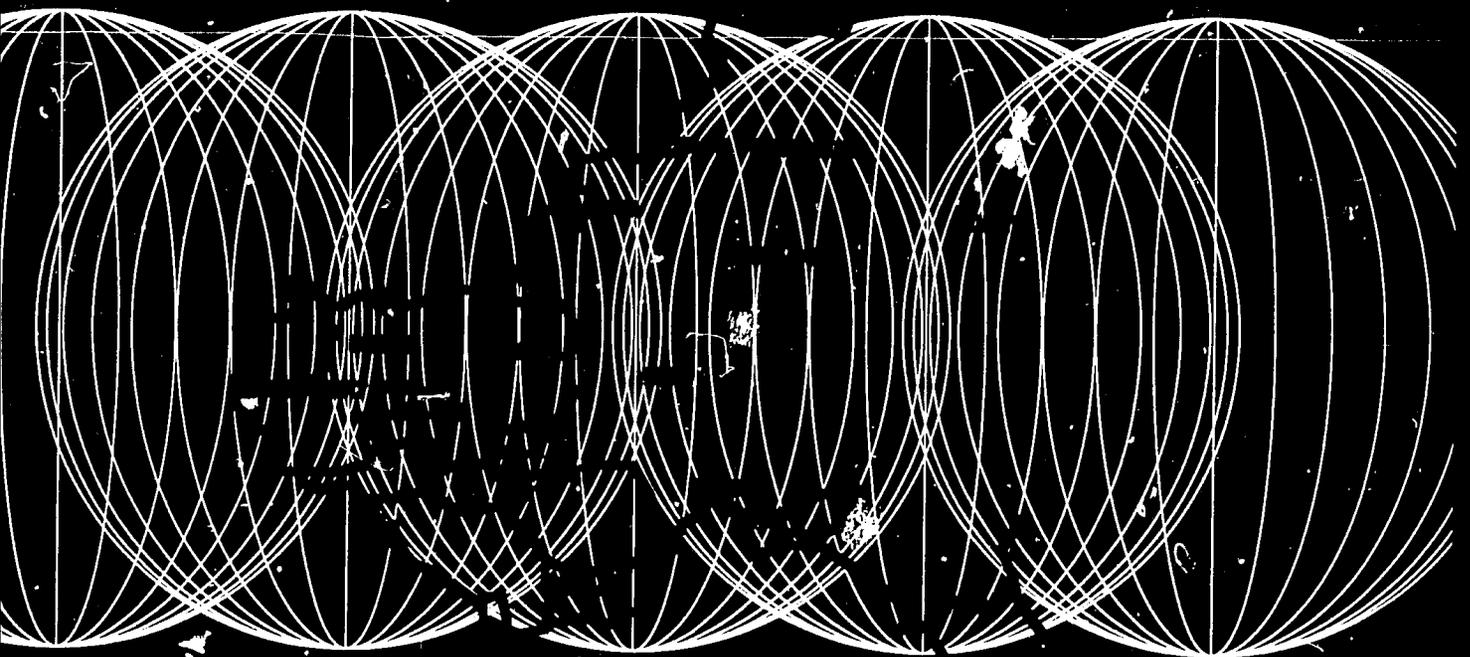
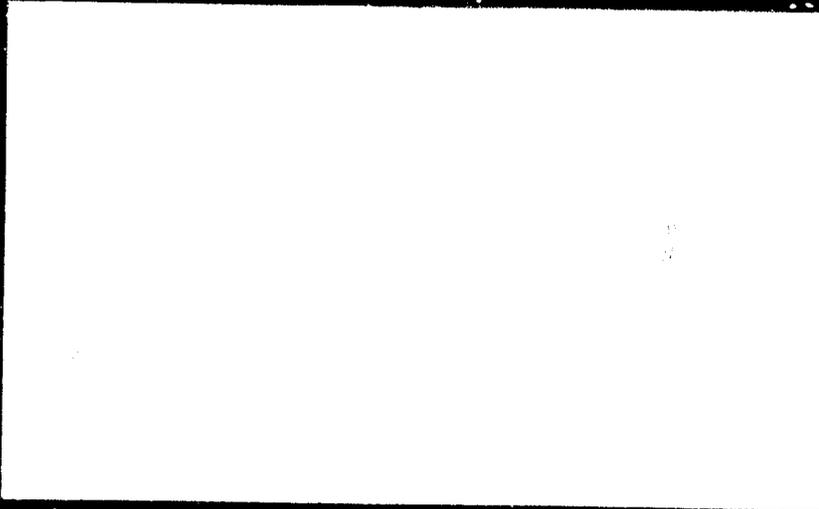


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FROM PLANNING TO MARKETS HOUSING IN EASTERN EUROPE



THE URBAN INSTITUTE

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

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

MANAGEMENT PLAN

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**SHELTER SECTOR REFORM PROJECT
THE RUSSIAN FEDERATION AND CITY OF MOSCOW**

MANAGEMENT PLAN

Background

It is expected that overall USAID management of the Newly Independent States (NIS) Shelter Sector Reform Project (SSRP) will be headquartered in Washington. It is also assumed that a senior Office of Housing staff member will eventually be stationed in Moscow for providing on-site coordination and overseeing of SSRP program activities.

The USAID SSRP program in the Russian Federation will have as its principal elements two long-term technical advisors (LTAs) stationed in the cities of Novosibirsk and Yekaterinburg and two long-term advisors in the city of Moscow. In addition, legal assistance will be offered to the Government of the Russian Federation for a one- to two-year period. These advisors will be supplemented by substantial short-term consultant assistance, both U.S. and CCN.

The Urban Institute is responsible for executing the technical assistance program at the Russian Federation level and for the city of Moscow. To implement this program, two LTAs, a team of legal experts, and a series of short-term advisors will be employed over the base period of the contract (through August 1994) on an as needed basis. PADCO, a second contractor, will have primary responsibility for staffing and managing both the short- and long-term advisors in the other two Russian cities.

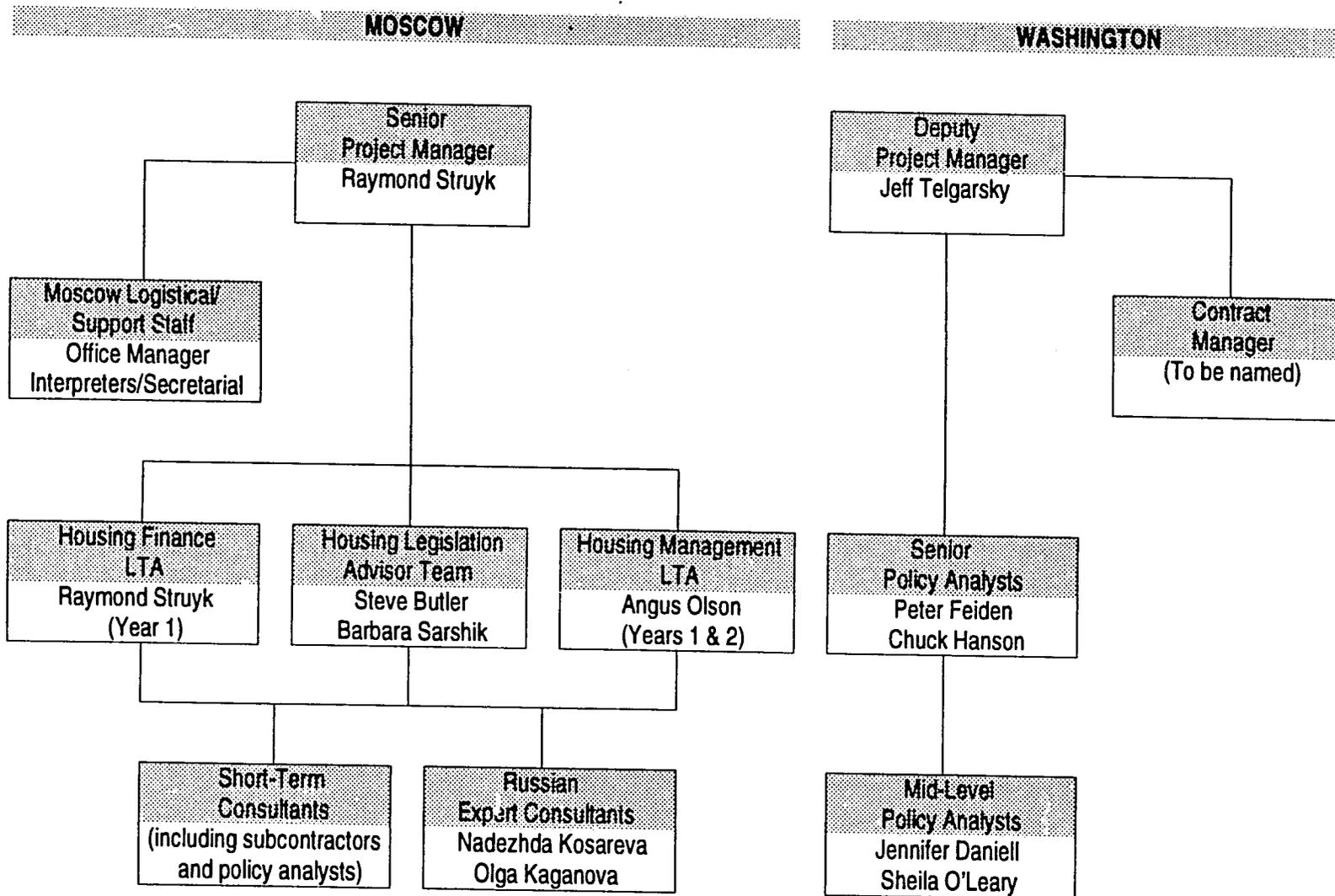
Project Organization

The broad organization of the project is depicted in Figure 1. The fundamental distinction is between activities being conducted in Moscow and those carried out in Washington. As shown, The Urban Institute proposes that the Senior Project Manager be stationed in Moscow in the first year because the complexity of the project demands on-site coordination of the long-term and short-term advisory inputs and so that there be strong and consistent policy leadership for the entire project.

Raymond Struyk will be the Senior Project Manager. Dr. Struyk will also handle the position of resident advisor to the Russian Federation for housing finance for the first year of the project (September 1992 through August 1993).¹ Dr. Struyk will carry out both these tasks with considerable support from the Washington-based

¹ Dr. Struyk may remain in Moscow for a second year as a long-term advisor. He and USAID will reach a decision on extending Dr. Struyk's stay no later than June 1993 in order to allow adequate time to identify a replacement long-term advisor or make other staffing arrangements.

**FIGURE 1
PROJECT ORGANIZATION**



project staff, which will include a Deputy Project Manager (Jeff Telgarsky), Senior Policy Analysts (Peter Feiden and Chuck Hanson), Mid-Level Policy Advisors (Jennifer Daniell and Sheila O'Leary) and a part-time Contract Manager (to be named).

In general, the Washington Urban Institute staff will carry a large portion of the non-substantive administrative burden; and they will also devote a share of their time to short-term consultancies to supplement Mr. Struyk's efforts. For example, it is expected that a Senior Policy Analyst will spend time in Moscow assisting with the preparation of the work plans which will be prepared periodically. In addition to the senior policy analyst positions specified in the contract, Mid-Level Policy Analyst positions have been included among the Washington staff. There are many tasks for which the greater skills of the Senior Policy Analyst will not be needed. Adding junior staff to carry out these tasks saves the government money and improves the match of skills and duties.

The long-term advisor to the City of Moscow will be Angus Olson. Mr. Olson will take up a two-year residency in Moscow beginning in September 1992. He will focus on providing technical assistance to assist the City of Moscow in improving the operation and maintenance of the state-owned housing stock through privatization of the housing management function. Mr. Olson will work under the supervision of the Project Manager.

The Urban Institute also proposes to meet the requirements of the legal advisor position through the use of lawyers on a short-term basis, rather than through a resident advisor. The first point, however, is that a substantial amount of the legal work will be "legal policy" tasks rather than narrow issues of law. For this reason it is essential that the lawyer work closely with the Senior Project Manager. Specifically, the lawyer will consult with the Senior Project Manager on all policy questions, and then the lawyer will advance their agreed-upon position in his participation with the Russians drafting laws and regulations.

The arguments against a resident legal advisor are several. First, there are questions about the flow of work, i.e., it is expected that the work load may be quite variable as the Supreme Soviet and Government accelerate or delay taking up different housing issues; after an initial burst of legislation in the first year, little may happen in the following year. Second, it is likely that some of the legal questions being addressed will be quite specialized, such as those dealing with housing finance issues, and a lawyer with specific expertise will be needed. For these reasons we have determined that it will probably be more efficient to employ lawyers with the right expertise as needed than to rely on a single resident lawyer.

The Urban Institute plans to use a team of lawyers with the requisite skills to provide advice of the kind needed. One of the lawyers—Barbara Sarshik—will be

moving to Moscow in November for a one to two-year period for personal reasons and will be available on an "on call" basis. Our plan is to use her services as a base and to supplement them as needed with Stephen Butler and other lawyers.

Finally, use of the Russian experts will be a key part of the Urban Institute's project staffing. The Institute's experience in two years of work in Eastern Europe and Russia has been that pairing U.S. and local experts dramatically increases the productivity of the American experts. The two principal Russian consultants to the Urban Institute will be Nadezhda Kosareva and Olga Kaganova. The Russians understand how the current housing system works, know sources of available data, and can arrange meetings efficiently with the right people. The experts have strong basic educations and are consistently anxious to learn. Additionally, increasing the technical competence of Russian experts in the sector is obviously a goal of the overall U.S. program in the sector; and U.S. advisors working closely with them in this way will be very effective in achieving this goal.

Project Management

Project Director

Raymond Struyk, Senior Project Manager. Dr. Struyk of the Urban Institute (UI) will be the Project Director and overall "coordinator" for the program in the Russian Federation. His responsibilities will include policy oversight for the program in Moscow. He will also consult with the other LTAs in the Russian Federation as required to coordinate the delivery of technical assistance in an effective manner. "Policy oversight" includes both shaping the general direction and content of the program as well as performing quality control. During his consultations with the LTAs in the Russian Federation, Dr. Struyk will discuss with the team members how to replicate the experiences of successful projects, develop ideas for future work plans in the Russian Federation, and provide advice or coordinating support to the other LTAs as requested.

Dr. Struyk will live in Moscow for a one-year period beginning August 1992 and will have responsibility for working with the City of Moscow and the Russian Federation to help define and implement the USAID-approved technical assistance program. The City has appointed a coordinator for the program, Mr. Nikolai Maslov who is director of the housing privatization office in Moszhilkomitet and who will be responsible for organizing the City's participation in the program. Mr. Struyk will receive inputs from the long-term resident advisor working on housing management (Angus Olson) and from the short-term advisors who work in the Moscow program. Struyk. The coordinator with whom Mr. Struyk will work at the Russian Federation level is Mr. Igor Greenberg, Deputy Chairman of the Ministry of Architecture,

Construction, Housing Facilities and Communal Services.

Long-Term Advisors

Angus Olson, Housing Management Advisor. Angus Olson is will fill the position of resident advisor to the City of Moscow in the area of housing management. Mr. Olson is a public administrator with eighteen years of experience in the field of housing. He has been in Russia this past summer for two months providing technical assistance in housing management. He has been in Russia this summer for two months providing technical assistance to the City of Moscow on improving the maintenance of their housing stock. Between 1974 and 1980, Mr. Olson served in a variety of positions with the Housing Authority of New Orleans, including Project Manager and Technical Assistant for helping residents manage their low-income housing.

As Executive Director of the Alexandria Redevelopment and Housing Authority, he restored the agency to financial health from its position near bankruptcy in the early 1980s, and developed a reputation as one of the country's experts in managing assisted housing. Among his achievements in Alexandria were the creation of new jobs for public housing residents through public-private partnerships, implementing full automation of PHA operations (waiting lists, tenant data, general ledger, and work orders), starting a PHA software company, and creating and utilizing subsidiary corporations to facilitate equity syndications and the sale of low-income housing tax credits. More recently Mr. Olson has serve as domestic and international consultant on the local, state and national level to produce and revitalize affordable housing. He specializes in public-private partnerships and public sector entrepreneurial ventures, including innovative debt/equity solutions, resident initiatives, and community-based non-profit organizations. Among other assignments, he assisted HUD in the management of troubled public housing authorities.

Barbara Sarshik, Legal Advisor. Barbara Sarshik is an attorney with a strong background in housing policy. As she will be living in Moscow, her consulting services will serve as the core of legal work undertaken under this contract. She has had an extensive career as an attorney specializing in the areas of federal housing development and regulatory programs. Her experience with housing finance institutions is especially deep. In her work at the FDIC, she formulated litigation strategy and policy in bankruptcy cases focusing on the FDIC's unique role as a deposit insurer. At the Federal Home Loan Bank Board she managed multi-million dollar litigation involving failed savings and loan associations, including lawsuits against former management and commercial cases including collection, bankruptcy, lender liability, title insurance, and lien priority litigation. This work has given Ms. Sarshik important insights into how a housing finance system should be structured.

During her three years at the Department of Housing and Urban Development, she handled litigation involving challenges to HUD's implementation of various housing and community development programs and enforcement litigation against HUD-insured mortgagees who had abused the single family mortgage insurance program. This experience provided Ms. Sarshik with a broad overview of housing programs, which supplemented knowledge gained from her family's firm developing and managing housing under HUD. programs.

Stephen Butler, Legal Advisor. Stephen Butler will be providing short term legal consulting services in Russia. He has successfully carried out two short-term assignments in Russia for the Urban Institute, where his primary work will involve preparing a draft Presidential Decree on housing finance, especially construction finance. To the extent necessary, he will also assist the Russian Federation on preparing other decrees and legislation reforming the housing sector.

His combination of experience in housing and as an attorney provides an excellent framework for providing assistance in Russia. Mr. Butler has been actively involved in planning and development of residential and commercial real estate projects as a consultant and with the Jeffersonian Corporation. As Assistant General Counsel for the Rouse Company he was the responsible attorney for development projects across the country. He also has extensive experience with legal and regulatory matters as an attorney representing HUD and other federal agencies. He also served as Research Director of the Housing Assistance Council, conducting and supervising research into federal and state housing and community development policies.

Washington-Based Staff

Jeff Telgarsky, Deputy Project Manager; Chuck Hanson, Senior Policy Analyst. During Dr. Struyk's absence from Washington, Jeff Telgarsky will be responsible for coordinating activities with USAID's Office of Housing in Washington. He will be assisted by Chuck Hanson, Senior Policy Analyst, on a part-time basis. Among other activities, their tasks will include developing proposals for the SSRP program in Russia, preparing budgets related to those proposals, drafting scopes of work associated with short-term consultants, preparing RFS packages and recruiting qualified consultants to implement short-term technical assistance, responding to Office requests for special studies, and compiling consolidated weekly/monthly reports. Mr. Telgarsky has worked in Eastern Europe for the past two years and is an experienced manager and briefer. Mr. Hanson has been involved in the program since February of this year and is very knowledgeable about the technical assistance program in the Russian Federation. Messrs. Telgarsky and Hanson will have substantial decision making authority, particularly for all items which are in the work plans for Moscow or the Russian Federation.

The Washington-based team will maintain at least weekly contact with Mr. Struyk in Moscow. During both Mr. Telgarsky's and Mr. Struyk's absence from the office, Mr. Hanson will be responsible for coordinating Russian activities.

Peter Feiden, Senior Policy Analyst. Peter Feiden will fill the full-time Senior Housing Analyst position and will provide analysis of technical assistance studies conducted, backstop support for on-going technical assistance activities, and prepare studies and reports on housing sector developments as directed by the project Manager and USAID. Mr. Feiden has ten years of experience in the design and implementation of foreign assistance programs. He has managed shelter and urban development technical studies in a number of countries in Africa and the Caribbean. He has also led the design of programs aimed at improving shelter policies and housing development institutions. Recently, Mr. Feiden designed and managed USAID assistance to Eastern European and Baltic countries in privatization of state-owned industry.

Jennifer Daniell and Sheila O'Leary, Mid-Level Policy Analysts. Jennifer Daniell and Sheila O'Leary will fill the Mid-Level Policy Analyst positions. Ms. Daniell provides research and technical support to Institute international projects and has worked on USAID-sponsored efforts in Eastern Europe and in Russia. Sheila O'Leary is a part-time researcher, fluent in Russian and familiar with Russian law and housing issues.

Contract Manager (to be named). The Urban Institute is currently recruiting a suitable person to fulfil the Contract Manager position. It is anticipated that this person will devote up to one half of their time to the project, handling contractual and logistical matters such as submission of deliverables, scheduling and approval of short-term consultant travel, and monitoring of program budgets.

Russian Consultants

An integral part of the program will involve Russian housing professionals as consultants. In Moscow the main partner institution will be the Institute for Economic Forecasting of the Russian Academy of Sciences. The Institute for Architectural and Urbanistic Theory in St. Petersburg has also been involved in the early development of the program. The two consultants identified below are associated with these institutes.

Nadezhda Kosareva. Dr. Kosareva, an economist, is a recognized expert on housing in the Russian Federation. She has been a senior researcher in the field at the elite Institute for Economic Forecasting (part of the National Academy of Sciences) for the past six years. She has done research on the inequities of the allocation of housing under the old system and on the principal sources of inefficiency in that

system. She has worked closely, and almost on a full-time basis, with Urban Institute staff since January 1992. She participated in the initial meetings with officials that led to the signing of Technical Assistance Agreements between USAID and the Russian Federation and three cities. She has authored a paper with Raymond Struyk on the early experience with housing privatization in Russia. Dr. Kosareva took the lead in organizing the data set used in simulating housing allowance programs for Moscow and was a full participant of the team doing the actual analysis.

Olga Kaganova. Dr. Kaganova is a widely acknowledged expert on land policy in the Russian Federation at the Institute for Architectural and Urban Theory (St. Petersburg). She has worked under contract with several Russian municipalities to help determine representative land values patterns. Under contract to the Urban Institute she prepared an excellent description of the actual operations of residential land transactions in the St. Petersburg area and contrasted these with the official procedures as indicated in various laws and regulations. In addition, she was a member of the Urban Institute team (with Ira Lowry) which prepared a comprehensive description of the current situation regarding residential land and property taxation, and land and property registration systems in Moscow and St. Petersburg.

Steering Group

Overall policy planning and development for the technical assistance program will be guided by a Steering Group for the Russian Federation. The group will include the following members: Mr. Sean Walsh (USAID project officer), Mr. Struyk, Mr. Telgarsky, Mr. Hanson, Mr. Lee Baker, Mr. Don Gardner, Mr. Dick Pratt, Mr. Charles Haar, and Mr. Al van Huyck. The panel will meet once every six months to discuss the progress of the SSRP program in Russia, review the six-month work plan (see below), and make recommendations as to its future direction.

Project Planning/Implementation

It is anticipated that six-month work plans will be drafted by the Urban Institute for the Russian Federation and be refined and finalized in an iterative process with the Office of Housing staff in Moscow and Washington and with the Russian Federation Steering Group. The planning process is designed to result in orderly implementation of the program.

However, flexibility should be one of its principal attributes. It is anticipated that some resources will remain unprogrammed each period to permit responding at least occasionally to high priority, but unanticipated requests. Additionally, these resources could be used to take advantage of opportunities for expert inputs—such

as when an advisor has been sent to one city in the Russian Federation or elsewhere in the NIS and could provide assistance to Moscow or the Russian Federation for marginal additional cost.

It should be emphasized that the newness of the program and the relative lack of field experience in Russia to date makes much of the foregoing speculative. The planning process described should guide the program. Moreover, where it becomes clear that Moscow's priorities have been misread or misunderstood, necessary adjustments will be made in an orderly process.

Reporting of Information

Weekly activity reports will be submitted to the Office of Housing summarizing the major highlights of the past week and alerting the Office to potential problems with the program. In addition, monthly status reports will be prepared for the Office of Housing at the end of the month to summarize the major activities in the IRA program accomplished during the month; this report will also include major activities planned for the next month.

In addition, the Urban Institute will prepare quarterly and annual reports as required by the contracts. The quarterly reports will be submitted by the 15th of December, March, June, and September; annual reports will be submitted by the 30th of September of each year.