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

QUARTERLY REPORT

DECEMBER 1993 — FEBRUARY 1994

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- 1 -

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A. *Notable Developments Concerning the Housing Sector*

On December 8, 1993, The Government of the Russian Federation issued an Order which created a new form of subsidy to support home purchase that will replace existing subsidies that reduced interest rates on long term loans. The new subsidies are "downpayment" subsidies, i.e., cash payment paid to sellers at the time of purchase transaction. Subsidies paid by oblast, municipal, and federal governments are covered by the Order. For subsidies paid by the federal government, the Order specifies a range of downpayment subsidies from 5 to 70 percent of the price of a modest unit of the size appropriate for the particular family. Larger subsidies are targeted to families with lower income and more years on the waiting list. Those eligible to receive federal subsidies are those on municipal housing waiting lists and in certain privileged groups, e.g., retired military officers. The UI team worked intensively with Gosstroj to prepare implementing guidelines for the program.

Late December witnessed major developments on the road to creating a market-oriented housing system in the Russian Federation.

- President Boris Yeltsin signed the long-awaited Decree which establishes the basic framework for mortgage lending in Russia.
- At the December 21 meeting of the Board of Management of Mosbusinessbank, the Board formally decided to go forward with market-oriented, long-term mortgage lending beginning in January 1994. The initial loans will be made to members of the bank's staff, largely to provide a controlled environment in which to initiate operations. The bank will employ the Deferred Adjustable Instrument for Russia (DAIR) which was developed with assistance from the HSRP team.
- President Boris Yeltsin signed a decree that established national regulations for the creation and operation of condominium associations. Ultimately (probably next summer), these regulations will be replaced by a law passed by the Federal Assembly. In the meantime, local governments can use these regulations to initiate the creation of associations.

In January due to the major reorganization of the Russian Federation government, the organization of housing functions changed. The Committee on

Municipal Economy was abolished and its functions are to be absorbed by Gosstroi. The destination of the Committee's staff was unclear, but it is generally not going to be absorbed by Gosstroi. The Committee was the main opponent of reform for the housing sector, and its elimination could make further reform proceed much more quickly. If the Gosstroi leadership is retained, prospects will be particularly bright.

In January, the Council of Ministers issued an order which removed the mandatory step-by-step process in raising rents and grants localities the right to adopt any pattern of increases they wish as long as operating costs are fully covered by rents in 1993. It is unclear whether this will result in a speed up or slow down in rent increases compared to the schedule previously adopted, which required rents to cover 15 to 20 percent of operating costs in 1994.

In early February, a significant national two-day conference on housing reform, sponsored by the Interagency Committee on Housing Reform and the City of Moscow, with the HSRP playing a major role was held. The deputy governors responsible for housing of each of Russia's 88 regions were invited to attend, and a total of about 200 persons participated. Deputy Minister Alexander Krivov, Evgeniy Saburov (former Minister of Economy) and other dignitaries opened the conference. One whole day of the conference was devoted to the implementation of the new program of raising rents and introducing housing allowances for which regional governments are now responsible. The Urban Institute team made four major presentations at the conference. We also produced, packaged and distributed all of the materials given to participants. Modified versions of the procedures manual and other administrative materials for housing allowances developed by the Urban Institute with Moscow have been formally adopted by the Interagency Committee as government guidance on the program and were distributed to all participants.

In February the Association of Mortgage Banks, in cooperation with the Shelter Sector Reform Program, began the initial offering of its two-week mortgage finance training course in a Moscow suburb. Thirty-five students participated. In the first week, a general overview of mortgage lending was presented to all students. In the second week, there were two tracks with each student participating in one: a). loan origination and servicing and b). the financial aspects of mortgage lending, e.g., risk management, pricing. The core faculty consisted of HSRP staff and consultants: Suchkov, Kosareva, Struyk, Robertson, Butler, Ravicz, Kopekin and Healy. Michael Robertson, a professional mortgage trainer, did much of teaching; he is the only person brought to Russia especially for the course. In addition to the HSRP contribution, about a dozen Russians made presentations on present practices in Russia.

In addition, the first three volumes in the "Mortgage Handbook Series" were published by the Center for Mortgage Business. The print run was 3,000 copies of

each title. The topics of the manuals are legal documentation; the new mortgage instrument designed for Russia (the DAIR); and loan origination. Two more volumes are being printed and three more are under preparation.

B. Program Activities — Russian Federation

Legal and Policy Developments

On December 10, the Council of Ministers promulgated federal regulations on auctions and competitions for land allocation as called for by the October Presidential Decree "On Regulating Land Relations and the Development of Agrarian Reform." These regulations were subsequently repealed by the December 24 Presidential decree "On Modifying the Land Laws on the Russian Federation to be in Accordance with the Constitution of the Russian Federation." This December 24 decree not only repeals the auction/competitions regulations, but repeals a number of provisions of the 1991 Land Code, as well as provision of the 1991 RSFSR law "On Land Reform," the 1990 RSFSR law "On Peasant Farming," and the October 1992 decree "On Regulating Land Relations and the Development of Agrarian Reform."

A December 11 Presidential decree entitled "On State Land Cadastre and Registration of Documents on the Rights to Real Property" was promulgated calling for the creation within one month of a federal unified system of land registration. Butler (HSRP Legal Advisor) and Struyk met with Andrei Lazarevsky and Vladimir Stankov at the Ministry of Economy to review Lazarevsky's draft Law on Mortgage. The Ministry now has the lead within government in developing the law, and within the Ministry, Lazarevsky's department is taking the lead. The meeting consisted of an article-by-article review followed by corrections. The revised draft will be used by Lazarevsky with the Government and the Duma. The Duma has placed the law in the first batch of about 25 laws to be addressed.

In December, Nadezhda Kosareva (CCN Consultant) and Karen Angelici (UI-Moscow) worked with Ludmila Kuznetsova and Anvar Shamousafarov on a scheme to simplify the special housing benefits given to certain groups of citizens, e.g., veterans of World War II, victims of Chernobyl. The switch to charging rents on total space rather than living space has necessitated some reconsideration of these calculations and both Gosstroi and the Government of Moscow believe that the opportunity should be used to simplify the calculations as well.

Early in the quarter, Marina Shapiro (UI staffer working with HSRP Resident Advisor Angus Olson) met with staff attorneys of The State Property Committee (GKI) to review the draft Federation Regulation on the privatization of maintenance. They recommended that the sections setting targets for the commercialization of REU's and

the section on evictions be deleted because these issues will be addressed in the "State Program for Privatization for 1994" and in the civil code and in legal proceedings, respectively. Shapiro's amended version was reviewed by GKI in January and passed on to the Ministry of Finance which deferred to Gosstroi (now the lead entity for promulgating this regulation) for approval.

In December, the Committee on Municipal Economy (Roskommunkhoz) again submitted its draft of the codex to implement the provisions of the Law on Fundamentals of Housing Policy for adoption. Gosstroi and the Ministries of Finance, Justice and Economy again opposed it. (Kosareva worked with Shamouzafarov to prepare comments against the move for adoption.)

In December, visiting lawyer Carol Rabenhorst identified a major problem in the temporary Federal Regulation on condominiums drafted by GKI: it gives undue power to owners of commercial space to decide on how to use the space. She met with GKI lawyers to argue the point and Struyk and Kosareva took the point up with Anvar Shamouzafarov.

In February, Butler, Kosareva, and Struyk met with Albert Sokin and Mrs. Volkava of GKI to discuss Butler's drafts of the condominium charter and the law on mortgage (In December, Butler had been asked by the Ministry of Economics to review a German technical assistance team's proposals for the Law on Mortgage). Jonathan Hay, a USAID adviser to GKI also attended. Sokin said he plans to use Butler's draft as the basis for further discussion within the government; expressed dissatisfaction with other drafts and said that he wanted to collaborate on the preparation of the law on condominiums due to be prepared by September (temporary regulations are now in effect). Much of the discussion of the law on mortgage was spent on registration issues--complications caused by the lack of a general law on registration. Mrs. Volkava said that she believed that GKI would work with Duma deputies to introduce an emended version of Butler's draft for consideration by the Duma. Nevertheless, GKI is not sanguine about the chances of passage. A competing, more conservative draft, prepared by Alexander Makovsky, has received wide publicity and seems more likely to be adopted by the Duma.

On a "crisis basis," in January we prepared comments on the Ministry of Labor's draft regulation on the definition of incomes to be used in "social safety net programs," including housing allowances. The original draft was highly flawed. In February The Ministry of Labor issued a final regulation which essentially incorporated all of the changes we recommended. This regulation may have importance beyond the allowance program because it may serve as the guide for other income-conditioned programs.

In the first week of February, we prepared revised draft regulations on the Agency for Mortgage Lending and submitted them to Andre Vavilov, First Deputy Minister of Finance as requested. Two versions were prepared: one in which the Agency has an explicit regulatory function and another in which it does not. There is some controversy about whether the Central Bank should share its regulatory function in any way with another agency. Kosareva was then asked by Vavilov to coordinate the review process of the regulations. Several ministries and the Central Bank were also involved. She solicited and received review comments on the draft regulations from the Ministry of Economics, GKI, and Gosstroï. Vavilov also solicited comments. Kosareva then worked with the Ministry of Economy to draft a charter based on the comments. Both the charter and regulations turned out to be quite complex because of the Agency's projected role in issuing securities and because the Presidential Decree creating it named it a "Federal Agency," a specification which carries certain rights and restrictions.

Although Gosstroï was not fully convinced that the Committee on Municipal Economy which was eliminated by presidential decree would not be reinstated, in February it began working again on the draft Council of Ministers regulation on mandating the introduction of competitive procurement of maintenance services for the state housing stock. We reached agreement on a draft with GKI which Gosstroï then began considering.

In February, with a great deal of assistance from our team, Gosstroï completed a draft of the document "Exemplary List and Forms of Necessary Documents to be Submitted by Citizens when Applying for Housing Construction or Purchase Subsidies." This document will serve as the guidelines for the down payment subsidy program created in December. In preparing the list we were able to utilize a good deal of the thinking from the military certificate program.

Other work this quarter included: several meetings with the principals at Gosstroï who were working on drafting the regulation on the issuance of "housing debentures," a kind of real estate investment trust, (quick completion of these regulations was mandated by the Presidential Decree on "non-budget sources of finance for housing."), overnight comments by Kosareva on a new draft Federal regulation on the procedures to be followed in taking land for public purposes, a review by Butler of a draft law on mortgage of agricultural land prepared by Roskomzem, a letter by Struyk which converted the review into a letter to the agency and Kosareva's continued work with Gosstroï on the draft Presidential Decree "On Housing Certificates."

Housing Finance

This quarter two significant developments occurred in the housing finance area: a). The Association of Mortgage Bank's held its first training course and b). The Center for Mortgage Banks's published the first three volumes of the "Mortgage Manual Series." For details on both please see "Notable Developments" above.

Activities this quarter leading up to these milestones included two meetings: one with Struyk and Kosareva and Arkady Ivanov, chairman of the board of the Association of Mortgage Banks and Vladimir Busov, director of the training activities of the Center for Mortgage Business, the Association's training arm where the delay in publication of the series and plans for the training course were discussed and a second training planning meeting of Consultant Michael Robertson, Struyk and Vladimir Orlov (President of the Association), Ivanov, Busov. In addition, Andrei Suchkov worked with Orlov, to finalize the program; Struyk organized U.S. expert participation; Robertson designed training materials on the loan origination process and Michael Rosenberg prepared practice underwriting problems.

Two consultants worked with Mosbusinessbank this quarter. In December, Senior Banking Advisor Thomas Healy examined the skeleton business plan prepared by the bank and constructed a more comprehensive one. He also reviewed a marketing letter on soliciting mortgage loan applications which was prepared by bank staff. In February, Len Newman worked on the installation of the loan servicing software at Mosbusinessbank, as well as the initiation of the installation process at Joint Standard Mortgage Bank, and the training of two senior Russian programmers in the software. With the programmers trained, we will have local capacity for additional installations and for introducing enhancements to the basic software that banks may want.

This quarter, the HSRP also met with other banks interested in becoming involved in mortgage lending. Because of the substantial materials developed in the program with Mosbusinessbank and the new Association of Mortgage Banks training courses, the level of effort in helping one or two additional banks with limited mortgage operations will be quite modest.

In December, Struyk and Suchkov met initially with Alexy Golubovich and Alexander Androsov of Menatep Bank and in February, Struyk and Kosareva again met with Androsov and others to discuss the bank's interest in developing a mortgage lending program. Menatep is one of the largest banks in Russia and has been classified by the World Bank as an "international standard bank." The bank is already making dollar-denominated mortgage loans to its staff. At the February meeting Androsov explained that the senior management of the Investment Department had decided to establish a new subdivision for mortgage lending.

Mortgage lending will complement its existing construction lending program. He also expressed the bank's strong interest in obtaining assistance from the HSRP. In the short term, Newman and Healy plan to work with the bank's team and in March Struyk will discuss the possibility of a more comprehensive work program.

Struyk also met with Arkady Ivanov, President of the Joint Stock Mortgage Bank, to discuss a program of technical cooperation between his bank and USAID similar to that between Mosbusinessbank and USAID which would ultimately result in the bank offering mortgage loans on market terms during 1994. Mr. Ivanov is enthusiastic about such an arrangement.

In addition, in the third week of February, ten Russian bankers nominated by our program departed for the housing finance construction course being offered by Dick Pratt and Associates in Utah. Our participants included the president of the Association for Mortgage Banks, bankers from Moscow (Menatep, Joint Stock Mortgage Bank, Sberbank, Mortgage Standard Bank), bankers from Irkutsk and the Deputy Governor for Construction of the Nizhni Novgorod Oblast.

Finally, this quarter, Kosareva met with First Deputy Minister of Finance Vavilov to discuss the draft regulations we had prepared (with Jack Goodman's assistance) on the Agency for Mortgage Lending. He generally agreed with them, but wanted several modifications.

Housing Allowances

In December, Kosareva met with Mrs. Kuznetchikova (Moscow Department of Municipal Housing), Viktor Filtchenko of the Center for the Promotion of Housing Reform, and others to discuss the concrete arrangements for the national conference on housing allowances which was held on February 10-11 in Moscow. Major presentations were made by Sasha Puzanov and Kosareva (both CCN consultants) and by the administrations of Moscow (Ludmila Kuznetsova) and Nizhni Novgorod (Alexander Frolov).

In December, Puzanov completed a draft of the Procedures Manual for the Housing Allowance Program. This version is designed to provide assistance to the many local governments throughout Russia who must now design and implement housing allowances. The draft is being provided to Gosstroj for possible publication with their endorsement and for dissemination at the national housing conference. However, we heard informally that many localities increased rents effective from the first of the year, without waiting for the implementation of a housing allowance system. At least some localities are instructing tenants on how to calculate whether they qualify for a housing allowance and if so, they are being instructed not to pay more than 10 percent of their income in rent.

In January Gene Rizor (of Quadel) and Puzanov met with Mr. Bychkovsky of IHE to review the software they have had developed to assist them in their work with several oblasts and cities to estimate housing revenues, eligibility for allowances, subsidy levels, and administrative costs under various options for the percent of cost coverage and the share of income recipient households must spend on housing. The approach seemed quite useful; however, Rizor and Puzanov found significant problems in the specifications. After discussing this with the local staff, we sent a formal letter to IHE leadership to press them to make the necessary changes. Rizor and Puzanov also worked with IHE staff to improve their knowledge of housing allowances and to answer questions they had encountered in working with local governments.

In addition in January, we began to have staff from one or two oblasts and municipal administrations visit our office weekly for "tutorials" on housing allowances. We are responding as best we can with materials and limited consulting. The video of the training seminar we made in October is also being provided. This points to the acute need for the regional adviser on housing assistance called for in our new work plan.

Expanded Military Housing Program

In December, a team of Marisol Ravicz, Harold Katsura (both UI staffers), and support staff visited Pskov and Novgorod to explain the certificate program, determine the size of the pool of eligible officers, and identify local institutions with whom to work. (Struyk and Kosareva participated in the visit to Pskov which was first.) Katsura also completed his mission on developing a method for determining the price of vouchers. Ravicz and Struyk drafted a revised concept paper that incorporated information learned from the trips to Pskov and Novgorod. Ravicz drafted the agreement among USAID, Gosstroj, the Oblast and the city that would be signed for each site participating in the pilot certificate program. Then Hugh Wynn called Struyk to tell him that USAID lawyer Paul Scott had determined that the letter prepared by Ravicz soliciting proposals from the banks in Novgorod and Pskov for their participation in the program could not be sent. In effect, the letter solicited proposals on behalf of USAID which would ultimately contract with the banks, which is contrary to procurement regulations. This resulted in further delay from the schedule originally projected by the Urban Institute.

In January, Ravicz got the technical assistance team organized and working in Pskov and Novgorod. Staff members from Quadel Consulting, Ned Symes and Melodee Melin, worked with the municipalities to develop an information program for the officers on the program and on available units and obtained current price information, (Symes in Novgorod and Melin in Pskov). Bill Mawhinney, a

construction finance expert, developed a "procedures manual" for the banks in Pskov and Novgorod to follow in carrying out their duties.

Ravicz also had a series of meetings with AID and Gosstroi in Moscow in January. She worked on the problem of determining a feasible contracting procedure for the fund disbursing banks. The central issue was how to find a way to satisfy the banks' need for dollars up front (to avoid liquidity problems and severe exchange rate risk) given USAID's strong desire to avoid advance payments. She met with George Deikun and Contract Officer Kryschtal on this issue. Then the Pskov bank involved, which would have the greatest liquidity problem, determined a way for it to borrow dollars to alleviate the problem. Based on this information, banks were asked to respond to the version of the RFP which was already in their possession.

The municipality of Novgorod and Gosstroi both had comments on the Memorandum of Understanding among Gosstroi, USAID, and each municipality. Gosstroi sent the memo to the Ministry of Justice which pronounced that they also had major problems. By the end of January, Ravicz and USAID lawyer Paul Scott believed they had dealt with the Novgorod objections, but the Ministry of Justice problems remained. They planned a meeting between Scott and the Justice Ministry officials.

Another new development was that U.S. accounting firm is to act as the "reviewer" for the purchase of each unit prior to funds disbursement. The idea was to use a firm already under contract with USAID and working in Russia.

Struyk and Ravicz also met with Deikun and Fred Hansen to discuss various aspects of the program, including the current price of houses in Pskov and Novgorod. These prices were higher than USAID had originally forecast for the program and Deikun notified Washington of the increase.

Ravicz prepared a new schedule of activities with the target date for issuing the first certificates remaining March 16. The target date may still be realistic but it going is likely to be tight owing to the various difficulties in preparing contracts.

In February, Struyk and Ravicz met with Deikun again. There appeared to be agreement on the design of pilot. The teams working Pskov and Novgorod completed their work with the municipalities and banks in the first week of the month. Ravicz assembled a team meeting in Washington the following week. Struyk responded to questions about the design of the certificate program from Margaret Cows of KPMG which is preparing a proposal in response to the RFP for the review function issued by AID.

Condominiums

In December, Carol Rabenhorst and Karen Angelici met (separately) with Anvar Shamouzafarov and Pavel Krashcheninikov (Ministry of Justice) to discuss the content of the draft Provisional Regulations on Condominiums and to express the team's interest and willingness in working on the model foundation document and charter that will have to be prepared within a couple of months following the issuance of the regulation. Rabenhorst and Angelici also traveled to St. Petersburg where they met with city housing officials, who are very interested in working with us on a condominium training project. There have been no condominium associations established in St. Petersburg, since there is no local condominium law and the Russian Federation law has not yet passed.

While in Moscow, Rabenhorst also met with Russians and Americans in the Office of Privatization at GKI to discuss the demonstration project GKI is launching in Jaroslavl. While GKI's primary interest is in commercial space, they are forming condominiums in five residential building which have commercial space on the first floor. The American advisers--from Bain-Link--are taking a very aggressive position regarding the relative rights of the owners of commercial space relative to the rights of collective rights of the owners of residential space. In short, the Bain-Link position is that the owners of commercial space should be able to pursue business activities without restriction, which could include activities which would lower residential property values, e.g., locating a noisy disco in the building.

In January, Bain Link prepared a draft Condominium Charter for proposed adoption as a government regulation and urgently requested that GKI approve it for use in their condominium demonstration. GKI and Gosstroi were dissatisfied with the draft and asked that Butler help them work out a more comprehensive variant, based on the model foundation and by-laws documents he prepared earlier. Our team also worked with Bain Link to help them develop training materials for the condominium associations in Jaroslavl and assisted them with the design of their pilot which includes the introduction of private maintenance.

In February, Rabenhorst, working with Telgarsky and O'Leary, prepared a detailed work plan for assisting the six cities included in the World Bank/AID loan project with the creation of necessary local regulations and training programs for the development of condominium associations. The draft was submitted to AID. Preparations were undertaken for Rabenhorst and O'Leary's March visit. They plan to initially work in Nizhni Novgorod (chosen in part because of our excellent working relations with the oblast) and then expand to all six cities in the loan program plus Kyazan and Moscow.

Nizhni Novgorod Program

In December, Struyk and Kosareva visited the Oblast of Nizhni Novgorod to begin negotiating a work program on housing sector reform. This trip was a follow-up to Mission Director Norris's letter responding positively to Governor Nemstov's letter requesting assistance. Our team had a productive meeting the governor and multiple meetings with Deputy Governor V. Frolov.

The principle areas of assistance to the Oblast by American and Russian experts tentatively agreed upon are:

- to work with the Nizhni Novgorod Academy of Architecture and Construction to develop courses during 1994 in housing economics and the economics of investment decisions in housing construction and to offer these courses to the Academy's students;
- to provide expert review of documents prepared by the Oblast on housing reform, including rent reform, housing finance, and the privatization of housing maintenance services;
- to work with the Oblast on the design and implementation of its program for raising rents and introducing housing allowances during 1994;
- to work with the Oblast administration to determine its appropriate role in fostering the development of a housing finance system in the oblast and to work with a bank in the oblast to begin long-term mortgage lending on market principles.

The team also worked with staff in the housing department on their housing allowance proposals. A group from the oblast housing department visited the Institute's office in Moscow to work with Puzanov on housing allowances. Struyk and Kosareva drafted the action plan for the Oblast that was requested by Governor Nemstov during the visit.

Other activities with the oblast this quarter included: In mid-January Struyk, Kosareva and Suchkov spent three days working with Oblast officials. They provided the first all-day seminar (on housing finance) to faculty of the Nizhni Novgorod Academy of Architecture and Construction. They also had two long meetings with Governor Nemstov to get his responses to the oblast housing finance strategy drafted at his request. He adopted the two major recommendations in the strategy as oblast policy.

Struyk met with Deputy Governor Frolov when he was in Moscow in late January to participate in a Gosstroj meeting on construction activity in 1994, to discuss next steps in the work program. Governor Frolov also visited our offices the week of February 20th to develop a schedule for the next stages of work. The most pressing issues are housing allowances, the reorganization of housing management and the development of a housing finance system. Kosareva and Struyk drafted an order on the development of the housing finance system for Governor Nemstov's consideration, and submitted it to Deputy Governor Frolov for review and emendation.

The USAID/Moscow lawyer reviewed the draft agreement with the Oblast. UI staff made the changes and translated the agreement into Russian. Jim Norris took the agreement to Nizhni for signing when he visited Nizhni.

Olson and Tikhomirova visited Nizhni Novgorod the week of February 6 with the objective of helping to revive relations between the oblast and the district maintenance operations. This objective got lost in officials' interest in privatizing the maintenance function. The team met with Governor Nemstov who wanted to begin a pilot program on an urgent basis. We were not planning on this extra task now and are thinking about whether we can respond positively in the near term. Deputy

Land

Alexander Lazarevsky (now at GKI) drafted a Presidential Decree that would bring existing land law into line with the provisions of the new constitution and set other conditions to advance the functioning of the land market. Getting the decree issued is a priority of First Deputy Prime Minister Soskovets. Struyk and Butler gave him comments on the draft.

C. Program Activities — City of Moscow

General

In December, Struyk, Puzanov, and Kosareva met with Galina Havanska, a newly elected member of the Moscow Duma, to discuss the major housing issues that would be placed before the Duma when it convenes. Mrs. Havanska is the only housing expert among the 35 deputies; she occupied a senior post for housing in the Central Prefecture before the election. We have worked substantially with her in the past and this promises to be a good working relationship. The main topic of discussion was the program of raising rents and implementing housing allowances which was approved in November by the Government of Moscow, conditional on approval from the Duma.

Housing Maintenance Pilot Project

Trainings: This quarter trainings were held on schedule in the Mitino and Orekhevo-Borisovo Districts with 12 and 17 representatives of the owner participating, respectively. The course has been condensed into 12 sessions presented over a 30 day period, and the results were excellent. The streamlined training curriculum will facilitate the achievement of the goal to have 250,000 units under private maintenance by the end of 1994. The training at Orekhevo was professionally videotaped by the Ekran Television Studio located in the District. The video will enable participants to make-up missed sessions, and the finished product will join the library of Urban Institute training materials available for dissemination.

Regarding the training program for the DEZs and other "owners", the letters of complaint sent to IHE about their recent performance has had a strong effect: they will in the future use the better trainer for all sessions and bring in a replacement for the problem trainer. While this is encouraging, we still have a lingering worry about what may happen when we no longer police training sessions episodically.

As reported, to create some competition we sought out a new training entity. Mr. Kharchenko, from the MosLift Training Center, is anxious to begin training for the next group of owners in March. All materials have been transferred to his team and an excellent meeting was held in February with Kharchenko to plan their training role. Kharchenko is working on a business plan, and two of his most seasoned trainers will undertake the training effort.

Meetings: On December 3, Alexander Matrosov, Director of the Department of Communal Services, and First Deputy Mayor Nikolsky met with all Prefects on December 3 to plan the expansion of the Pilot. Although all Prefectures were supposed to have submitted their proposals for the expansion of the Pilot by December 10, 1993, only three Prefectures complied by the deadline. The Department of Engineering Provision is taking follow-up action to remind the recalcitrant Prefectures that they must submit plans as soon as possible. Proposals were received from the Northeast Prefecture (Babushkinsky and Otradnoye Districts), Southeast Prefecture (Maryino District), and Zelenogradsky District (a high-tech area that is not associated with any District). The total number of units from these three proposals equals 21,800 units. The 1994 first quarter goal of 50,000 units should be easily achieved, when the seven remaining Prefectures submit their plans.

In January, Olson drafted a letter to Mrs. Kuznetsova expressing our concerns that the strong record of the introduction of private firms to the management of municipal housing is in danger of being fatally eroded by the poor performance of lower levels of city governments. Chronic problems are the seriously delayed payments to the contractors and the unwillingness of the DEZs (who are supposed

to be acting as owners) to do on-site inspections of the quality of service provided.

Olson met with Mrs. Kousovchikova, Deputy Director of the Office of Privatization, to review progress on the maintenance program. This is important, given the Director's (Maslov's) role in City housing matters.

In February, a major meeting was held at the Department of Engineering and Communal Services on the maintenance program. Olson, Struyk, Kosareva, Shapiro and Tikhomirova and met with Mrs. Kuznetsova, Mrs. Medvedeva, Mr. Bitsukov and Mrs. Osipova. The meeting marked a formal handing over of primary responsibility for the program from Mrs. Kuznetsova's office (Economics) to Mr. Bitsukov's (Maintenance). Even though this was an initial meeting, we outlined the continuing problems on the City's side in fulfilling the contracts with the private firms. Bitsukov pledged energetic action.

Private Firms: Several of the private firms are experiencing problems in getting paid by the prefectures. In some cases this is moving beyond the irritant stage and could endanger the willingness of the firms to renew their contracts. Olson is helping to mediate the disputes, but a more systemic solution is needed. Olson suggested incorporating stronger language (and penalties) into the contract to give the firms greater leverage with the prefectures, but this was not agreed to by the city. Attached to this report is a summary of the monthly meeting in the Western Administrative District where this situation was candidly discussed.

One of the maintenance firms in the Western Prefecture, Moszhilrehmservice, announced that they would not seek a renewal of their contract on March 1, 1994. Moszhilrehmservice will use their experience to focus on the more lucrative private capital repair business. This will open one of the bid packages for re-bidding.

Another of the firms, OLSO, was the subject of a negative article in Kourante, the same newspaper that wrote a negative article on the Pilot earlier last year. No one at the Prefecture is giving any credence to the article. OLSO was unjustly attacked for things beyond their control, such as poor performance of the rubbish removal subcontractor, and damages incurred during the October coup attempt. OLSO, Prefecture staff, and Shapiro talked to the reporter in an effort to get a balanced story, but the reporter cited her contacts with Dolgov and Lapotkin, and unfortunately, she seemed to be swayed by their negative attitude toward the Pilot. OLSO was given the first advance of 10 million rubles (out of a total of 30 million rubles) for damages from the coup. This payment has been considerably delayed, and is a reflection of delays of maintenance funding in general.

New Standard Contract: In January, Mrs. Medvedeva, at the Department of Communal Services, was the lead in drafting the Department of Engineering

Provision's new standard contract for maintenance services. This contract applies to both private and public maintenance. It is notable for its similarity to our model contract and for adopting policies that we have recommended. Highlights of the contract are as follows:

- *Monitoring.* The owner must conduct field inspections once a week and file a report within 24 hours; a copy of the report must be given simultaneously to the contractor. If the owner is not in compliance with this requirement, a contractor's performance may be rated unsatisfactory.
- *Late payments.* Delays in payments accrue a penalty (unspecified) for each day of delay.
- *Performance categories and standards.* This language is taken directly from our model contract.
- *Reporting forms.* Reports and report forms are specified and included as supplements to the contract.

DHRB: During the holiday season, the DHRB (Department of High Rise Buildings, which manages departmental units transferred to the city) received several complaints from tenants regarding San Technica Complex's work at Kashtoyantsa. The initial reason cited by San Technica was the firing of janitors and the general unavailability of some staff during the holidays.

A large amount of technical assistance has been provided to the DHRB, with limited results to date. In retrospect, these buildings were in such good condition, and the nomenklatura inhabitants were so sensitive to anything "private", that the program impact was marginal. The Director's focus has not always been on the program—he has more interest in the vast (and lucrative) commercial holdings that they control on the Arbat and at other "prize" locations. In January, Olson explained to the Director that the program is expanding to other Prefectures in Moscow, and that the amount of staff time available to the DHRB would be considerably less. They were encouraged to fulfill the role of the "owner", and as a result, it was agreed to set up a progress review committee (similar to the one in the Western Prefecture) that will meet periodically to review owner-contractor relations/performance. Olson will also be a member of this committee.

The first progress meeting between Olson's team and the DHRB was held in late January and went very well. An inspection tour of the site maintained by San Technica was part of the agenda. As a result of the tour the contractor promised to remove all of the built up ice within three weeks, and the owner will provide funds

for the replacement of broken light fixtures, new steel and other improvements. The progress meetings will be held monthly.

Mitino Complex: This quarter witnessed the signing of private maintenance contract for the Mitino Complex. Advertising began in January. In the first week of February a Pre-Bid Conference was held which was very well attended by over twenty persons from 11 firms. Even though attendance at this meeting was not mandatory, the participants traveled 30 kilometers to reach the Mitino destination. The team of Shapiro and Tikhomirova did a solid job of conducting the Pre-Bid Conference. The Mitino Owner was also well prepared, and participated in several segments regarding funding and demographics. After the Pre-Bid Conference, five additional firms expressed interest in the bidding.

The Mitino situation is ideal for private maintenance firms, because the buildings are new, and there are no existing REUs. The Contractor can familiarize himself with the buildings before any tenants move-in and can establish good tenant relations at the very beginning of tenant occupancy. The contract covers 3,295 units. The contract includes a 200 square meters of office, workroom and warehouse space. The buildings come complete with a Dispatcher Point. As a fringe benefit, the Mitino owner is willing to consider giving units to the Contractor's employees (only for the term of the Contract).

Five bidders were interviewed by the Mitino District Selection Committee. The 7-member panel consisted of Sub-Prefecture and Prefecture personnel, including the Sub-Prefect and Deputy Prefect. The participation of these high level officials was an indication of how seriously Mitino approached the procurement process. Two of the bids were from firms already managing municipal buildings. One large new entrant, Akra, was an experienced and capable firm. Two former REUs also submitted bids. The Committee was very professional in carrying out its work, taking over 1-hour for each interview, and carefully following our objective rating scale. Only .2 points separated the top two bidders: San Technica Complex (a Program veteran) and REP Mitino. The competitive negotiation procedure was then used to select the winner. In order to check performance, Committee members made "no notice" at several of the bidders' existing sites. As a result, San Technica Complex was awarded the contract. The contract was signed on February 25 and the Notice To Proceed was issued March 1st. In addition the procurement schedule for the next set of blocks was finalized and the signing is expected to be April 20.

Housing Allowances

Throughout the quarter, The Moscow City Duma continued to be a roadblock in the implementation of the program of rent increases and housing allowances, holding numerous unproductive meetings on the issue before voting on the proposed

program on February 25. Puzanov participated in a long discussion on the day of the vote, and after two votes, it was passed, with comments. A special working group of Deputies will now prepare a final draft of the proposal based on the Duma's comments. On March 9, the Duma will consider the final draft. One new provision sets up a joint Duma-City Government working group headed by Vice Mayor Nikulski; this body will adopt all procedures for housing allowance allocations.

Highlights of HSRP activities leading up to the vote include:

1. Puzanov and Kosareva briefed the Duma two times in January (both presentations were over 3 hours) on housing allowances, at the Duma's request. Mrs. Kuznetsova attended and participated in the first briefing.
2. Also in January, Puzanov and Angelici completed an initial set of simulations of Moscow's final housing allowance program design. The new estimates employed data from the November 1993 Budget Survey for Moscow. The simulations show that the effect of the combination of higher than expected income increases and a relatively modest initial rent increase means that 1 to 3 percent of all households (30,000 to 90,000) will be eligible to receive allowances in March. While the city could have elected to get more revenue (through higher rents) in the first six months, the strategy of starting with a quite small program to give adequate time to work out administrative procedures seems to be correct. These estimates were provided to the Duma.
3. In the first week of February Kuznetsova requested that Angelici and Jennifer Daniell (UI staffer) complete additional program simulations. To our surprise the City Duma was considering asking for a reduction in the household contribution from allowance subsidy recipients from 10 percent to 5 or 7 percent. The simulations showed that such a change would only modestly increase the number of program participants at the program's initiation and decrease the net revenues received by the city from raising rents. In addition, changing the beneficiary contribution rate would have much greater effects at the time of the second increase in rents, scheduled for July. The simulations were shared with the Duma.
4. The Duma met twice informally in early February on the issue. The first session primarily featured spirited defenses of the program proposed by the government from a representative of the mayor's office and others not directly involved in the development of the program. Puzanov served as resource during the meeting. At the end of the meeting it appeared that the Duma was moving to closure. However, at a second meeting, which was to schedule items to be formally considered the following week, agreement could not be reached on whether to schedule further discussion. Mrs. Havanskya, who had

been heading the committee on the issue, resigned her post. We estimate that the city is losing about rub 50 billion each month that the program is delayed. The stage seemed set for Mayor Luzhkov to take some real action.

5. In the first week of February, Kosareva met with a group organized within the mayor's office, headed by Kemer Norkin, to review the design of the housing allowance program. More small design changes were suggested. Kosareva advanced our strong position which is to stop playing with the design; implement the program now and worry about small modifications before the next (and much larger) rent increase in July.

Plans for implementation of the program proceeded this quarter despite some delays caused by the Duma's belated vote.

In December, a group of eight persons participated in a one week study tour to the U.S. on the administration of housing allowances. The tour was organized by Rizer and others at Quadel Consulting who have very extensive experience with the U.S. Section 8 and voucher programs. Among the participants were the director of the Institute for Housing Economics (with whom the team is working to provide knowledge of the allowance program outside of Moscow), key administrators of the Moscow program, Alexander Puzanov (the Institute's Russian expert on allowances), and the member of the Nizhny Novgorod Oblast Administration responsible for allowances.

In December, Rizer met with City officials regarding the overall design of software for implementing the housing allowance program. He returned to Moscow in late January for a six-week stay, however with major decisions about the structure of the program left "floating," it was impossible for to work efficiently on preparing the training programs, so he returned to the U.S. until resolution of these fundamental issues.

While in Moscow he and Puzanov had a long meeting with Mrs. Kuznetsova. She reported various concrete actions being taken by the city for implementation of the allowance program. Her highest priority for Rizer was the development of the "training of trainers" program as quickly as possible. He delivered a first draft to the HSRP in the third week of February. Puzanov and Rizer also met with Kuznetsova, Medvedeva, Romakina and Yasterbov to discuss the status of the development of the software for the allowance program and with Mr. Poltev, head of the Moscow Center for Housing Reform, to discuss the Center's role in providing training for the housing allowance program. Mr. Poltev offered to provide a location for training and make all of the arrangements, but he did not think that his trainers would be interested in this work. After that Rizer and Puzanov met with Igor Bychkovsky of IHE who

expressed great interest in hosting and organizing the training. Kuznetsova will make a decision on how to proceed after talking with Poltev and Bychkovsky.

In mid-February, Kosareva and Puzanov again met with Mrs. Kuznetsova to discuss the implementation of the housing allowance program, (the Department of Communal Services is pushing hard for an April first start).

Other meetings relating to the implementation of the program included:

In December, Kosareva, Puzanov and Struyk had their initial meeting with Raisia Ramakinya who was named director of the city's Center for Housing Subsidies, the agency within the Department of Communal Services which has been created to administer the city's allowance program. Mrs. Ramakinya plans to staff the new office largely from staff already on the city payroll who now work in the housing computation center, where she is deputy director. Unfortunately, she had not been given all the materials produced to date by Puzanov, Rizor and others. The team supplied these to her at the meeting. Her position at the meeting, prior to reviewing our materials, was in favor of a model involving substantially more centralization of some functions compared with the team's concept.

Puzanov and Struyk also met with Alexander Straznikov, director of the city's department of building inspection. Straznikov participated in the recent housing allowance study tour to the U.S. and is anxious to increase the professionalism of his residential inspection operations. His idea, apparently endorsed by Mrs. Kuznetsova, is to inspect units of housing allowance recipients and to have the REUs make necessary repairs. Some years in the future, minimum housing quality standards will likely be added to the allowance program as a condition for participation. Straznikov requested help with designing the new inspection procedures.

Other legal developments included:

At the end of the January the Department of Finance entered an objection to the proposed flow of housing allowance payments from the Government to the private firms that will administer the program locally and then on to the maintenance organizations. They prefer that the funds go directly from the Government to the maintenance firms. Their are reasonable arguments on both sides. It appears that this decision will have to be made by First Deputy Mayor Buravlev in early February.

Mayor Luzhkov signed the decree on the program of raising rents and introducing housing allowances. Although the decree had been approved in principle at a meeting of the government in November, the signature had awaited some clarifications and revisions.

Other

Puzanov, Olson, Shapiro and Rizor met with Mr. Strazhnikov, Head of Housing Inspection for the City of Moscow, and Mr. Bychkovsky of IHE. Rizor and Puzanov heard more details from Strazhnikov related to his request for technical assistance to improve housing codes and inspection practices. Rizor will assist in drafting a description of this assistance which is anticipated to involve about two person months. Olson and Shapiro met with him to learn more about the sanctions available to the Inspection Department in enforcing compliance with existing codes and to determine if there was a role the Inspection Department could play in improving the performance of the "owners" of the municipal housing in the maintenance management demonstration, or even to assume the ownership role themselves. All four looked at office space offered by Mr. Strazhnikov.

Condominium Law and Associations

In December, Rabenhorst met with Mrs. Galina Teryokina, who directs the city's office on condominiums, and with Mikhail Poltev, director of the Center for Housing Reform, which is the institution which is providing training to the heads of would-be condominium associations. Poltev is anxious for help in refining the course the Center is now offering, and we will factor this into our ideas for next year's work program. Rabenhorst also met with members of the Association of Housing Communities, a new group formed by leaders in the privatized units that have established owners' associations, or are close to doing so. They are quite anxious to receive assistance with organizing their associations and training to help them take over the management of their buildings.

Rabenhorst and Angelici met with Nikolai Maslov to discuss future technical assistance on condominiums. He expressed strong interest in our team giving help to the Center for Housing Reform in refining its training course for condominium associations, including production of a training manual. His attitude is much more positive than that of Mrs. Terokina, who directs the office for condominiums under his direction. Terokina has been a continuing problem and we plan to work directly with the Center for Housing Reform, with whom Rabenhorst had productive meetings.

D. Program Activities — General

Sector Monitoring

In December, Alla Guzanova and Angelici finalized the questionnaire for the second wave of the survey of 2,000 Moscow households and in January Guzanova's

team completed the interviews of the occupants. In February, Angelici and Daniell examined the data to ensure that the data is accurate and complete. The survey team succeeded in interviewing occupants of 1,900 of the 2,000 units in which interviews were conducted a year earlier. Hence, we have the ability to track changes in ownership, utilization and conditions of a large cohort of units over time. In January, Angelici also analyzed the third wave of survey data from tenants in the first 2,000 housing units placed under private management as part of our program evaluation. In February, we received the second wave of data on the sample of units from the 5000 units placed under private maintenance in September. The survey was conducted in January. Angelici and Tikhomirova will begin analyzing this data, comparing before and after conditions at the projects in several weeks.

In Budapest, Struyk and Kosareva met with Ivan Tosics and Jozsef Hegedus of Metropolitan Research Institute to discuss surveys for monitoring the implementation of housing allowances and possible comparative work with the longitudinal surveys of the former State rental sector being done in Moscow and Budapest.

Butler, Kosareva and Struyk met with Anvar Shamouzafarov the last week of January and discussed development of a data collection system for monitoring the implementation of the program of rent increases and housing allowances. We had worked out a general strategy for sampling localities and a draft survey instrument. We proposed that this be a regular, quarterly data collection activity and that it be assigned if possible to Goskomzem.

Struyk and Kosareva have completed drafts of several chapters of the major report monitoring developments in the housing sector, "The Russian Housing Market in Transition: 1991-1993." They hope to have a complete draft finished by the third week of March. Daniell and Angelici are providing a great deal of analysis for the report, based primarily on the Moscow Household Survey. Shapiro and others in the "housing maintenance team" have also given valuable inputs on developments in the finances of maintenance operations and on the disposition of departmental housing.

Daniell has begun an analysis of privatization in order to determine the profile and motivation of those who privatized in 1993 and to compare the results to those from the 1992 Moscow Household Survey.

Dissemination/Seminars/Presentations

Struyk and Olson each met with Earl Noll, Peace Corps volunteer in Nizhni Novgorod who is working with the oblast on housing issues, to discuss housing allowances and privatization of housing maintenance, respectively. Noll will

participate in meetings in Nizhni between Struyk and Kosareva and the Oblast and city Administrations.

Olson and his team spent an intensive day with a delegation from Kazakhstan led by Wallace Kaufman who visited Moscow expressly to learn from the experience of the pilot project. One thousand units have been designated in Almaty for the initial phase. The Kazakh program plans to rely heavily on the material developed under the Moscow project.

Our team did its standard two-day seminar on housing finance and housing allowances in Togliatti on December 16 and 17. The event was hosted by Jack Horowitz, a Peace Corps volunteer stationed in the city who works with the administration. About 35 people attended the sessions on housing allowances. Nine different banks were represented among the 15 participants on the second day.

World Bank/AID Housing Construction Loan

The highlight of this quarter was the national land conference held in January. Other activity centered around working with the Russian contractors who are gathering data and a series of meetings between the HSRP and the World Bank.

As part of the preparation for the Bank/USAID housing sector loan a three day conference: "Six City Seminar on Land Use, Title Registration and Land Allocation," co-sponsored by the World Bank and USAID was held in Moscow. Mission Director Norris and Minister Basin opened the conference which was attended by more than 100 people. The Urban Institute had primary responsibility for conference logistics, including translation, assembly of materials, payment of per diems, etc. Steve Butler and Joe Eckert were the organizers. Feedback from participants indicates that the material presented was very well received.

Participants in the conference were from the 6 cities where the loan resources will be concentrated: St. Petersburg, Novgorod, Nizhni Novgorod, Tver, Rostov on the Don, and Barnaul. There were also participants from several federal agencies, including Gosstroi, Rozkomzem, Ministry of Justice, Ministry of Finance and the federal Property Fund.

Russian speakers at the conference included: Marianna Vitt, Chief Counsel to Rozkomzem; Svetlana Tiurina, Vice-President of the Russian Agency of Investments and Real Estate; Professor Sergei Sokolov from St. Petersburg; and three professionals from the cities of St. Petersburg, Novgorod and Nizhni Novgorod who discussed their demonstration projects in title registration. American speakers included Jerry Kayden, Dennis Robinson and Bob Einsweller from the Lincoln Land Institute, along with Steve Butler and Joe Eckert.

Sheila O'Leary was involved in finalizing all the details of the seminar along with Natasha Kalinina at the World Bank. They met on several occasions to finalize the list of attendees, contact the speakers to assist them in organizing their presentations and to prepare the 200 plus page seminar packet which was distributed to all participants. O'Leary also prepared all of the letters of agreement with the seminar speakers, arranged accommodations with the Hotel Ukraine and met with speakers Svetland Tiurina of RAIN and Marianna Vitt of Rozkomizem to help organize their presentations.

This quarter the four Russian contractors who are collecting data submitted work plans and began collecting and delivering data.

In December, Consultant Tanya Belkina held a workshop for all of the contractors on how to collect the data for the Housing Indicators Survey. She distributed the manual for computing the housing indicators and discussed it in detail at the workshop. The final version of the Household Survey was also distributed to the contractors.

By the end of December most of the work plans for most of the surveys had been approved and work began. The Urban Institute contracts office issued a second letter of authorization to all of the contractors that provides additional funding to carrying them through January. Although it was hoped that the office of contracts would have the subcontracts in place by the end of January, there was still no progress by the end of the quarter.

By February some data had been submitted to the team by the four contractors and Angelici and Daniell worked on reviewing data sets and reports. Overall, the contractors were running about a week behind schedule. Specifically, we received an initial 295 observations from the household survey in Novgorod from AUREC. When Daniell examined the data she identified severe quality control problems with it--serious enough to make it unusable in its current form. Daniell sent an explanatory memo to AUREC. We also received information on housing indicators for Novgorod and St. Petersburg, a preliminary report on the developer survey in St. Petersburg both from AUREC, and a preliminary report summarizing the data on the household survey in Tver and Rostov POLIS-3.

Meetings this quarter include:

1. In the first week of February, Struyk met with Nassau, Heller, and Leibson to discuss some issues on the design of the loan package and the survey work that the Urban Institute is managing. He was surprised that the World Bank project preparation team has given an additional contract to two of the contractors involved for faster data collection on the similar topics already

under contract, without informing the Institute. Obviously, this diversion will have some effect on the ability of the contractors to meet their schedules under our contracts.

Struyk stressed that the World Bank team had provided no guidance to the Urban Institute beyond the general statement of work from last August about what analysis should be done with the data collected. We have approved general analysis plans from the contractors for the developer and household surveys. (The analytic tasks are well-defined in the transaction survey and indicators project.) Struyk emphasized that now was the right time for such guidance, if the contractors were to have guidance in time to apply it.

Nassau stated that the highest priority was analysis of effective housing purchasing power. Daniell completed the analysis of effective demand for housing in Moscow, and a copy of the report was delivered to the World Bank. The analysis included effective housing demand using several sources of funds: households' accumulated personal funds; those funds plus a mortgage loan; personal funds, a loan and equity in a unit for those in privatized or purchased units. Demand under these three scenarios was then recalculated for only those on waiting lists for housing, including the subsidy for which these households are eligible as an additional source of funds. Results show that housing affordability is limited to certain sectors of the population -- those on waiting lists eligible for subsidies and owners with equity in the unit.

2. At Nassau's request Struyk reviewed selected sections of the draft major report on Russian housing prepared by Bertrand Renaud, based on his work in Russia in 1991 and 1992. A short review was sent to Nassau.
3. Struyk and Butler met Leibson to discuss the technical assistance program associated with the projected loan. Some of the earlier confusion was cleared up, but final resolution of responsibilities will only come during the review of the Urban Institute's 1994-1995 work plan which is scheduled for early March.
4. Struyk met with Buckley, Heller, Leibson and others to discuss what the Bank/AID project should do to fulfill its promise to the government of a "study" on housing finance. There was general agreement with Buckley's proposal that instead of a study there should be a process initiated which will culminate in a conference with the objective of defining technical assistance and/or future World Bank lending programs in housing finance that is agreed upon from macroeconomic, banking and housing perspectives.
5. Struyk attended a briefing by Mark Brown on the land auction project that he implemented in Ekaterinburg.

6. Struyk participated also in a meeting chaired by David Leibson with the officials of the Association of Russian Cities who manage the "land and urban section" and Peter Epstein of the International City Managers Association (ICMA). Butler and Ruth O'Sullivan also attended. The objective of the meeting was to determine how the Association could participate in the World Bank/AID housing loan project and how ICMA might work with the Association. The Association is particularly active in the land area and has numerous seminars scheduled for 1994. One idea is to provide experts to participate in these seminars; another is for selected members of the Association participate in the seminars that Bank/AID will hold so they can disseminate this information to other cities through the Association's seminars. Epstein is to draft a concrete plan. Urban Institute is (at least temporarily) the point of contact for the Association.