under the framework of existing laws and procedures. As a result of their field work, Kolokolnikova prepared reconstruction costs spreadsheets based on "Lenzshilniiproekt" files for the reconstruction of residential buildings located in the historic center of the city. Information spreadsheets on the costs of restoration and renovation work were prepared on the basis of materials provided by the Association of St. Petersburg Researches, headed by academician Tatiana Slavina.

Statement of Work: There are no statement of work changes.

Performance: There are no statement of work changes.

B. Administrative Information

(see attached)

Section II - Reserved for Project Officer's Comments

Section III - Reserved for Contract Office's Comments

End of Report

Quarterly Performance Report

Part B: Administrative Information

Contract No. CCS-0008-C-00-2055-00

Shelter Sector Reform Project (USAID Project 110-0008)

Component 1: Russian Federation/City of Moscow (UI Project 06306)

Contract Period: 9/1/92 - 9/30/97

Report Period: 6/1/96 - 8/31/96

Contract Data:	Total level of effort (@21.67 days/mo.)	or	<table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: right;">10,509 person days</td> </tr> <tr> <td style="text-align: right;"><u>485 person months</u></td> </tr> </table>	10,509 person days	<u>485 person months</u>
10,509 person days					
<u>485 person months</u>					
	Total estimated cost		<u>\$15,597,752</u>		
	Total obligated funds		<u>\$15,597,752</u>		

1. Level of effort (this report period):		<u>19.61</u>	p/m	
2. Cumulative level of effort to date:	(a)	<u>443.92</u>	p/m	<u>92.00% of total LOE</u>
3. Unused level of effort:		<u>41.08</u>	p/m	<u>8.00% of total LOE</u>
4. Expenditures (this report period):		<u>\$859,893</u>		
5. Cumulative expenditures to date:	(a)	<u>\$11,876,471</u>		<u>76.00% of total oblig. funds</u>
6. Remaining Unexpended Balance:		<u>\$3,721,281</u>		<u>24.00% of total est. cost</u>

(a) Actual LOE and expenditures as of 8/21/96.

THE URBAN INSTITUTE
FIFTEENTH QUARTERLY FINANCIAL REPORT (ESTIMATED) - JUNE 1, 1996 THROUGH AUGUST 31, 1996
 Shelter Sector Reform Project, Component 1 - Russian Federation and the Municipality of Moscow
 Contract No. CCS-0008-C-00-2055-00 (UI Project 6306, Tasks 01-12)
 Period of Performance: September 1, 1992 - September 30, 1997

filename: QFR16
 13-Sep-96
 04:28 PM
 Months Remaining thru 9/97: 13

Category	Contract Budget Base Period (a)	Total Approved Task Orders (b)	Total Pending Task Orders (c)	Total Task Orders d= (b+c)	Budget Ceiling Balance (a-d)	Cumulative Costs as of : 8/31/96 (Inv. 45) (e)	Costs for this quarter only	BUDGETED Costs Remaining in Task Orders f = (d-e)	ESTIMATED Expenditures Next Quarter (9/96 - 11/96) (g)	Total Project Costs Thru Next Qtr. (9/96 - 11/96) h = (e+g)
Salaries and Wages	\$1,458,464	\$1,370,744	\$0	\$1,370,744	\$87,720	\$1,322,135	79,354	\$48,609	\$18,509	\$1,340,643
Fringe Benefits	592,149	538,084	0	538,084	54,065	512,832	17,132	25,252	\$9,615	522,447
Indirect Costs	591,246	594,723	0	594,723	(3,477)	542,914	7,503	51,809	\$19,727	562,641
Consultants	1,105,535	1,011,871	0	1,011,871	93,664	956,701	11,501	55,170	\$21,007	977,708
Subcontracts	4,978,857	3,938,272	0	3,938,272	1,040,585	2,692,100	253,651	1,246,172	\$474,504	3,166,604
Training and Seminars	148,000	180,027	0	180,027	(32,027)	213,387	8,645	(33,360)	\$0	213,387
Equipment	110,000	83,942	0	83,942	26,058	78,942	3,557	5,000	\$1,904	80,846
Travel & Logistic Support Costs	2,058,561	2,011,649	0	2,011,649	46,912	1,626,069	112,382	385,580	\$146,817	1,772,886
Other Direct Costs	2,181,371	2,136,337	0	2,136,337	45,034	1,947,670	233,057	188,667	\$71,839	2,019,509
G&A	1,560,417	1,469,556	0	1,469,556	90,861	1,364,569	88,283	104,987	\$39,976	1,404,545
Total Estimated Cost	\$14,784,600	\$13,335,205	\$0	\$13,335,205	1,449,395	11,257,319	815,065	2,077,886	803,898	\$12,061,217
Fixed Fee	813,152	733,434	0	733,434	79,718	619,152	44,828	114,282	44,214	663,366
Total Estimated Cost Plus Fee	\$15,597,752	\$14,068,639	\$0	\$14,068,639	1,529,113	11,876,471	859,893	2,192,168	\$848,112	\$12,724,583
Total obligated funds:										\$15,597,752
Est. obligated funds available										
beginning 12/1/96:										\$3,721,281
Est. monthly burn rate:										284,668
Mos. covered by										
funds available:										13.07
Mos. remaining (12/96-9/97):										10

THE URBAN INSTITUTE**FIFTEENTH QUARTERLY FINANCIAL REPORT (ESTIMATED) - JUNE 1, 1996 THROUGH AUGUST 31, 1996**

Shelter Sector Reform Project, Component 1 - Russian Federation and the Municipality of Moscow

Contract No. CCS-0008-C-00-2055-00 (UI Project 6306, Tasks 01-12)

Period of Performance: September 1, 1992 - September 30, 1997

APPROVED TASK ORDERS

Task Order No.	1 (C)	2 (C)	3(D)	4(D)	5(G)	6(E)	7(C)	8(A)	9(D)	10(B)	11(B)	12(A)	Total
Category													
Salaries and Wages	\$116,791	\$10,233	\$147,871	\$173,141	\$16,598	\$61,002	\$47,522	\$141,359	\$382,165	\$58,720	\$37,878	\$177,464	\$1,370,744
Fringe Benefits	47,737	4,275	62,761	74,096	7,019	22,589	19,421	55,394	142,882	22,058	13,878	65,974	538,084
Indirect Costs	50,836	5,093	81,464	46,691	9,656	28,975	24,721	73,013	96,177	38,419	18,985	120,693	594,723
Consultants	34,517	3,841		71,508	79,298	265,900	11,454		281,454	119,558	139,906	4,435	1,011,871
Subcontracts		79,512			332,717	296,841	85,206		1,248,203	1,732,986	162,807		3,938,272
Training and Seminars									14,387	165,640			180,027
Equipment	3,114			16,300					64,528				83,942
Travel & Logistic Support Costs	34,781	33,218	35,774	71,829	103,212	195,479	40,051	22,768	488,296	286,600	127,889	34,726	1,474,623
Allowances	43,541			93,180		25,307	3,670		358,090	8,509	4,729		537,026
Other Direct Costs	67,055	8,265	44,644	185,592	55,671	90,030	22,394	40,317	1,386,967	113,113	76,634	45,655	2,136,337
G&A	46,777	11,808	50,131	100,596	55,836	124,377	31,807	59,620	622,536	190,738	86,304	89,026	1,469,556
Total Estimated Cost	445,149	156,245	422,645	832,933	660,007	1,110,500	286,246	392,471	5,085,685	2,736,341	669,010	537,973	13,335,205
Fixed Fee	24,483	8,593	23,245	45,811	36,300	61,077	15,744	21,586	279,712	150,499	36,796	29,588	733,434
Total Estimated Cost Plus Fee	\$469,632	\$164,838	\$445,890	\$878,744	\$696,307	\$1,171,577	\$301,990	\$414,057	\$5,365,397	\$2,886,840	\$705,806	\$567,561	\$14,068,639

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T.O. No.	End Date	Budget	AID Approval Date	T.O. Budget	Cumulative T.O. Budget	Balance Contract Ceiling	Budget %	Balance Obligated Funds	%	T.O. LOE	Cumulative T.O. LOE	Balance LOE Ceiling	%
						\$15,597,752		\$15,597,752				10,509	
1		\$639,336	11/10/92							625			
1A		(32,734)	2/25/93							(44)			
1B		(92,047)	2/9/94							(26)			
1C	2/28/93	(44,923)	7/12/96							(2)			
				\$469,632	\$469,632	15,128,120	97.00%	15,128,120	97.00%	553	553	9,956	95.00%
2		225,630	11/22/92							168			
2A		(1,880)	2/24/93							(29)			
2B		(58,912)	2/9/94							(19)			
2C	2/28/93	0	7/12/96							(18)			
				164,838	634,470	14,963,282	96.00%	14,963,282	96.00%	102	655	9,301	89.00%
3		58,434	2/24/93							91			
3A		309,139	8/10/93							578			
3B		122,728	12/5/93							180			
3C		(39,726)	9/8/94							(75)			
3D	3/31/94	(4,685)	7/12/96							(1)			
				445,890	1,080,360	14,517,392	93.00%	14,517,392	93.00%	773	1,428	9,081	86.00%
4		140,835	3/3/93							108			
4A		415,881	9/2/93							369			
4B		455,590	10/5/93							428			
4C		(131,561)	9/8/94							(150)			
4D	3/31/94	(2,001)	7/12/96							(1)			
				878,744	1,959,104	13,638,648	87.00%	13,638,648	87.00%	754	2,182	8,327	79.00%
5		42,585	2/24/93							40			
5A		160,745	8/4/93							157			
5B		65,892	8/5/93							20			
5C		258,408	9/8/93							294			
5D		51,729	12/12/93							10			
5E		291,433	2/9/94							305			
5F		(212,055)	9/8/94							(209)			
5G	3/31/94	37,570	7/12/96							(1)			
				696,307	2,655,411	12,942,341	83.00%	12,942,341	83.00%	673	2,855	7,654	73.00%
6		44,414	8/5/93							47			
6A		92,109	10/6/93							41			
6B		422,922	12/27/93							231			
6C		479,467	2/8/94							416			
6D		294,692	9/1/94							191			
6E	12/31/94	(162,027)	7/12/96							(1)			
				1,171,577	3,826,988	11,770,764	75.00%	11,770,764	75.00%	925	3,780	6,729	64.00%
7		357,528	12/15/93							345			
7A		15,361	6/4/94							2			
7B		0	8/10/94							(36)			
7C	4/30/95	(70,899)	7/12/96							(2)			
				301,990	4,128,978	11,468,774	74.00%	11,468,774	74.00%	309	4,089	6,420	61.00%
8		538,204	5/24/94							685			
8A	3/31/95	(124,147)	7/12/96							24			
				414,057	4,543,035	11,054,717	71.00%	11,054,717	71.00%	709	4,798	5,711	54.00%

T.O. No.	End Date	Budget	AID Approval Date	Cumulative		Balance Contract Budget		Balance Obligated Funds		T.O. LOE	Cumulative T.O. LOE	Balance	
				T.O. Budget	T.O. Budget	Ceiling	%	Funds	%			LOE Ceiling	%
						\$15,597,752		\$15,597,752					10,509
9		1,346,008	6/4/94							1,225			
9A		78,958	9/4/94							(3)			
9B		114,145	2/21/95							0			
9C		2,335,826	5/18/95							1,112			
9D	9/30/96	1,490,460	7/12/96							397			
				5,365,397	9,908,432	5,689,320	36.00%	5,689,320	36.00%	2,731	7,529	2,980	28.00%
10		2,802,086	7/8/94							1,314			
10A		1,836,638	5/18/95							671			
10B	9/30/96	(1,751,884)	7/12/96							(220)			
				2,886,840	12,795,272	2,802,480	18.00%	2,802,480	18.00%	1,765	9,294	1,215	12.00%
11		78,591	1/12/95							85			
11A		468,867	5/24/95							366			
11B	11/30/96	158,348	7/12/96							7			
				705,806	13,501,078	2,096,674	13.00%	2,096,674	13.00%	458	9,752	757	7.00%
12		446,071	5/24/95							540			
12A	9/30/96	121,490	7/12/96							70			
				567,561	14,068,639	1,529,113	10.00%	1,529,113	10.00%	610	10,362	147	1.00%

Summary Level of Effort Committed To Date

Category	Long-Term Advisors	Short-Term Consultants	Sub- Contractors	Home Office Prof. Staff	Contract Management	Training Support Staff	Total
Task Order No.							
1(B)	207.00	87.00		229.00	30.00		553.00
2(B)		12.00	43.00	47.00			102.00
3(C)				669.00	104.00		773.00
4(C)	633.00	121.00					754.00
5(F)		239.00	362.00	72.00			673.00
6(D)	66.00	685.00		134.00	40.00		925.00
7(B)	30.00	22.00	80.00	175.00	2.00		309.00
8				620.00	89.00		709.00
9(C)	1,829.00	194.00	708.00				2,731.00
10(A)		218.00	1,274.00	273.00			1,765.00
11(A)	46.00	272.00	33.00	106.00			457.00
12				536.00	74.00		610.00
Total	2,811.00	1,850.00	2,500.00	2,861.00	339.00	0.00	10,361.00
Ceiling	3,725.00	1,759.00	300.00	3,250.00	1,300.00	175.00	10,509.00
Balance	914.00	(91.00)	(2,200.00)	389.00	961.00	175.00	148.00

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Office of Housing and Urban Programs
U.S. Agency for International Development
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