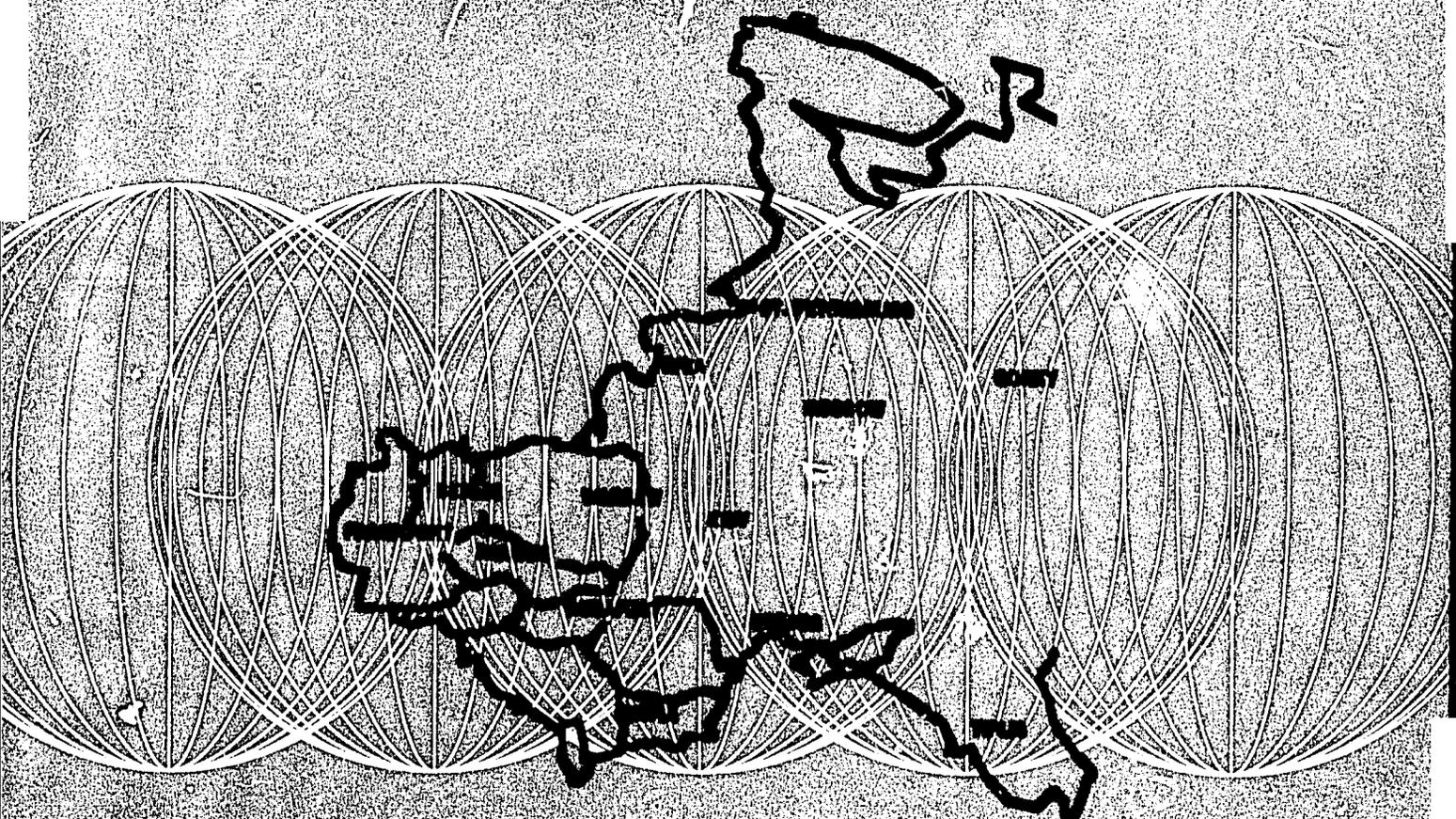


PD-ABI-982

**AN INTERNATIONAL ACTIVITIES PROJECT**

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



**THE URBAN INSTITUTE**  
Prepared for the Office of Housing and Urban Programs (USAID)

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

**MONTHLY REPORT**

**JUNE 1994**

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## **A. Program Activities — Russian Federation**

### **Notable Developments**

- 1). On Friday, June 10, President Yeltsin signed three decrees on housing which will do the following:
  - (a) Set the general parameters for housing lending in Russia, including long-term mortgage lending. The regulation explicitly permits the use of deferred payment and variable rate mortgages, sets maximum loan-to-value ratio (.7) and provides other guidance. This is another major building block in establishing the overall regulatory environment for housing lending.
  - (b) Establish the regulatory framework for the issuance and redemption of housing certificates or housing debentures. These are a type of tradeable security issued by finance companies that are denominated in square meters, i.e., an investor purchases a security which is worth one square meter of housing. When the investor amasses sufficient securities, he can use them to purchase a unit; the availability of a unit is guaranteed by the finance company. Alternatively, the investor can cash in his certificates. The value of the security is indexed by the cost of construction. Certificates are already offered in about 40 cities and to date have been wholly unregulated.
  - (c) Establish procedures for clarifying ownership of a large volume of partially completed housing, whose construction was initiated during the former regime; the procedures also specify how the proceeds from selling the projects are to be shared. This is expected to break the legal bottlenecks that have prevented completion of these projects for several years.

The Housing Sector Reform Project had major inputs into the first two decrees. See Legal and Policy Developments below for details of our input this past month.
2. At the end of the month, Efim Basin signed the Memorandum of Understanding on the two year extension of the Housing Sector Reform Program. It will now be circulated to Deputy Ministry of Economy Sergei Vasiliev and First Deputy Minister of Finance Andre Vavilov for their signatures. Although, it has taken a long time to get Basin's signature, we are advised this was nothing more than bureaucratic inertia.
3. USAID Deputy Administrator Carol Lancaster, Ann van Dusen and others in Ms. Lancaster's party were given a site tour of one of the municipal housing projects now under private maintenance. The visit was led by George Deikun, with Struyk, Murrell, Shapiro and Goyne participating.

## Legal and Policy Developments

1. In the first week of June, Sergei Vasiliev, now Deputy Minister of Economics, who is heading a team organized by the President's office to take initiative in economic reform, asked us urgently to propose policy initiatives that could be taken under the President's power to issue decrees. Kosareva and Shamouzafarov met with him to discuss possible initiatives. One initiative we wanted to put forward is a restructuring of flagging the housing privatization program to put a one year limit on free-of-charge privatization with local governments having the right to determine future policy after that date for municipal housing. Both Vasiliev and Shamouza Farov argued that this should be done through a law passed by the Federal Assembly.

It was decided to accelerate the passage of five regulations and laws then in the "policy pipeline." Kosareva worked intensively with Gosstroj to deliver the package of five draft Presidential Decrees to Vasiliev. The same package was delivered to First Deputy Premier Soskovets. The package contained draft decrees on the following topics:

- (a) Regulations on the issuance and redemption of housing certificates (formerly called housing debentures)
- (b) Regulations on long-term residential mortgage lending
- (c) Regulations on completion of unfinished residential construction projects
- (d) An order for rub 600 billion to be allocated for downpayment subsidies and subsidies for housing cooperatives; and
- (e) An order granting tax privileges to construction projects for retired military officers funded by the U.S. Government.

We had been active for several months in preparing the substance of the first two documents. The budget decree was dropped fairly quickly on grounds that the President does not want to issue decrees directing subsidies at this time.

2. The Ministry of Economy resolved all conflicts among various ministries on the Law on Mortgage and sent it to the Cabinet. (We should obtain a copy shortly.) Once cleared by the Cabinet, it will be submitted to the Duma for action. Coincidentally, the Duma has requested Mr. Makovsky to prepare a new draft using the previous draft of the likely Government's bill and his earlier draft. Kosareva participated in the regular meetings of the Duma working group on

the Law on Mortgage. There was much confused discussion about selling mortgages and even about some of the basic concepts. It may well be that a good investment would be to send six to eight key legislators and lawyers to the U.S. for a "study tour" in which some of the basics involved could be carefully explained to them in a stable environment.

3. The Government sent the Land Code to the Duma for its consideration and possible adoption.
4. Struyk and Kosareva consulted Sergei Vasiliev, Deputy Minister of Economy and an active participant in the economic and finance policy development process, about how to proceed on the creation of the Agency for Mortgage lending given the Central Bank's view that these are functions which the Bank itself should take. He advised that the Agency still be formed as a joint stock company but now be solely owned by the Ministry of Finance, i.e., exclude the Central Bank. He believes that the Council of Ministers will act on this as long as the Agency has no direct bank regulatory functions. We are pursuing this idea with the Ministry of Finance.
5. At a meeting of the Gosstroj collegium the last week in June, Minister Basin announced that the Prime Minister has signed several new Council of Ministers' resolutions and orders concerning housing. Those signed include:
  - (a) An order for investors using federal funds to finance housing to pay 30 percent of cost in advance. Until now, disbursements were only made with progress. The advances will be a substantial relief to the construction companies.
  - (b) Approval of subsidies to families in housing building cooperatives who building were put under construction before January 1994. This extends the previous subsidies which cover construction cost increases--a very large and poorly targeted subsidy.
  - (c) An order for the budget to allocate R600 billion to the new downpayment subsidy scheme which is targeted to those on the municipal housing waiting list.

### **Housing Finance**

1. James Cook arrived mid-month to take up his post as resident advisor for housing finance. He will pick up our work with several banks who are preparing to begin mortgage lending and will take over the regional seminar series. The balance of his team consists of Lena Klepikova and Andre Suchkov.

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Soon after Cook's arrival, Struyk, Cook, and Klepikova met with Oleg Klimentev of Mosbussinessbank to introduce him and to the bank and its review progress. The bank is now originating two loans a week to staff members using the DAIR instrument. Cook scheduled a visit to the bank later in the week to begin working with the staff on procedures now being used.

2. At the urgent request of First Deputy Minister of Finance, Kosareva and Struyk prepared a proposal outline of how "surplus" funds from the Central Bank could be used to stimulate new construction. This appears to be part of the larger Presidential initiative to revive the struggling economy. The principles outlined included no subsidies on refinancing of long-term mortgage loans by the Central Bank, only modest funds available for each loan (to maximize the number of purchasers helped), and the Central Bank making commitments only as loans are presented to it which would be closed within 30-45 days so that there will be competition among banks to access the available funds quickly.
3. In early June, the team from Fannie Mae, consisting of Ruth Sando (leader) and Dale Bottom, held intensive meetings with Vladimir Orlov, President of the Association of Mortgage Banks, on developing its training program and enhancing its membership activities. An important part of the work was to develop a business plan with the Association so that its training and other activities will be self-supporting within two years. To accomplish this the Association will have to become substantially more active than it has been to date, including expanding membership, and will likely to have to raise dues to expand its now tiny staff.

Later in the month, Alexander Kopekin was officially appointed by Vladimir Orlov to be the Director of Training for the Association. Kopekin will work with Orlov over the next month to promote the fall courses which will hopefully encourage the membership to be more active and to pay their dues. We remain deeply concerned about the Association's financial strength--which will be a principal topic of discussion in the early meetings with Orlov in July.

4. At the housing finance training course this month, Struyk met with Sergei Kurilov, director of the mortgage subsidiary of the East Siberia Commercial Bank (Irkusk). The bank is anxious to begin mortgage lending operations and the Project agreed to work with the bank over the next several months. We had gotten to know the bank leadership during the seminar we gave in Irkusk in April and we impressed by their seriousness.

5. At the end of the month, Cook, Suchkov and Klepikova met with Valeri V. Bobylev from the Nizhni Novgorod Interregional Land Bank to work out a program for the next phase of assistance to the bank in beginning mortgage lending. Emphasis will now shift away from the loan instrument to the loan originating process; work will continue on installation of the loan servicing software. We also agreed to work with the bank on developing consumer information on the DAIR which could be used by all banks using the instrument.
6. Struyk, Kosareva, Cook, and Suchkov met with the managers of the housing lending division at Menatep Bank--Nikolai Shitov, the new manager of the division as well as Alexander Androsov, who has been instrumental in shaping lending operations to date. The bank is moving with alacrity to establish its mortgage lending program. Cook is to have a follow-up meeting with Shitov to begin work on loan origination procedures.
7. Cook, Suchkov, and Klepikova met with the senior management of Pskovakobank to discuss the bank's expressed interest in possibly initiating mortgage lending. The day of meetings followed the one-day seminar on mortgage finance in Pskov so that the bank had a more realistic idea of the risks involved and what would be necessary to begin.
8. Struyk and Kosareva met with Vladimir Tsargorodstev, Chairman of the Board of Kreditprombank, and Mikhail Gavrilin, Director of the Credit Department, at the bank's request. They asked us to cooperate with them in two areas: developing a mortgage lending program for retired officers who will receive 75 percent downpayment grants, with mortgage covering some of the remaining 25 percent; and, working with the training center of the Association of Banks "Rossiya," to present courses in mortgage finance. We worked with Gavrilin previously when he was at Sberbank and believe the lending program holds promise, particularly since we are working on the same model with the Nizhni Novgorod Land Bank.

The training center is a more difficult question because of our commitment to the Association of Mortgage Banks. We left it that we would talk further with the director of the training center, Aleksandr Murychev. Because the Association's 104 members all are based on the construction bank of the Soviet era, it is in some way a natural partner. On the other hand, Tsargorodstev (president of the association) does not want to cooperate with the Association of Mortgage Banks.



### **Housing Allowances**

1. In the first week of June, Struyk met with Timothy King and Marsha Olive of the World Bank to discuss social safety net issues. Other possible Bank initiatives in the sector were discussed. The Bank seems in principle interested in fostering the transfer of enterprise housing to municipalities by giving cities a "dowry" to take the units. Another possibility is to make loans to new condominium associations for light rehabilitation as an incentive for such associations to be created. These initiatives are coming from the part of the Bank dealing with enterprise restructuring and are now clearly outside of any planned housing sector loan.
2. The city of Vladimir, with which Puzanov has been working, began issuing housing allowances early this month. Officials report a substantial volume of applicants but no long lines.

### **Condominiums**

In early June, Carol Rabenhorst, Richard Leeds, Karen Angelici, and Tanya Belkina visited Jaroslavl, Ryazan and Tver to initiate work programs on the condominium demonstration project. In Jaroslavl the team met with local officials and members of the Bain Link team that has been working on a condominium project for some months, and under which five condominium associations have been registered. The Urban Institute is taking over the demonstration from Bain Link. Our team was highly impressed with what has been accomplished in Jaroslavl. Ryazan was also a pleasant surprise: already 14 condominium associations have been registered and the city is working with more groups of tenants. Importantly, the city has carried out its program with no external assistance-- demonstrating that it can be done without substantial outside help. In Ryazan the team met with local officials including Deputy Mayor Anpilogov to assess progress to date, review draft documents and procedures, and make plans for future work. In each city visited, Rich Leeds gave a seminar on establishing a private housing management firm.

### **Land**

This month, Struyk had a long meeting with Andrei V. Nikitin, Director General of Bansa, one of the largest realty firms in Moscow. The discussion centered on developments in the legal basis of the real estate market in Moscow. Nikitin painted a picture of increasing government restrictions on market operations and he expressed a genuine fear that the City would eventually control the terms and conditions of real estate transactions. His views are based in part on a recent decree issued by Mayor Luzhkov which gives the Department of Municipal Housing review powers over all sales. While the purpose of the law is to protect consumers, it gives

City officials sweeping powers to regulate transactions. (The Mayor's property privatization program has equally intrusive features.) Our team has received similar reports on laws being passed in St. Petersburg.

Banso has been active in drafting and commenting upon housing legislation at the Federation level. The firm has an experienced real estate attorney, Elena Golovanova, who could be valuable for our team to consult on specific issues. Nikitin and Struyk agreed that Steve Butler should meet with Golovanova when he next visits.

### **Enterprise Housing Divestiture**

Struyk and Kosareva met with Mari Horne and Dennis Whittle of the World Bank (Country Operations-Russia) who are developing a project under which the Bank would encourage enterprises to divest of their housing and municipalities or a new entity, a "housing board," to accept it. Part of the full approach includes formation of condominiums and privatization of maintenance. The Bank's plan is to organize a pilot project in two or three oblasts with funds available under an existing Bank loan. We agreed that it could make sense for USAID and the Bank to cooperate on this project. Horne and Whittle were scheduled to meet Deikun at the end of the week. Horne will be making field visits over the next three weeks and we will discuss her findings afterwards.

### **Private Maintenance**

Our general strategy for introducing private maintenance to additional cities is to embody this within the eight-city condominium demonstration project. Among these cities Ryazan appears to be unusually ready and we plan to initiate work there in the next few weeks. In this context, a recent request for help from Kazan is notable. The Mayor of the City of Kazan' ordered his representative, Vladimir I. Andreyev, to make an introductory visit to the Moscow program with a strong interest toward starting private maintenance in Kazan. Murrell met with him on 23 June and provided him with copies of resolutions and decrees, the contract between owner and the company, training materials, and the names and phone numbers of contractors and owners. For future training opportunities, Mr. Andreyev was referred to the Institute for Housing Economy. At Mr. Andreyev's request we will try to organize a one-day seminar in Kazan in the next month, at which Marie Tikhomirova and Rita Penegina (a new staff member who began work this week) could present the Moscow program in detail.

## **B. Program Activities — City of Moscow**

In early June, Struyk met with Nikolai Maslov to discuss renewal of the agreement with the City of Moscow for the Housing Sector Reform Program. He asked that the agreement be "confirmed" by some other officials before signing by Mr. Luzhkov. Maslov asked that Alexander Matrosov (Chairman of the Department of Engineering and Communal Services) and P. Saprikin (Chairman of the Department of Municipal Housing) "confirm" the agreement before it goes to Luzhkov. At this point Maslov and Saprikin have signed and the documents are in Matrosov's office.

### **Real Estate Markets**

Forty-two real estate firms, including the major players, in Moscow have formed a separate Moscow Guild of Realtors. This appears to be a direct response to the increasingly restrictive and intrusive regulations of estate transactions issued by mayoral decree. At the moment the relation between the national Guild and the Moscow Guild are undefined.

### **Housing Maintenance Pilot Project**

1. David Murrell arrived this month to take up his permanent post as resident adviser.
2. Meetings this month include the following:

In the first week of the month, Shapiro worked with Medvedeva, Osipova and Savina (Straznikov's Chief of the Board of Organization of Maintenance of the Housing Stock) to revise procurement documents to make owner and contractor responsibilities more specific, including revising the scope of work. A new standard maintenance contract was prepared. An inspection document will be one of the main parts of each contract and will create an objective analysis of building deficiencies at the time of the contract signing.

Terokina and Shapira met with the Citywide Condominium Association to discuss the participation of condominiums in the private maintenance program. It was a good discussion and the Association is anxious to act.

Shapiro met with V. Shepelev, sub-Prefect of the Birulyevo-South District, to explain the privatization program and to make preliminary plans for program implementation. Shepelev expressed great interest and wants to include two or even three REUs in the program. They asked to begin training immediately.

Shapiro will draft an implementation schedule. This adds more units to the pipeline and will keep the trainers at Moslift occupied.

On 14 June, Murrell and Shapiro met with N. Nemov, director of the maintenance company, Poliprom, at Pilyugina to tour the 700 units under contract with Poliprom (Pilot 2). Nemov offered a variety of suggestions on how the program could be modified to strengthen the contractor in his relationship with the owner, specifically in the area of deferred maintenance and capital improvements.

The site tour included a visit to each building under contract. Access was provided to each primary entryway into the building and to the fifth floor of each section. The buildings were in good condition, clean and attractive. The visit also served as a preview for the site visit by USAID Deputy Director Carol Lancaster on 27 June. It was decided that the Pilyugina site is appropriate because it offers an excellent example of how the private contractor can work well with the tenants for improvements. It is located directly adjacent to other high-rise buildings maintained by the REU. Conditions in these buildings are in stark contrast to those under private contract.

On June 28, Shapiro spoke again with Galina Teryokhina, Chief of the Coordinating Section on Activities of Condominiums and Cooperatives, about beginning the process of negotiating private contracts for the first two condominium associations in Moscow. Teryokhina reports that Moscow Licensing Center has not yet issued the licenses to the associations for the purpose of operating their buildings. Until the licenses are issued, they are prohibited from taking on these responsibilities and signing maintenance contracts. Follow-up contacts are being made to ascertain the cause of the delay.

4. A Moscow Duma Decree of March, 1994 exempts certain types of business from the city's profit tax. Among those exempted are firms doing repairing, renovating, and maintaining housing. Since the profit tax is 25 percent, this will have a significant impact on rental payments in the city.
5. I. P. Voronezhseva, the Chief Engineer of the DEZ at Municipal Sub-district Kotlovka, requested our assistance with the private contractors solicited by her DEZ. She is well satisfied with the performance of the private firms, but she fears losing them because of non-payment. Our assistance was promised in as far as it can be useful. There are 15,000 units under contract.
6. Moslift began training at the end of the month at Birulyovo East as the initial step in the procurement for 12,000 units.

7. On June 10 the Department of Municipal Inspections conducted an inspection visit of the private contractor's work at Khoshtoyantsa to serve as the objective third party in the dispute between San Tekhnika Complex (STC) and the DEZ, which disagree on the amount of the bill for services. STC has not been paid for the month of April. The inspection revealed no deficiencies by the contractor and removes any objective reasons for the threatened cancellation of the contract by the Sub-Prefect Tikhonov. Municipal Inspection will be asked to do a formal follow-up in its role as mediator.
8. On June 28 Murrell and Shapiro attended the pre-bid conference at Timiryazevski and assisted in the process of explaining the Program to the participants. There were only ten contractors in attendance, a low number, due to the fact that the Mayor's Press Center failed to publish the standard announcement in the newspapers, as promised. The pre-bid Conference took place, in spite of the absence of formal advertising, since the announcement had been posted publicly at the offices of Municipal Inspection and Moscow Licensing Center and because 47 contractors had been routinely notified by telephone.

The schedule for receiving Requests for Proposals was extended three days to give bidders additional time to submit. Date of bid opening remains unchanged, July 5.

On June 29, Murrell, Shapiro, and new team member, Rita Pinegina, visited Timiryazevski to become acquainted with the conditions of the buildings in the bidding. While there, a visit was made to REU #50, whose work is being replaced by the private contractor. During the visit it was ascertained that the REU receives 100% of its requested budget and 40% of its request for capital repairs. Entryways visited were in a very bad state of repair and cleanliness. This was discussed with the REU and the same reasons were given, not enough money to do the work, though they have received sufficient funds to perform routine repairs and maintenance.

### **Housing Allowances**

1. The final decree on raising rents was published the last week of the month and the news was carried in all the media. It is announced that rents will be raised in August. Progress continues on getting ready to implement housing allowances; Puzanov continues to play a prominent role in this work.
2. Puzanov did a detailed review of the software being developed for administering the housing allowance program with the contractor, the realty firm BANSO.

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## **Housing Codes**

Veda Watts and William Connolly from Quadel Consulting delivered a two day seminar the second week of June to about 50 students on the development and implementation of housing codes. Attendees included officials from the Federation level as well as the relevant offices in the Moscow Administration and City Duma. In addition, Watts, Connolly and Puzanov worked with the Office of Municipal Housing Inspection (Straznikov) on developing concrete procedures for the city. By all accounts both the seminar and the consultation were highly successful. Quadel also completed a detailed agenda for a study tour to the U.S. which will be a follow-up to the seminar.

## **Housing Information System**

Several months ago, Nikolai Maslov requested assistance with the development of a general purpose housing information system, which was sanctioned in a decree issued by Mayor Luzhkov. In response Gordon Gerson, a hardware and software specialist, visited Moscow in the early months of the year. One of his main conclusions was that the near term plans for the data system were rather less grand than indicated by the decree and were mostly expansions of the capabilities of the Mosprivatizatia information system, which is built on the registration of all privatized residential units and all secondary transfers. The report made a number of recommendations for improving the transfer of information among City agencies and possibly streamlining and making more reliable the registration of housing in secondary transfers. We asked Alexander Kopekin, a very senior computer systems expert and programmer who works regularly with the program, to examine the recommendations and discuss them with Maslov's lieutenants, especially Tatiana Zagula, in part with an eye to determining whether these were tasks that senior Russian programmers could accomplish rather than bringing Americans for short-term assignments. The conclusion is that Russian programmers can handle the tasks outlined by Gerson.

At the meeting with Maslov, he agreed with our general plans to respond to his request for work on the housing information system. Our response was based on Gerson's report prepared after his visit this winter. Importantly, the head of Mosprivatizatia attended the meeting and identified who on his staff should be responsible. Mosprivatizatia is key because they have the data base on housing registration which is to be the base data structure. Based on this, Struyk and Kosareva met with Sasha Kopekin who will meet with Maslov's staff again to define the exact work to be done and then identify Russian programmers to do the work. Kopekin will oversee the work on our behalf, reporting to Struyk.

### C. Nizhni Novgorod Program

1. In early June, Struyk and Kosareva met with a team from the Nizhni Novgorod Land Bank to discuss several mortgage-loan related schemes that the bank is developing. These build on the downpayment subsidy program that the Oblast adopted in May. It appears that the bank will begin lending in the next two or three months.
2. Alexander Kopekin, our consulting programmer who is working with banks to install the loan servicing software for the DAIR, spent a day with programmers from the Land Bank. The Land Bank people had been using the demonstration software for several weeks and were ready for serious discussion about the workings of the program.
3. In mid-June Puzanov was dispatched on an "emergency" basis to help mediate a dispute between the city and the oblast about the design of the city's housing allowances. Nearly all of the raions in the oblast have now raised rents and implemented housing allowances and the Governor and oblast administration are frustrated with the city's lack of progress. The city is proposing a cumbersome procedure of separate payments for each communal service by tenants, with corresponding compensatory deductions under the housing allowance. We think the only way this will be workable is if the participating tenants are given cash grants, but this is not permitted under the federal regulations.
4. Regarding the evolving program of introducing private maintenance in the oblast, after reviewing the documents, the oblast administration has distributed packets of materials (RFP, draft contract, model procurement schedule, etc.) to all raions and some larger cities. (The city of Nizhni Novgorod already has them.) Preparations are also going forward for a two day "study tour" of 16-18 officials from the City (two from each raion plus some from the municipal level) to Moscow. Maria Tikhomirova is organizing the visit which will coincide with the procurement for the Timiryazevsky district and continues to work with the oblast.
5. The Land Bank has reportedly received R 1 billion from the Oblast administration to disburse as down-payment subsidies to those on the waiting list who can afford to purchase a unit with this assistance. In some cases the bank will make mortgage loans to those receiving the subsidy
6. Valeri Novokrischonov, deputy to Deputy Governor Frolov, came to our office for an extensive review of the program with Struyk, Kosareva, Tikhomirova, and Puzanov. He reported on the progress being made in implementing the

program of rent increases and housing allowances. There have been a number of start up problems, mostly misunderstanding of the computation of allowance payments in some of the remote raions. Importantly, there has been no social unrest associated with the increased rents.

The municipality will begin implementation on the first of July and this has the municipal housing office thoroughly occupied--so much so that it wants to delay further work on the maintenance privatization program for a couple of months. (This delay actually gives us the chance to initiate work in Ryazan and Kazan before the August dog days.)

#### **D. World Bank/USAID Housing Construction Loan**

1. Copies of all reports--whether draft or final--received to date from the data collection contractors were made the first week in June for David Leibson and forwarded to the World Bank Project Review Unit for onward shipment to Washington.
2. Angelici, Daniell and Struyk completed the review of all draft reports turned in by the Russian contractors. We now await revisions.
3. Three of the four final contracts were received from the UI Washington contracting office. Pchelintsev and H-Center have already signed theirs. AUREC is reviewing the contract and is expected to sign soon.
4. Daniell worked on an analysis which compares housing privatization across the seven cities using the household data received.
5. The team associated with the Institute of Economic Forecasting at the National Academy of Sciences fully completed all tasks under its contract.
6. Polis-3 and AUREC are both experiencing serious difficulty with the tax authorities about not paying the value added tax on the work performed under contract to the Urban Institute. Thus far the tax authorities are unwilling to accept the letter prepared by USAID as a basis for non payment. Angelici is discussing with the USAID mission other documentation that might be provided. Struyk is requesting UI/Washington to investigate what should be done if the tax waiver is not granted.
7. Struyk met with Adrienne Nassau, Bill Kraus, Piet Nankman, Nil Sakar, and Natasha Kalinina to discuss the idea of a "blueprint" for housing sector reform at the local level. He proposed that they begin with the plan we produced for

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Moscow in May 1992 and adjust it, particularly in the area of land reform, based on the experience to date.

8. Preparations are nearly complete for the conference to be held on July 28 and 29 to disseminate the results of the survey and research program. Introductory remarks will be made by Anvar Schamouszafarov, John Pickard, and George Deikun. One session will be chaired by Blair Ruble, Director of the Kennan Institute in Washington, an a Russian housing expert in his own right.

### **E. Other**

#### **Training**

1. Jo Ann Goyne advised Struyk of some major increments to the USAID-funded training for elements of the Shelter Sector Reform Project:
  - (a) The number of participants for the training tour on housing management is being increased to 105, with the training being offered three times.
  - (b) The number of participants for the mortgage finance training course is being expanded to about 50, with it likely that the course will be offered twice.
  - (c) An 8-10 condominium study tour--similar to that organized over a year ago by the Urban Institute for Moscow officials--will be organized. Because a reasonable number of participants is no more than ten (since the group will be visiting offices and meetings of operating condominium associations), it is likely that this study tour will be offered several times during the fall.
2. A large volume of staff time was devoted to identifying and inviting about 200 participants to a half dozen training courses in the housing sector being organized under the NET program.
3. Arrangements continued for the two study tours--on housing codes and mortgage law--scheduled for July.

#### **Dissemination/Seminars/Presentations**

1. Struyk briefed a delegation of U.S. Senators on the Housing Sector Reform Program at a breakfast meeting. The delegation included, among others, Senators Nunn, Lugar, Exon, and Glenn.
2. In preparation for the visit by USAID official, Carol Lancaster, Struyk prepared

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a briefing paper on the private maintenance project and worked with Murrell and Shapiro to plan a site visit during Ms. Lancaster's visit to Moscow.

3. Struyk, Kosareva, and Puzanov participated in the Leontief Center's International Seminar on "Real Property Markets and Urban Development: Russian Reform and International Practice." At the conference of about 75 persons, they made the following presentations:

Struyk, "Introducing Competitive Private Management for Moscow's Municipal Rentals: Evaluation of the Early Experience"

Kosareva, "Recent Developments in Mortgage Lending in Russia"

Puzanov, "Reform of the Rental Housing Sector."

4. The team also participated in the conference, "Housing Problems and the Real Estate Market in Russia," organized by Professor Toda of Florida State University and the Institute for Economic Forecasting of the National Academy of Sciences in Moscow. Struyk and Kosareva made the same presentations.
5. Suchkov and Shapiro participated in a national conference on "Housing Reform" organized by the Institute for Housing Economy. Suchkov made two presentations on housing finance and Shapiro one on use of private firms to maintain municipal housing. About 200 people, mostly local officials, attended the conference.
6. The housing finance team--Cook, Suchkov, Klepikova, Kosareva, and Struyk--gave the one day seminar in Pskov on mortgage finance. The seminar was organized the Oblast administration and about 30 persons attended. As noted above, this served as a background for the team's discussions with Pskovakobank about pursuing mortgage lending.
7. Moscow's largest circulation daily newspaper, Moscow Komsomolyets, carried a half page article explaining housing allowances. The article closely followed the materials Puzanov had prepared some time ago for Mrs. Kuznetsova for this purpose. The result was that the information was largely accurate--a change from much of the previous reporting.

### **Evaluation/Monitoring**

1. Struyk prepared, at Deikun's request, a short paper on HSRP activities and accomplishments to date and possible directions for future work.

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2. The sudden expansion of the Officer Resettlement Certificate Program without any additional UI support is sorely straining program resources. To meet the immediate start up requirements associated with President Clinton's visit to Riga we have had to divert staff from the HSRP.

**F. Budget and Level of Effort Summary**

Budget (Actual expenditures, excluding UI fee)

|                 |             |
|-----------------|-------------|
| June 1994       | \$408,994   |
| Project to date | \$3,853,184 |

Level of Effort (person-months)

|                 |                   |
|-----------------|-------------------|
| June 1994       | 7 person months   |
| Project to date | 130 person months |