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98076

DEVELOPMENT OF A  
MODERN LAND-USE REGULATION SYSTEM

IN THE RUSSIAN FEDERATION

USAID CONTRACT EPE-0014-I-00-5073-00

**FINAL REPORT**

MAY 23, 1997

BY

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**A Project Information**

- (I) Project Name Development of a Modern Land Use Regulation System in the Russian Federation
- (II) Contract No EPE-0014-I-00-5073-00
- (III) Task Order No 01
- (IV) Project Start Date September 27, 1995
- (V) Project End Date February 15, 1997
- (VI) Project Manager Val Chodsky, USAID/Moscow
- (VII) Other Project Management Staff
- |                                    |  |
|------------------------------------|--|
| The Bancroft Group, Washington, DC | David Cox, Program Manager               |
| The Bancroft Group, Moscow         | William P McCulloch, III, Chief of Party |

**B Project Objectives**

The objectives of this task order are

- 1 To assist local governments in selected municipalities to introduce the practice of modern land use regulation,
- 2 To provide selected municipalities with modern methodology and PC-based computer hardware and software to implement land use regulation practices,
- 3 To train municipal and private real estate professionals in the use of modern land use regulation practices, and,
- 4 To assist participating municipalities in the use of land use controls as elements of longer range developmental planning

**C Project Tasks**

The principal tasks of this task order are as follows

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- 1 To identify Federal, Regional and Local legislation relating to land use,
- 2 To identify municipalities suitable for use as pilot project sites,
- 3 To establish working groups in each pilot city,
- 4 To draft local regulations and ordinances,
- 5 To develop a software/hardware package,
- 6 Establish, organize and train an operational unit within each local government in pilot cities,
- 7 Assist with transition and implementation,
- 8 Develop and train 20 local nationals for system roll-out,
- 9 Coordinate with other USAID and GKI/RPC land privatization programs

**PROJECT OVERVIEW**

The Bancroft Group (Bancroft) was awarded the task order on September 27, 1995 to commence immediately and to last for a contemplated performance period of nine months. Bancroft selected PADCO, Inc as a subcontractor, because of their extensive experience with land reform measures in the region. On July 1, 1996, the performance period was extended until October 27, 1996 at no additional cost. On October 25, 1996, the performance period was extended to February 15, 1997, at no additional cost.

Each of the project objectives was achieved, and each of the project tasks was completed. The following narrative provides details.

**Key Personnel**

**William P McCulloch, III.** Bancroft appointed Mr William P McCulloch III as Chief of Party and resident Project Manager. Mr McCulloch, with a background as a real-estate attorney and corporate financial advisor, speaks Russian fluently. His extensive experience in Russian real estate matters and his personal acquaintance with many of the

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Russian officials and officials of cooperating donor agencies made him an excellent choice for the position. Other key personnel were as follows:

**Bancroft**

**Alexander Levitsky** A New Jersey architect, urban planner and financial advisor, fluent in Russian, with extensive experience at the municipal level in Russia and extensive experience in strategic planning for a wide variety of architectural projects,

**Sally Iadarola** An urban development specialist with a Master's degree in urban and regional planning, fifteen years of field experience, including projects in Albania, Ukraine and Russia, proficient in Russian, and experienced in public policy analysis,

**Matthew Lewis** A financial analyst, fluent in Russian, with previous experience in USAID land reform projects,

**Dorothy Miner** A New York lawyer and professor with extensive experience in zoning aspects of historical preservation

**PADCO**

**Gerard George** An expert in urban planning and zoning, with Ph.D. in Public Administration and Master of Urban Planning degrees, George was formerly Director of the Manhattan Office of Planning, New York City Planning Commission. More than 25 years' experience in urban planning and zoning matters, including experience in land use reform in Ukraine.

**William Valletta** A lawyer and real estate expert specializing in legislation related to land. Nineteen years experience as a lawyer managing projects and providing advice, both domestically and internationally. Previously consultant on projects in Lithuania, Poland, Ukraine and China.

**Douglas Diamond** Real estate expert and consultant with experience providing advice to international projects in Central and Eastern Europe

**Alex Gamota** An urban and regional planner holding a Master's degree in city planning, with extensive experience in land reform projects in the former Soviet Union, especially in the area of enterprise land sales

**Michael McCandles** A Canadian lawyer, expert in land use law

Bancroft's preliminary planning activities for the project began the first week in October, 1995. On-site work began October 12, 1995, with Matthew Lewis, the Program Assistant, making preliminary logistics arrangements. Bancroft's Project Manager and Chief of Party, William McCulloch, arrived in Moscow October 22. By early November, Levitsky, George, and McCandles had also arrived.

Work began immediately on visiting and evaluating candidate cities for selection of the pilot project sites, as well as on analysis of existing legislation and regulations pertaining to land use in Russia.

The initial draft work program was prepared in December, 1995, prior to the Christmas holidays.

### **Highlights of the Initial Work Plan**

**Analysis of existing legislation** The analysis of existing Russian legislation and regulations concerning land use was led by Michael McCandles. He was assisted in this effort by Russian experts from the Institute for a Law Based Economy, affiliated with the Harvard International Institute for Development. The analysis was based on a review of the literature, meetings with consultants and experts, and on reading English translations of the relevant legislation. The subject matter was legislation having to do with regulation of the use of land, particularly land held privately, whether in freehold or in leasehold. The review presented a number of recommendations for legislative reform.

- **Review of Existing Legislation and Regulation** The team reviewed legislation having to do with regulation of the use of land, in particular as it applied to land held privately, whether in freehold or leasehold. The primary concern was not with laws or procedures concerning the privatization of land, although such laws were deemed relevant to the extent that they affected the use to which privatized land can be put.

In general the laws relating to regulation of the use of land are of two types. These are (1) laws whose subject matter is land use planning and regulation, and (2) laws whose subject matter is local government itself, including its establishment, relation to higher levels of government, and legislative authority.

The Russian Federation legislation dealing specifically with town planning does not clearly define the respective roles of state power and local government in the area, although its ambiguity leaves room for innovation at the local level. This ambiguity points out the importance of the general legislation on local government. For example, if under the general law the legislation of a local government were to require the approval of a higher authority, authority given elsewhere in the law would be diminished in practice. Also relevant are laws under which the Russian Federation may control the use of land independently of local government.

Relevant laws were analyzed on the basis of (1) the extent to which local governments are empowered to regulate land use, and (2) whether the laws will permit the implementation of a modern land use control system embodying flexibility and predictability for owners and lessees, a simpler, more transparent process for approval of developments, and protection for public interests

### **Constitution**

Under the 1993 Constitution of the Russian Federation, local self-government is recognized and guaranteed, as independent within the limits of its authority (Art 12) Local self-government is to deal independently with issues concerning possession, use and disposal of municipal property (Art 130-1, 132-1) On the other hand, the terms and rules for the use of land are to be fixed by federal law (Art 36-3)

Listed (Art 72) as the subject of joint jurisdiction between the Russian Federation and subjects of the federation (republics, oblasts, cities of federal importance, etc ) are

- issues of possession, use and disposal of land,
- protection of the environment and historical and cultural monuments
- housing, land, water and forest legislation,
- organization of the bodies of state authority and local self-government

In case of conflict, the federal laws take precedence (Art 76)

Other relevant provisions of the Constitution include the following

- Laws must be officially published (Art 15-3),
- Citizens must have access to documents and materials affecting their rights (Art 24-2),
- The home is inviolable (Art 25),
- There can be no deprivation of property without court decision (Art 35-3),

- Utilization of land can be freely exercised (Art 36-3),
- Housing construction must be encouraged (Art 40),
- Decisions may be appealed in court (Art 46-2),
- Local self-governing bodies may be delegated state powers (Art 132-2)

Since the jurisdiction of local governments over issues of local importance is original rather than delegated, there appears to be considerable scope under the Constitution for local control over land use, at least to the extent that the bodies of state power have not exercised their jurisdiction. If the Russian Federation and subjects do not legislate with respect to land use regulation and related matters, or if their legislation is of an enabling character and affords wide space for local control, then the principal criteria for establishing modern land use regulation systems can be met under the Constitution. On the other hand, unfettered local control may in itself engender insecurity in owners of various rights in real property and proponents of development changes. Safeguards can be built into local law, but city governments can change the law. Therefore, it is worth considering whether federal legislation or some other means of discipline of local power is desirable for the purpose of providing the necessary protection for owners and confidence for investors and lenders.

The principal Russian Federation legislation pertaining to land use are the 1992 Law on the Principles of Town-Planning and the 1995 Law on the General Principles of Local Government Organization.

#### **Law on the Principles of Town Planning (1992)**

This difficult piece of legislation sees town planning as an all-pervasive activity with a hierarchy of plans from the national down to the local and even individual site level. Under this legislation, the Russian Federation prescribes “quantitative and qualitative indices” and requirements for town planning documentation. Cities and towns regulate town planning at the local level, using a “master” or “overall” plan of the city, which may include “functional zoning”.

The Law introduces many areas of apparently concurrent jurisdiction and is inconsistent and obscure. Clearly, its intention is to continue the master planning system as a centrally directed activity. Possibly because the Law contemplates controlling all aspects of town planning by federal regulation, and assumes that the agents of State power such as MINSTROI will continue to act, the Law does not demarcate clearly the boundaries between state and local control of land use.

Some experts contend that this Law does not have prescriptive force because it conflicts with the Constitution and recent legislation on local government. Others disagree. For the purposes of this project, and in the absence of a court ruling, we accept the legislation at face value.

During the course of the project, we reviewed several drafts of new town planning and zoning legislation. None of the drafts satisfactorily met the criteria that, in our view, are necessary for establishing a modern land-use system, including

- 1 State the parameters for State and subject interest in land use regulation,
- 2 List exclusive powers for local government,
- 3 Set out procedures for adoption and amendment of city plans and zoning laws,
- 4 State the legal effect of plans and zoning laws,
- 5 Provide safeguards for owners and lessees,
- 6 Clarify the legal status of existing master plans,
- 7 Contain only minimum procedural norms for applications for permits,
- 8 Clarify and where possible harmonize areas of joint jurisdiction (e.g. historical properties)

In our view, it would be preferable that no new federal law be adopted rather than one which fails to provide the desired clarification, or which prescribes application procedures in detail. A model local zoning law could be a useful tool for local administrations. Such a law should not be prescribed by federal legislation, but could usefully be appended to the legislation, providing cities with the option of adopting the model, with or without changes.

### **Law on the General Principles of Local Government Organization (1995)**

This important federal legislation determines the role of local government and its relationship to the powers of the Russian Federation and its subjects (oblasts, etc ). Because it was enacted pursuant to the Constitution's guarantees of local self-government, local law-making competence approved under its terms should not be open to question. This Law contains a powerful statement that it prevails over other federal and subject laws containing norms of municipal law (Art. 7). The spirit of the Law is to recognize significant leeway for local governments to deal with issues of local significance.

The foundation of a local government under this Law is the charter. The charter defines the boundaries and territory and sets forth the matters of local significance in which the local government has competence. It is to be developed independently by the locality and adopted by a representative body or directly by the population. The charter must be registered with the Federation under a procedure established by federal law. Registration may be refused only if the charter contravenes the Constitution or federal or subject laws.

This Law provides legal authority for a city to adopt a modern land use regulation system. Given the lack of clear enabling authority in the Law on the Principles of Town Planning, this Law is the recommended vehicle.

Work has begun at the regional and city level to implement this new Law. Several republics have adopted laws on local self-government. The Ministry of Nationalities and Regional Policy has prepared models of subject laws. Many cities have adopted or are in the process of preparing charters.

### **Presidential Decree No 1535 of July 22, 1994**

This decree applies to the sale of enterprise land. It contains a strong statement in favor of the zoning approach to land use restrictions. The relevant portion of Art. 4.10 provides that within a town or other populated locality the right of the owner to use his lot is not to be restricted to a special single purpose. Restrictions may be established only for all the lots within a functional zone.

### **State Powers Relevant to Land Use Control**

Various organs of the Russian Federation exercise state control at the local level. The instruments under which they derive their authority in effect establish concurrent systems of land use control, without reference to the independent powers of local government. These laws include, but are not limited to, the following:

- “On Protection and Use of Monuments of History and Culture” (1958)
- “On Preservation of Sanitary and Epidemiological Standards” (1991)
- “On Protection of the Environment” (1991)

It would be useful for our purpose if the laws establishing control by federal agencies over various aspects of land use could be reformed to harmonize with local control over land use development. This would be an ambitious undertaking, however. In the meantime, cities are left to assert their jurisdiction through the charter.

### **Legal Status of Land Use**

Design of a local system of planning and land use control will take place in an atmosphere of legal uncertainty. The body of existing law does not provide clear direction. There is overlapping jurisdiction. To add to the uncertainty, new laws may be made while the work at the local level is in progress. There is no prospect that this unsatisfactory legal situation will be resolved in the near term.

On the other hand, there is plenty of scope for local law-making. There are a few statements in the Law on Town Planning which are supportive of city initiatives. More importantly, the Law on Local Government provides a blueprint for the organization of local governments and the recognition of their jurisdiction. There should be no hesitation in proceeding on this basis.

### **Recommendations on Legislative Reform**

1 No new federal law on town planning and land use control should be adopted unless it provides the necessary clarification and safeguards. The following elements are needed:

*a The parameters for federal and subject interest in land use regulation should be clearly stated,*

*b Exclusive powers for local government should be set out,*

*c The procedure for adoption and amendment of city plans and zoning laws should be prescribed,*

*d The legal effect of plans and zoning laws should be prescribed,*

*e Safeguards for lessee/owners should be provided for, including protection of legal non-conforming rights and rules preventing arbitrary action,*

*f Existing master plans are to be superseded,*

*g Minimum procedural norms for applications and permits should be set out. They should not be so rigid as to prevent a city from designing a procedure suitable to local conditions,*

*h There must be clarification and where possible harmonization in areas of joint jurisdiction between state and local government*

2 A model local zoning and land use regulation may be of assistance to local governments wishing to reform their procedures. If such a model were to be incorporated in a federal law, it should be contained in an annex to the law providing cities with the option to adopt it with or without changes,

3 In the absence of a federal law containing protection for holders of property and procedural safeguards, they should be covered in the city charter or a law of the subject,

4 City charters should explicitly provide for land use planning and regulation as an area of competence for local government Steps should be taken to prepare, adopt and register charters

### **Evaluation of Cities for Inclusion in Pilot Project**

Bancroft's evaluation of cities under consideration for the pilot project was based on information gathered during meetings with government officials from the cities of St Petersburg, Yaroslavl, Siktivkar, Irkutsk, Tver, Pskov, Novgorod, Yekaterinburg, and Penza Other cities such as Saratov, Bor, and Perm were also considered

During visits to the cities, the team met with local government officials responsible for land regulation the Mayor's Office, Chief Architect's Office, Land Committee and KUGI The preliminary objectives of the pilot project were discussed, supplemented by a written description of the project in Russian The meetings themselves were ordinarily conducted entirely in Russian

Using the criteria established by USAID in the Task Order, the Bancroft team made preliminary recommendations that the first three cities selected, in priority order, should be St Petersburg, Novgorod, Siktivkar (capital of Komi Republic) Based on the same criteria, Bancroft recommended that the fourth city be selected from among Irkutsk, Yaroslavl, Tver and Perm The report went on to summarize the reasons for the recommendations

**Formal Agreement with Cities** The preliminary report included draft memoranda of understanding to be concluded formally between USAID and the municipalities concerned

**Meeting with the leadership** The preliminary plan included a draft agenda for a training program meeting to explain the program to city officials from all of the municipalities being considered for the pilot program

### **Public Participation and Transparency**

Public participation, access to information and transparency were stressed throughout the preparation of draft zoning maps and regulations in all five project cities. These issues were discussed, in particular

- At the initial conference in Novgorod in February, 1996, with all selected cities plus and additional half dozen invited cities,
- During hearings in individual cities - first for professional groups and then for the public at large. The best example of this are the written materials distributed to the public in Novgorod prior to formal consideration by the City Council,
- At special hearings such as the one by St. Petersburg's Legislative Assembly in June, 1996,
- At the Tver zoning conference on September 5 and 6, 1996, which was attended by more than 200 interested professionals and members of the public, and finally,
- At the national zoning conference held in St. Petersburg toward the end of the pilot project, where extensive zoning materials were distributed to about 250 attendees from approximately 12 cities. This conference was also used as the mechanism for summarizing the pilot project to USAID representatives and contractors, particularly the Urban Institute staff and Chief of Party for follow-on nationwide zoning project.

The best way to summarize the pilot project's approach to public participation is from the five stage program for zoning in Novgorod

The five stages were

- 1 Clarification of the planning background for zoning
- 2 Technical documentation
- 3 Preparation of the draft map and regulations
- 4 Public and professional review and adoption of the map and regulations
- 5 Further tasks and follow-up

There were three major components to the process of review and public information about the draft zoning map, constraints maps and regulations first, ongoing professional review and “expertization”, second, the formal process of public hearings and professional review, and third, a media campaign to explain the new zoning system

There was wide consultation with the city’s community of architects, with local design and planning institutes and other professionals throughout the progress of the technical work on the draft regulations and the maps The formal review that were undertaken included the following

- ‘ Expertise” review by a team of university scholars ( including representatives of the faculties of architecture, public administration and law),
- Professional forum sponsored by the Architects’ Union,
- Professional forum for the banking, construction and real estate community, and,
- Hearings for the general public

Briefings were given to the local press and several in-depth interviews of members of the zoning working group took place In addition, a 20 minute television segment on the new zoning appeared as part of the local weekly program Economica

An extensive and detailed book on the Novgorod pilot zoning project was prepared by Messrs Valletta and Trutnev to be used as a guide for zoning in other cities during the USAID follow-on zoning project. This included guidance on public participation and transparency.

Finally, in discussions with Chief Architects, technical staff, deputy mayors and mayors about the composition and procedures of zoning commissions, the topics of transparency, access to information and public participation were addressed on a weekly basis, where we often commented that 'zoning is 10% technical and 90% political'.

### **Initial Meeting with Municipal Officials**

The planned meeting with municipal officials concerned with land use issues in the candidate cities was held in Novgorod, 6-8 February, 1996. The Novgorod Conference on Zoning was the initial effort to explain the implications of zoning and its market context to cities participating in the pilot project, as well as to a few observer cities. The object of the conference was to lay the foundation for the pilot projects in the selected cities, and also to educate observer cities with a view toward an eventual nation-wide zoning effort.

### **City Selection**

Selection of municipalities for pilot project sites was made by USAID in March. It was only after city selection that Bancroft was able to select and hire local national staff to implement the pilot program. The following sites were selected:

**St Petersburg** Two sites: Pushkin (a suburb) and block 130 in the historic district of St Petersburg, which presented some interesting issues related to historic conservation. The size and complexity of St Petersburg militated against a city-wide project, but the two selected sites offered the prospect of pilot programs with applicability to other cities in Russia.

**Novgorod** With a population of 240,000, Novgorod is representative of a small Russian city. The existence of the Real Estate Department within the city administration, also presented a realistic possibility of establishing a “one-stop shop” for building permits and would facilitate project tasks.

**Tver** Tver’s population of 460,000 makes it representative of medium sized cities in Russia. The Bancroft team was concerned over a lack of enthusiasm for the project, and also observed that the high number of technical assistance programs already active in Tver was straining the city’s management resources.

**Irkutsk** Irkutsk officials actively sought inclusion in the project, and expressed a high interest in land use reform. Irkutsk’s reputation as a city with a progressive land policy, and an active real estate market also argued for its selection. In addition, the nature of downtown Irkutsk with a large number of nineteenth century wooden houses presented interesting issues of historical preservation in the context of real estate development.

### **Team Approach**

Although start-up was slow, principally due to the unanticipated amount of time that it took to complete the city selection process, once the cities were selected, the project proceeded very smoothly. All of the cities cooperated very well, providing well-selected working groups, and showing a high level of interest.

The Bancroft approach was based on the concept that, generally speaking, the Russian experts know their local areas very well. The Western specialists were to provide expertise concerning how zoning systems work in market-oriented economies, and to encourage the Russian specialists to make recommendations and establish the plans for their own communities. The goal was to have the concept plans, strategic plans, and eventual detailed implementation to be Russian plans, not “Western” plans imposed from outside.

This approach to the zoning task required that the Bancroft experts have a keen sensitivity to and understanding of local political realities in addition to their technical expertise on land-use issues. It also called for integrating the Russian staff with the Western specialists to the greatest degree possible. Another necessary element in this approach was to insure the greatest possible continuity of the expatriate effort in each particular community.

Teams were established in five locations, working intensively with the involvement of at least one Western specialist during the crucial stages of the effort. Western specialists were assigned as follows:

- St Petersburg - Block #130 Gerard George
- Pushkin Alexander Levitsky
- Novgorod William Valletta
- Tver Sally Iadarola
- Irkutsk Michael McCandles

William McCulloch, as Chief of Party, traveled extensively to each of the sites to review progress, intervene with local officials as necessary, and generally insure the continued progress of the project. Matthew Lewis and a central staff of Russian experts spent most of their time in Moscow coordinating the project, preparing documents, meeting with GKI/RPC officials, coordinating with USAID and other donor organizations, and performing logistical and substantive preparations for meetings and conferences.

The efforts of key Western advisors were occasionally supplemented by short-term efforts of particular specialists such as Dorothy Miner (historical preservation) and Douglas Diamond (housing finance issues).

### **Planning Schedule**

Following the city selection, it then became possible to hire additional expatriate consultants and local hire professionals. It also became possible to develop detailed plans for the pilot project in the four selected cities by first assessing and identifying the needs and requirements of those cities. Based on the needs assessment, a detailed schedule was developed for the next phases of the plan, which was confirmed at a meeting with USAID on April 25, 1996.

- St Petersburg Complete Block #130 in the historic center of St Petersburg by end of June, 1996, then process the first zoning case,
- Irkutsk Complete the basic task of preparing the zoning map and regulations by end of July, 1996,
- Pushkin Complete zoning map and regulations by early August,
- Novgorod Complete zoning map and regulations by end of August,
- Tver Complete zoning map and regulations by September,
- Final phase Complete in all cities by setting up zoning Councils, holding public hearings, and processing zoning cases to demonstrate the procedure to officials in each of the localities Target date late October,
- Complete development of methodology and preparation of materials for a low-cost, national roll-out by end of project,
- Complete intensive on-the-job training of Russian staff and local consultants in each target city, as well as providing training for approximately 20 planners, lawyers and consultants in the U S

USAID granted a no-cost extension of the project from June 27, 1996 to October 27, 1996 to accommodate this schedule. As the project continued through the summer of 1996, a number of developments caused slippage in the planned schedule. The principle source of delay was the political uncertainty associated with local elections in Novgorod and Tver. Local officials were in many cases reluctant to commit themselves to controversial actions until the election outcome clarified matters. While this was frustrating to project personnel, it was to be expected under the circumstances.

In the end, this slippage caused Bancroft to request another no-cost extension of the task order, to allow us to

- a) finalize and reconcile the two versions of the special zoning district law and regulations moving through the St Petersburg Legislative Assembly and through the City Administration,
- b) complete the pilot work on land use and zoning in Tver and Irkutsk during the month of November Both cities had requested such assistance
- c) set up zoning commissions in Novgorod, St Petersburg, Pushkin and Irkutsk and to hold zoning hearings for a first zoning case in one or more of the cities,
- d) hold a national zoning conference in St Petersburg in November to disseminate the results of our pilot zoning projects, and
- e) implement a very valuable training program to familiarize 18 to 20 Russian participants in the zoning project with zoning practices in the United States Bancroft developed a comprehensive training program designed to prepare these very able professionals to continue with land use reform in Russia In our view, this training program would provide a very valuable legacy of the project for future economic development, urban planning/zoning and land taxation reform in Russia

Our plan for accomplishing the above objectives was to continue our efforts through November with a full staff, paring the project down to a skeleton staff in December and January to concentrate on completion of the training program Because of advance planning and scheduling requirements, the training could not be accomplished until January, 1997

In the end, there were additional unforeseen expenditures of LOE associated with a longer than anticipated time required to process the draft zoning regulations through “hearings” and the local administrative process. Nevertheless, the planned program was completed essentially as envisaged.

### **Project Implementation in Selected Cities**

Project implementation varied in each of the selected cities. Highlights were

#### **Novgorod**

Novgorod was the first city selected for inclusion in the pilot project. Preparatory work began in January, 1996, followed by a training program for other candidate cities hosted in Novgorod 6-8 February.

Novgorod’s presentation at the conference listed four major issues with respect to land management:

- (1) Lack of computer software support,
- (2) Monuments in the city have many restrictions, including a “cultural” layer covering almost all of the downtown. This discourages investors from development,
- (3) Investors need information on infrastructure networks. They are allowed to use the land, but not to disturb the infrastructure,
- (4) Construction sites in “free” zones. The city would like to plan for this area. When the city loses control, clandestine construction takes place and the land is no longer considered for good construction by the city.

Detailed field work was undertaken by Bill Valletta and Edward Trutnev. Based on their work, a detailed work plan was created, starting from a strategic plan to be completed by April 20, and leading to a scheduled completion of zoning maps and regulations in

Novgorod by mid-October, 1996 The field analysis concluded that Novgorod would be a good analytical model for zoning in a medium-sized Russian city

Final drafts of zoning regulations and maps were presented to municipal authorities for review in late June The Novgorod Working Group officially adopted and presented the zoning regulations and map to the Mayor the week of September 23 That same week, a series of open hearings for professional audiences was begun, and a general public hearing announced for early October The Mayor announced that he would present the zoning regulations to the Duma after the October 6<sup>th</sup> election

The draft zoning regulations took into account Novgorod's unique history and the desire to preserve its form, character and monuments, while fostering economic development

The city's neighborhoods, industrial areas and open space areas are classified in a system of 15 zones in which different rules allow different mixes of uses and different parameters of building types There are four categories of housing zones (1) zones for single-family dwellings and related small buildings, (2) zones for two and three family dwellings and for blocked houses, (3) zones for small and medium-height apartment houses (up to five stories), and (4) zones for larger-scale apartment houses - up to 10 stories There are two categories of business and service zones (1) a central business district in the area of St Petersburg Street from the city rampart to the University where office buildings and other business services are expected to locate as the city develops modern service industries in the future, (2) several neighborhood service zones where shops and services needed by residents will be clustered There are four industrial zones in which enterprises with different classifications of production may locate Those that allow heavier and potentially more polluting industrial processes have more strict rules for buffer zones and other construction techniques to limit possible pollution

In addition, there are two central historic zones with rules for use of land and buildings that are specifically chosen to be compatible with the historic character of these areas There are also four categories of recreation and open space zones

### **Tver**

During initial meetings with city officials of Tver, the Deputy Mayor emphasized the drafting of local legislation as a priority and requested technical assistance. Tver was described to us by USAID project officer Val Chodsky as a progressive city that should be considered for inclusion in the project. In addition, visits to the city revealed that, because of its proximity to Moscow and its relatively moderate prices, Tver is experiencing a significant amount of real estate activity. Almost all of the enterprises within the city limits have privatized their property, and five enterprise land sales had already taken place. It was explained that privatization of Tver's housing stock has been quite extensive, and land privatization lags behind.

Despite Tver's reputation as a progressive city, certain warning signals appeared in the early meetings. In 1992 Tver was divided into 35 economic zones for tax purposes. The relationship between these tax zones and land use zones would be a recurrent conceptual problem. The deputy Chief Architect refused to allow the team to see Tver's general plan, on the grounds that the maps were classified. She also emphasized that she wanted to preserve "Russian traditions" in the area of zoning and urban planning.

Bancroft concluded that, although the Deputy Head of Tver's Local Administration supported the objectives of the project, the Chief Architect's Office did not seem to understand the benefits of a modern land use system and was not cooperative in providing information which would facilitate technical assistance. Furthermore, since there were already a dozen or so technical assistance projects active in Tver, we were concerned that Tver might not give the project the needed level of attention. Tver was the last city to be selected for inclusion in the project.

During the Novgorod Zoning Conference in February, 1996, Tver's Deputy Mayor emphasized that the existing general plan was adopted in 1991. It did not take into account land value or the factor of new land uses. A new concept of the general plan, he said, was under development.

The Deputy Mayor also noted that it had been agreed to coordinate the Real Estate Taxation Project with the Land Use Project, and emphasized that future plans include development of concepts of strategic city planning and real estate evaluation

Work in Tver began by presenting an approach to zoning based on the model introduced in Novgorod. Preliminary analysis indicated the presence in Tver of several factories that appear to be obsolete in their design and were located in places that seemed inefficient and disruptive of other urban functions. It was predicted that, if these enterprises survive, their future spacial needs will be very different from the existing use of space. As a result, Tver could probably immediately reduce the land area which it foresees for industrial operations, and will likely see continuing shrinkage of these areas in the future. This will give it the opportunity to recapture some land for future city development.

The team explained to Tver city officials that cadastre mapping is a legitimate and useful tool for recording rights and conditions on individual parcels of land, but is incomplete as a tool to help industries grow and prosper. What is needed is a rational process to allow industrial sites to be configured into land parcels with a size, shape and relation to streets and infrastructure systems that make sense for tomorrow's alternative uses. What is also needed is a mechanism that allows enterprises to hold the land they need for future growth and for them to undertake new construction at the time it is needed. Zoning can supply these mechanisms.

As the project went on, Tver proved slow in setting up its Working Group, and did not set up a Committee for the Conceptual General Plan. We tried to compensate for this by using a very experienced Russian planner (former Deputy Minister of Construction A. Krivov) as part of the zoning team in Tver. By late March, it was already evident that it would be difficult to complete the Tver field work by end of October, because of the absence of a planning framework for the zoning.

The effort was further complicated by a series of technical and political obstacles, including the distraction of mayoral elections in October. Serious consideration was given to abandoning the effort in Tver and selecting an alternate city. In the end, after discussion with city officials, it was decided to proceed. By early October, GIS map and computer work had made excellent progress, the draft zoning map had been revised and substantially improved, and top city officials were pushing for adoption of the zoning regulations which were still under review and revision.

In the end, despite Bancroft's initial misgivings, the project succeeded in its main goals, applying the Novgorod model of zoning maps and regulations to Tver.

### **St Petersburg**

The Bancroft Group's first city-selection visit was to St. Petersburg, and several additional visits were made in the course of developing a suitable approach. We recognized from the outset that, if we were to undertake an effort in St. Petersburg, it would have to be carefully coordinated with the Urban Institute as well as other contractors and donor organizations active in the city. Plainly, a city-wide zoning effort would be too large an undertaking given the resources available to the project.

By mid-December, 1995, it was agreed that work would commence in St. Petersburg after a proposal on work strategy was presented and approved by USAID, RPC and GKI. The broad consensus was that the effort in St. Petersburg should concentrate on some aspect of historic center renovation, which will be the subject of a forthcoming World Bank project. The World Bank City Center Reconstruction Project will concentrate on block 130 of the historic center of the city.

It was decided to undertake a zoning effort in block 130 in order to create an efficient system providing compatibility of the offices with residential and commercial uses. It was decided to prepare a Special Zoning District for block 130, a methodology that could be readily transferred to the more complex block 220 and along Nevsky Prospekt. This will

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fulfill one of the conditions of the proposed World Bank loan for rehabilitating the historic center of St Petersburg

An office was provided at the Department of Construction, our primary contact point under Director V M Zhelostov. Field work began the week of March 11. It was decided that the Special Zoning District would be prepared within four months. It was verbally agreed that the package would be presented to the St Petersburg Assembly (Sobranie) to be adopted as a law or presented to the Mayor to be issued as a decree, whichever was determined by the City Administration to be the appropriate local procedure.

The effort was headed up by Gerry George, assisted by Alex Levitsky, Bill Valletta, Tatiana Afanasieva, and four local experts. Some economies were achieved by using the same team in Pushkin and Novgorod. The purpose of the Special Zoning District is to provide clear rules about how land parcels and buildings should be used at present and in future and provide regular, fair and efficient procedures for obtaining the necessary approvals to construct new buildings, undertake enlargement of existing structures, or to establish new uses in a building. The regulations of the Special Zoning District may serve as the beginning of a framework for a regulatory system that will be compatible with investments in long term improvements in land and buildings.

The final draft of the St Petersburg City Center Zoning Project (Block 130) was completed and submitted for review by the Administration in late June.

By mid July, the Legislative Assembly in St Petersburg began to take an active interest in zoning. The Chairman of the Construction and City Planning Committee in the Assembly held a press conference on July 18 where he was very critical of the Architectural Committee's slow and inadequate approach to land use regulation. Characterizing the Architectural Committee's approach as "you bring us your project and we will think about it", he proposed a "legal zoning plan" which would eliminate arbitrary decisions by officials. This appeared to create an opportunity to move the zoning project forward.

The Architectural Committee (“KGA”) was the bastion of opposition to modern land use regulation in St Petersburg. They claimed to have been working on “zoning” for three years, and to have created “several thousand” zoning maps, and planned to complete “functional zoning” of the city by the year 2002. This is not zoning in any proper sense of the word, but an attempt to intensify traditional master planning of each individual land parcel and retain KGA’s stranglehold on land allocation and the development approval process.

By late July, draft zoning enabling legislation had been prepared for presentation to the General Assembly. Unfortunately, consideration of the draft Special Zoning District for Block 130 became stalled in the City Administration because the Chairman of the Construction Committee, to whom the draft was submitted, became ill. He also was in political disfavor at the time.

This impasse was not resolved until early September, when the reappointed Chief Architect, Kharchenko, decided to support zoning for Block 130. Kharchenko instructed the architects who have opposed zoning and raised objections for months to put their final comments in writing. This was an interesting development because the KGA had bitterly opposed the introduction of zoning. However, the Legislative Assembly of St Petersburg became interested in zoning, held hearings on zoning, and proceeded with a draft zoning law incorporating most of our recommendations for Block 130. This put pressure on the Administration to do something and the Chief Architect decided to back zoning.

The political maneuvering between the Legislature and the Administration complicated matters, but also created the likelihood that zoning would be adopted in some form and that it would be a genuinely local product, neither something grafted onto existing urban planning systems by foreign consultants or imposed from on high by Moscow, but the result of give-and-take among local professionals and officials.

### **Pushkin**

Founded in 1710, the city of Pushkin, formerly known as Tsarskoe Selo (Tsar's Village), is formally within the city of St. Petersburg, but is for all practical purposes a separate city. It is an attractive town, visited by two million tourists annually, with significant architecture, which is in poor shape. The city also has some Ministry of Defense facilities, now converting to non-military production, and expressed eagerness to start the pilot project in order to meet the needs of and to attract business. Pushkin sent a letter to Bancroft on December 1 expressing an interest in participating.

Pushkin had already prepared a concept plan for the city. The main features of the plan are resurrection of the historic heritage and environment, preservation of the most important historical and cultural aspects, the resurrection of villages around the city, and cottage construction for rich and poor. The December 1995 General Plan includes zoning, and there is an active real estate market.

Pushkin had already begun work on a zoning plan since early November, 1995. The Bancroft effort under the USAID Land Use Project did not begin in Pushkin until March 16, 1996. The conditions for success appeared favorable from the outset. It was planned to complete the draft zoning regulations and zoning map by mid-September.

In fact, the draft regulations and map were completed on schedule, with no particular problems encountered.

### **Irkutsk**

From the very beginning of the project, the City of Irkutsk took the initiative and actively sought inclusion in the land use project. The week of November 20, 1995, less than a month after Bancroft's Chief of Party arrived in Moscow, the Deputy Mayor of Irkutsk flew to Moscow to explain Irkutsk's progressive real estate policies and to seek inclusion in the project. In early December, he made a second trip to Moscow, accompanied by the Deputy Chairman of the Administration for Construction. Irkutsk sent a strong delegation

to the Zoning Conference in Novgorod February 6-8, 1996, and presented the case for inclusion in the project

After selection of Irkutsk as one of the pilot project sites, the zoning team (headed by Mike McCandles and including Alex Levitsky, Yakubovich, Grudimn, and local architect-planner Kuzakov) began work on April 17<sup>th</sup>. From the outset, the zoning project proceeded well in Irkutsk. Irkutsk zoning regulations and map were prepared by the end of July, 1996. Of the sites selected, the zoning approach was expected to have its greatest impact in Irkutsk and in Block 130 in St. Petersburg.

Irkutsk's draft zoning enabling legislation was particularly simple and straightforward, consisting of four brief articles. The enabling legislation was effective in supporting the zoning regulations.

The full zoning package in final form was received from Irkutsk in October, 1996. Consisting of the law, regulations, map, and policy statements, the package was an excellent work product which was well received at the Zoning Conference held in St. Petersburg in November. It was truly a local product, and demonstrated the importance of making zoning a local effort based on the legal authority of the Law on Local Self-Government, rather than a dictate from Moscow. The product also demonstrated that the local zoning approach only works if there is good collaboration between the city and the subject-of-the-federation, usually an oblast.

The Irkutsk Oblast intends to use the Irkutsk City zoning package as a model for all cities in its jurisdiction. It planned to kick off the effort by a zoning seminar in Irkutsk at the end of November.

### **Coordination with Other Programs**

A major concern of Bancroft's team from the outset of the project was to make early progress by building upon the experience and expertise of others, particularly other organizations active in Russian privatization and land reform projects funded by USAID and other international donor organizations. Accordingly, Bancroft sought the advice and assistance of Chemonics, PADCO, The Urban Institute, the Institute for Urban Economics, the Russian Privatization Center, the World Bank, USAID, Arthur Andersen, the Harvard Institute for International Development, and the International Institute for a Law Based Economy.

The information provided by these various organizations proved invaluable, particularly during the early start-up phase. IILBE very generously made legal resources available, as well as office space. We eventually leased space in their offices at a reasonable price, and hired some of their experts on a part-time basis to assist in the project.

PADCO's Moscow office was also generous in providing assistance to the project, as was Chemonics. This willingness of other contractors and donor organizations to share information and resources, including crucial intellectual resources, proved very beneficial. In St. Petersburg, Bancroft found early visits with the Urban Institute staff to be very informative.

Bancroft was very disappointed to learn in February of 1996 that there would be no possibility of follow-on work during the roll-out phase of the contract, because of the issuance by USAID of a requirements contract to The Urban Institute for all new support services related to land reform in Russia. Despite Bancroft's disappointment at this development, once it became clear that follow-on work was out of the question, we made every effort to share information with The Urban Institute and to coordinate planning.

Bancroft did develop a methodology and prepare materials to do a low-cost, national roll-out of zoning. In our concept, it would be possible to select hub cities in different regions, such as Nizhny Novgorod, Ekaterinburg or Saratov, and do combinations of cities at an average order-of-magnitude cost of \$175,000 per city, if a concept plan is in place in the selected cities. It is our hope that the follow-on project will make suitable use of this proposed methodology.

### **Computer Technology**

Bancroft sought to introduce the use of computer technology in support of land use decisions and procedures at a suitable level of technology which could be economically implemented. For example, Bancroft coordinated closely with the PADCO title registration project, to benefit from the efforts of PADCO on land information, parceling and procedures. This cooperation included use of Geographic Information Systems on a very simple, low technology approach for updating zoning maps. This approach was used in Irkutsk and could be applied to other cities.

At an even more basic level, Bancroft provided desktop computers and software to be used by the local staffs of the pilot project for automation of routine office and administrative functions, and provided training in their use.

### **Training Program**

The training requirements of the task order were accomplished by

- Providing the Russian staff on contract with intensive specialized training in land use procedures,
- Providing intensive on-the-job training to local staff (3-4 in each city),
- Designing a program to train 20 planners, lawyers and administrators in the United States

In September, 1996, the USAID Project Officer approved the planned training program for twenty Russian nationals to attend training sessions in the United States. The program was planned for January, 1997. It consisted of two parts:

1. A New York City tour and meetings with City officials and real estate practitioners involved with zoning issue, held between January 11 and January 19, 1997,
2. A formal training program in Berkeley, California, prepared and presented by the Department of City and Regional Planning and the Institute of Urban and Regional Development at the University of California at Berkeley on "Principles and Practices of American City Planning", held between January 20 and February 1, 1997.

Highlights of the program were:

- Presentation "Differences in Russian and American Styles of Planning, Land Use Regulation and Development" Bill Valletta,
- Presentation "Brief History of Development and Planning in New York City" Gerard George,
- Presentation "Role of Non Profit Organizations in Development and Planning" IPA Representative,
- Tour of Midtown Manhattan,
- Visit to New York City Planning Commission, Presentation "Role of the City Planning Commission" Joseph Rose, Chairman, City Planning Commission, Sandy Hornick, Director of Strategic Planning, and Phil Schneider, Senior Planner,
- Presentation "Implementation of Lower Manhattan Plan" Suzanne O'Keefe, Vice President, Alliance for Lower Manhattan,
- Tour of Lower Manhattan,
- Presentation at Union Square Business Improvement District Corp "Role of Business Improvement Districts in the Revitalization of Business Areas" Carvel Moore, Principal, Moore & Talbort,
- Tour of Union Square Area,

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- Visit to Buildings Converted from Commercial to Residential Usage,
- Presentations “Obtaining a Board of Standards and Appeals Variance in New York City” and “Private Development of the New York Waterfront”,
- Presentations on Guiding Private Development “Operating a Private Consulting Firm”, “Subdivision, Zoning and the General Plan in Suburban Areas”, “Being a Private Zoning Consultant”, and “Guiding Private Market Development Lincoln Square Special District”,
- Procedural presentations “Obtaining Building Permission in New York City”, “The Role of the Expediter”, “Landmark Preservation Techniques”, and “Zoning and Landmarks Preservation”,
- Tour of Greenwich Village Historic District,
- Presentations on Planning and Education “Planning Education in America” and “The Use of Computer Simulation in Development and Planning”

The Department of City and Regional Planning and the Institute of Urban and Regional Development (DCRP/IURD) at the University of California at Berkeley, with the advice of Bill McCulloch, developed and offered a two week course in “Principles and Practices of American City Planning” which was customized to meet the needs and interests of the Russian City planners Professor Michael Southworth of DCRP chaired the program, and Associate Professor John Landis served as program coordinator The program was delivered over the course of twelve days, with each day divided into 4-5 sessions

The first three days of the program provided an overview of the functions, roles and fields of American city planning, reviewed the economic and spacial structure of American metropolitan areas, and introduced basic financial and computing skills Days four and five explored the logic and feasibility of private development and introduced the concepts and functions of advance planning at the local level Day six focused on planning and financing transportation systems and other urban infrastructure Day seven focused on the planning and provision of housing in both public and private sectors Day eight explored theories and rationale for the public regulation of private development Day nine introduced concepts of citizen participation and neighborhood-based planning

Day ten examined the principles and practices of environmental planning at the national, state, and local levels. Day eleven examined concepts and practices of redevelopment, and introduced participants to an applied planning problem in the form of a planning charette. Day twelve allowed participants to present their charette results and provide feedback to the overall program.

### **Strengths and Weaknesses of the Project**

The greatest strengths of the project were (a) the quality of the personnel chosen to provide the technical assistance, both the expatriates and the Russian experts. The expatriates were highly experienced, not only in their technical areas, but also knowledgeable about and experienced in Russia. In many cases they were sufficiently fluent in Russian to conduct technical meetings with Russian officials entirely in Russian. We believe this was a great strength, (b) the training of Russian experts. The twenty or so Russian experts who received on-the-job training should become the nucleus of a corps of real estate practitioners as the Russian real estate market and zoning process expand. This may be the most important legacy of the project, (c) the cities selected. Pushkin, Irkutsk, and Novgorod were particularly successful selections, and the project in St Petersburg block 130 will be of potential use in many other Russian cities.

The greatest weaknesses of the project were (a) the lack of a direct follow-on effort. We believe it was unfortunate that the project was undertaken under conditions that precluded the contractor, whoever it was, that did the pilot project from also performing the follow-on work, (b) the cities selected. We believe a more creative list of cities could have been selected for the project. Our leading candidate for the creative category is Siktivkar.

- 4 **Selection of Locally-Hired Professionals** Equally important to the success of the program, in the view of Bancroft, was the careful selection of locally-hired professionals. The individuals hired for the project needed to be competent in their own disciplines, and able to command the respect of the Russian officials with whom the project team interacted. They also needed to be open to land use reform and able to exercise initiative and creativity in its support.
- Bancroft's Chief of Party, Bill McCulloch, proved very successful in his efforts to select local professionals according to these criteria. An additional reason for exercising great care and selectivity in hiring local professionals is that, in the long run, they, along with the working groups established in each pilot city, will constitute the legacy of the project. They are now the trained professional practitioners in the area of land use and zoning, and will provide the nucleus around which future implementation of land use reform in Russia will necessarily be organized. Bancroft is proud of the locally-hired professionals who took part in the program and is very appreciative of their efforts.