

PD-ABF-538  
BA 21447

THE URBAN INSTITUTE

MEMORANDUM

February 1, 1993

*To:* **David Olinger, Sarah Wines, USAID**

*From:* **Tom Kingsley and Peter Tajčman**

*Subject:* **CSFR PROGRAM PROGRESS REPORT: JULY-SEPTEMBER 1992**

*Ref:* **RFS 13, Housing Policy and Finance Contract, Contract No. EUR-0034-C-00-2033-00, AID Project No. 180-0034 (UI#6251), Prepared for Regional Housing and Urban Development Office, Eastern Europe (RHUDO/EE), U.S. Agency for International Development.**

*Copies:* **Morton Grant, Carlotta Molitor**

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This overall country progress report for July through September 1992 is transmitted herewith.

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF HOUSING AND URBAN PROGRAMS  
TECHNICAL ASSISTANCE AND TRAINING PROGRAMS IN THE  
CZECH AND SLOVAK REPUBLICS

**PROGRESS REPORT: JULY-SEPTEMBER 1992**

Prepared by the Urban Institute and  
Urban Research Inc. (URI)

**INTRODUCTION**

The Office of Housing and Urban Programs (PRE/H) delivers technical assistance and training to the Czech Republic (CR) and Slovak Republic (SR) through three major contracts: the Local Government and Housing Privatization (LGHP) Contract (ICMA Consortium with the Urban Institute as coordinating subcontractor in the CR and SR); the Housing Policy and Finance Contract (Urban Institute); and the Private Development Contract (PADCO). This report summarizes the activities of all three contracts in both Republics during this period.

PRE/H assistance to Czechoslovakia began in 1991 and, during its first year, focused on housing issues (see the *First Year Progress Report* by the Urban Institute, 1992). In mid-1992, PRE/H developed a new approach for the country in which emphasis was shifted to providing assistance to local governments under the ICMA contract, consistent with AID Mission objectives in economic restructuring and capital market development. Several housing policy and private development activities continued, however, and were designed as far as possible to work in coordination with local government support themes.

**HOUSING POLICY AND FINANCE CONTRACT**

As noted above, AID technical assistance to assist the CSFR in its housing policy reform agenda began in 1991. Several activities in support of this theme continued during this reporting period.

**RFS 07--Housing Policy Reform Assistance**

This RFS began in April 1992, covering a variety of assignments to further housing policy reforms (including arranging for and conducting a major conference on housing and infrastructure finance in May). Most tasks were complete before the beginning of this reporting period, however, one was still underway.

First, following up on our previous designs for a national housing allowance program, Task C of this RFS called for analysis and recommendations on the means of administering such a program. Field reviews of existing public assistance offices in both Republics indicated that administrative capacity was stronger than had been anticipated--district offices administering other social benefit programs represent a good base on which to build. The report noted that additional staff would be required, however, and discussed the importance of proper training and quality control procedures (see Bawden and Holcomb, 1992).

### **RFS 12--Housing Privatization and Management Handbooks**

Through prior work in preparing seminars (presented to local officials in both the CR and SR) and providing hands-on assistance in Prague Districts 2 and 6, project staff had learned a great deal about the housing privatization and management issues facing local governments in Czechoslovakia. The purpose of this RFS was to take advantage of that experience in preparing housing management handbooks which could be used as a basis for subsequent technical assistance and training.

The handbooks are organized into two volumes. Volume I contains guidelines for Mayors and their staff in the overall management of their communal housing stocks. They cover methods of preparing housing strategies, selling housing to private buyers (including tenants), privatizing housing management, and managing and controlling the activities and performance of agencies and/or private firms managing housing on behalf of the city.

Volume II provides guidance for housing managers themselves (either government agencies or private companies) and covers the three main elements of housing management: occupancy management, financial management, and facilities and maintenance management. Both Volumes were completed in draft and submitted in September 1992 (see Mayfield memoranda of September 15, 1992).

### **RFS 17 and 18--Concept Papers on Legal Issues**

The main assignments under these RFSs, were the preparation of concept papers on key legal issues affecting housing and urban development. The first, was to review the adequacy of legislation governing municipal finance and intergovernmental financial relations. The second, was to assess potential problems in laws governing land use planning and development control. Work during this period on both topics entailed: reviewing reports and background materials, interviewing experts and institutions in Washington and the CSFR (mid-July trip) on these issues, and beginning to draft the concept papers. Because translations of relevant laws and other materials were time-consuming, the papers were not complete by the end of this period.

### **RFS 13--Program Coordination and Logistics Support**

This RFS covers general management and coordination of the program and the provision of logistical support for special activities and all other RFSs. Work during this period focused on providing support for the other tasks noted above. One additional task initiated during this period was the collection of data for a monitoring report on trends in housing conditions and policy reforms in the CSFR.

## **LOCAL GOVERNMENT AND HOUSING PRIVATIZATION CONTRACT**

RFSs 03 (Housing Privatization and Management) and 06 (Strategic Land Development) were initiated to extend assistance themes which were already underway under

a prior Urban Institute contract. The most important new activity during this period, however, was the start of an effort to design a broadscale strategy for implementing the LGHP in the CR and SR.

### **RFS 03--Housing Privatization and Management**

In missions during July and August, staff continued work with Prague Districts 2 and 6 giving advice on their housing management problems and their computer systems. Demonstrations of the Urban Institute housing strategy model were given to staff in these Districts and also to staff responsible for local governments in the Czech Ministry of Economic Policy and Development. Draft housing management and privatization handbooks (prepared under another Housing Policy and Finance Contract RFS noted above) were reviewed by URI staff and discussed selectively with staffs of local governments (Prague Districts 2, 3, and 6 and Brno).

Draft case studies were prepared on the privatization of housing management in Prague and on the sales of communal housing to cooperatives in Prague District 3 as the first stage that district's housing privatization process. (These are now being reviewed by AID--it was decided to expand the case study on management privatization to cover all of Prague rather than District 2 only, and to drop the originally planned case study on housing management strategies in District 6). Results of the case studies were presented in separate seminars with housing staff in Prague Districts 2, 3, and 6 and in Brno. These materials will be incorporated in broader seminars and training sessions once the draft housing management and privatization handbooks have been revised. (See Tatian, 1993, and Kingsley memorandum of January 7, 1993)

### **RFS 06--Strategic Land Development**

During a mission in July, staff provided hands-on assistance to the Prague Chief Architect's office and the City of Brno related to financial aspects of their land development strategies. The guidance entailed reviews of, and comments on, current project plans of these governments (master plan components in the case of Prague and the new South Center project plan in the case of Brno).

On July 22, a major seminar was held on strategic land management by local governments focusing on the comparative advantages and disadvantages of lease and sale options for disposing of city-owned land. Participants included development directors and related staff from most Prague Districts and the Prague City Hall. A draft report on assistance provided (see above) and the seminar was provided to AID staff. (See Sagalyn memorandum, August 6, 1992).

The mission also included a series of interviews with individuals responsible for land development laws and regulations, and the collection of related materials, as a basis for designing the seminar program to be implemented at a later time under this contract. The design work is well along, but submission of proposals has been delayed to be integrated in the comprehensive strategy for this contract (see RFS 10 below).

### **RFS 10--Strategy for Assistance to Local Governments**

Preparatory work to develop and approach was done by the ICMA Consortium Team in August. In September, local consultants (URI) made preliminary visits to candidate cities, interviewed training institutions, and reviewed data on other donor programs. A mission of U.S. advisors to both the CR and SR was planned for October in order to: (1) obtain up to date information on the legal framework for municipal finance; (2) discuss strategy options with Republic ministries and the Associations of Towns and Cities; (3) examine possibilities for a HG program with relevant ministries and AID officials in both Republics; (4) hold initial discussions with indigenous trainings institutions that may participate in the program.

The draft strategy is now being prepared and should be submitted to AID/Washington for review before the end of November. The strategy will be discussed with AID and Republic officials during a second mission in early December.

### **PRIVATE DEVELOPMENT CONTRACT**

Work under this contract was still in the planning stages during this reporting period. Plans were being made to follow up on prior work assisting the Guild of Private Contractors in the CR and the construction branch of the Association of Entrepreneurs in the SR. Initial assistance is to take the form of seminars as requested by the associations dealing with project and construction management techniques.

### **REFERENCES**

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Sagalyn, Lynne B. Memorandum on Progress and Assistance Provided. August 6, 1992. (Tasks 1 and 4, ICMALGHP RFS 06)