

**A REPORT ON THE PROGRESS OF THE
CITY OF PAVLODAR IN IMPLEMENTING
THE CONDOMINIUM/COOPERATIVE PROGRAM
OF THE REPUBLIC OF KAZAKHSTAN**

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By

Michael E. Kucharzak

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I. EXECUTIVE SUMMARY

On July 19-20, 1995, an ICMA seminar for city officials and managers of housing cooperative was held in Pavlodar, Kazakhstan. Participating in the seminar were approximately 49 city housing maintenance staff members, and approximately eight representatives of active cooperatives in the city of Pavlodar. The attendees heard presentations by local officials and the ICMA training team. The seminar was designed to provide a basic introduction to the legal mandate of the republic to privatize the housing stock and the maintenance of housing, as well as to provide a primer on the benefits and process of encouraging the formation of resident housing cooperatives to fulfill the mandate of the national government. This paper is a summary of the seminar content, and contains recommendations on measures to be taken or considered in continuing the USAID/ICMA effort to assist the Republic of Kazakhstan and select cities in privatizing the housing and the housing maintenance duties, with a program goal to improve the economy of the country and to encourage a market economy for housing based on the free enterprise system with maximum resident owner participation.

Although the author believes this paper to be an accurate account of the activities related to the seminar, it should be noted that on occasion, a translation may not accurately convey the intentions of the speaker. Any misstatements are the fault of the author and are unintentional.

II. BACKGROUND

In the summer of 1994, ICMA Resident Advisor Richard Gaynor, with assistance from the author, Michael E. Kucharzak, developed and conducted a two-day seminar in the capital city of Almaty on the basics of establishing residential cooperatives in the Republic of Kazakhstan. The seminar was prompted by a decree of the President of Kazakhstan requiring that all of the housing stock be privatized and that the owners assume responsibility for maintaining their dwellings. At the time the seminar was conducted, nearly all of the housing that could be privatized was now under private ownership. This successful transfer of ownership of a predominately multifamily housing inventory from state ownership to ownership by former tenants was a remarkable accomplishment; however, little was being done to transfer the rights and responsibilities for the maintenance of the dwellings to the new private owners. As a result, the republic, the cities and the *oblasts* (counties) continued to have the responsibility for maintaining the dwellings with only the revenues generated by a maintenance fee structure that has changed little in the last 63 years.

As the republic and local governments struggled under the economic pressure of an emerging democracy, the concept of dismantling the costly housing and maintenance bureaucracy began to be accepted in all but the largest city, Almaty, whose maintenance department the *Zhilkomkhoz*, was entrenched as a huge and powerful bureaucracy employing thousands of people. The *Zhilkomkhoz* recognized the threat to their power and existence as the emphasis on privatization of maintenance became the focus of the republic officials.

Although the 1994 seminar was the idea of ICMA, the decision to jointly sponsor the seminar along with the republic agencies for property maintenance and for construction and territorial development brought a level of importance and influence to the program that proved to be an essential element in the eventual success of the program. Invitations were made to seven of the largest cities, including Pavlodar, to send representatives to the workshop. To assure an active participation, ICMA requested that the invited cities provide certain assurances that they are sufficiently committed to the program by submitting resumes for each participant they are planning to send, and the role the person will fulfill in implementing the program at the local level. In addition, commitments to follow a timetable of recognized progress was set forth in an agreement form which each city was asked to complete and sign before attendance was authorized.

Vladimir Zhurin, the head of the republic's housing maintenance agency, convened the seminar and presided as host for the two day event. Zhurin's enthusiastic support for the program was conveyed to the participants, the majority of whom were under his direct or indirect supervision, thereby influencing the positive reception of the program by the city representatives in attendance. The continued interest and follow-through by the cities on the implementation of the program was further enhanced when Zhurin decided to leave his position with the republic and join the ICMA resident staff as project director. With a full-time project director, and the assistance of two Kazakhstanis employed by the ICMA office, the project to encourage the formation of cooperative housing associations has moved to the next stage of implementation, that of the visits to the individual cities. The following is a report on a two day training visit to Pavlodar, a industrial city located in the northeasterly portion of the republic.

III. SEMINAR ORGANIZATION

Under this same USAID/ICMA task order, TDY Paul Mengert previously visited the cities of Semipalatinsk and Petropavlovsk to conduct an introductory seminar for the local officials involved in the program to form cooperative housing associations.¹ Mengert arrived in Almaty to continue his work on the task order on July 18, the day before the scheduled training visit to Pavlodar. Kucharzak and Mengert met with Zhurin and Gaynor to review the approach that Kucharzak would use in conducting the seminar in Pavlodar. Kucharzak expressed concern that training be as close to identical in each of the cities so as to provide a level playing field from which to evaluate the effectiveness of the program and the progress of the city in achieving the directive to privatize the housing and related maintenance functions within the next four and a half years. Gaynor expressed his preference that we see each city as unique with differing local politics, fiscal problems, expertise and commitment, that the approach used in conducting the seminar is not as important as the presence of ICMA and the TDY trainers having sufficient knowledge about the process of condominium conversions and the national and local situation to guide the seminar participants closer to action while being certain to address their special needs and concerns. After further discussions, Kucharzak, influenced by the knowledge that the majority of the seminar participants would be city government managers and city maintenance

¹For additional information on Mengert's visit, consult Trip Report March 4-23, 1995 Paul K. Mengert

personnel, decided that he would use the training materials originally presented in the fall during the successful seminar for government officials conducted in Almaty. On Wednesday July 19, 1995, seven people left Almaty for Pavlodar to conduct and participate in the seminar. Those in attendance were Vladimir K. Zhurin, ICMA project manager; two chief economists with the republic of Kazakhstan, Natalya Mikhaylevna Verzhbitskaya and Olga Vasilyevna Grebenshikova; ICMA short-term Advisor, John Stern who was visiting Kazakhstan preparatory to a decision to accept the position of resident advisor to be vacated by Rick Gaynor in mid-September; ICMA short-term advisor Michael E. Kucharzak, a specialist in government-assisted housing and the author of this report; and two interpreters, Erlan Egemberdiev and Gaukhar Baribayeva. The Almaty contingent participated in all of the seminar activities and both Stern and Kucharzak are preparing individual reports on the seminar.

IV. DAY ONE -- THE SEMINAR

A. INTRODUCTION: GOALS OF THE PROGRAM TO FORM HOUSING COOPERATIVES

Vladimir K. Zhurin, ICMA project director, served as moderator of the seminar and after greeting the 57 attendees, he provided a general introduction to the seminar and set forth the agenda. Pavlodar Mayor Vladimir I. Pikhtin was then introduced. Mayor Pikhtin welcomed all and spoke of the importance of the program to encourage the formation of cooperatives and stated that there are approximately 270,000 dwelling units in Pavlodar of which 130,000 are apartment units in 714 buildings. He went on to state that the potential exists for up to 714 cooperative associations to be formed, which if they came into existence, would greatly help the city as the residents became financially independent. He emphasized the importance of forming the cooperatives with the proper legal basis so that they are legally recognized as juridical entities.

Kasbek M. Omarov, Deputy Head of the City Administration, then addressed the seminar and stressed the importance of the program to encourage the formation of independent cooperatives in light of the recent decision to no longer budget subsidies for maintenance services. He emphasized that Pavlodar, with a number of employers, is better off than many other cities in Kazakhstan. He especially noted the tractor plant and the active aluminum processing industry that continue to add employment opportunities, which lead to increased population for the city. He stated that the city administration has been devoting a great deal of time to discussing the process of encouraging the formation of cooperatives and is currently exploring the creation of a management department for cooperatives. He did not elaborate on this point, but it appears that he is describing an official office within the city government responsible for coordinating the establishment of cooperatives and to provide a clearing house for cooperative related issues.

Zhurin again addressed the group and spoke about the merits of the cooperative concept as an effective and rational way to solve the problem of transferring the maintenance of the dwellings over to the privatized owners. He reminded the attendees that the decision of the republic and that of the city, to privatize housing and communal services, is an outcome of the

realization that the governments cannot afford to maintain the housing stock, and have not been maintaining the housing for some time. In studying the methods of privatizing the maintenance two options were explored. First, reduce the expenses of the city for maintenance. He said that this is unworkable since the city currently is not spending any money on maintenance and all maintenance work had been suspended pending a solution to this problem. The second option is to follow the presidential decree of 1993 transferring maintenance services to independent owners. The expected result will be an improved quality of maintenance services. He stated that 75 percent of the housing in Kazakhstan has been privatized with varying degrees of success. He said the optimal goal for the republic is to have 90 percent of the housing privatized, recognizing that approximately 10-15 percent will not be privatized due to an unwillingness of the residents to accept ownership or because the buildings are so dilapidated that they are of no value. He said that a good target for the republic would be to have 15 percent of the housing communally owned, and 85 percent under private ownership. A constraint to the completion of the national goal of privatization is the lack of a mechanism for private ownership of the common areas such as the stairwells and the grounds. He said that the motivation to privatize had two primary objectives, the first being economic whereby the shift to private maintenance of the owner occupied condominiums would save the government money and would improve the quality of maintenance. The second objective was to create within the citizens the concept of "owner thinking;" that is, to assume responsibility for their living environment and to see their home as an asset. Today's problem is that the people do not see themselves as owners of their units. This, in Zhurin's opinion, is the most vexing of the problems of the privatization effort. He stated that patterns of housing that have been established for over 66 years are hard to change.

Zhurin then provided some statistics on the cost of maintenance: the index for assessing the cost of city maintenance to the residents dates back to 1928 when it was decided that the city would charge a nominal fee for the maintenance services recognizing the need to provide a government subsidy in order to hold the fee to an affordable level. The current average maintenance fee being assessed in the republic is 1.5 tenge per square meter per month and is inadequate to generate the revenue needed to perform even basic maintenance services. The real cost of providing maintenance services is 9.0 tenge per square meter. He stated that in Pavlodar, the current assessment was 1.8 tenge per square meter. The directives from the *Ministroi*, the republic office of housing, construction and territorial development, required a gradual increase in the share of the maintenance services being paid by the owners. Under the plan, the residents are currently paying 15 percent of the costs of the maintenance. In 1996, they will pay 30 percent of the cost; in 1997, 50 percent; in 1998, 75 percent; and by 2000 the residents will be paying the full cost of the maintenance without any assistance from the government.²

Zhurin went on to repeat the benefits of privatization of the maintenance functions and then stated that an important outcome of the program will be the creation of the cooperatives as juridical entities having their own bank accounts and stamps, with the rights thereby granted to the private owners to execute their own maintenance contracts. Zhurin stated that in the past, the city would collect monthly fees, and at the end of the year they would tally the balance sheet comparing their expenses to income. If a surplus existed, they would keep the money. This last

²Even under the current assessment levels, a reoccurring problem stated by the cooperatives is the need for a housing allowance program to help certain recognized populations in meeting the cost of housing maintenance.

statement created an unsettling murmur through the crowd, 90 percent of whom were city maintenance employees. A sign of the change to a market economy is the emergence of private organizations to perform housing maintenance services. Zhurin stated that it is hoped that 10-20 such private enterprises will emerge in Pavlodar as a result of the change from city maintenance to owner controlled property management.

Zhurin then went on to say that cooperatives cannot be created without local government support. With government encouragement and assistance, 113 cooperatives have recently been formed and registered in the republic for a total of 224 known housing cooperatives³, with 30 more in the process of receiving registration. While the program is off to a good start, Zhurin stated that four key elements must be given additional attention: first, there needs to be developed a program to help residents transition to cooperative ownership. A related second element is the need for a city support center for emerging cooperatives; and thirdly, as the cost of maintenance is absorbed by the privatized owners, a system of housing allowances must be established to help poor families and special populations pay the cost of the maintenance. According to Zhurin, 5,000 families in Semipalatinsk are on housing allowances costing the city 1.5 million tenge per year. A recurring problem is the unwillingness of some owners to pay the maintenance fees to the cooperative. In certain cases, legal remedies will have to be sought through the courts. Fourth, and lastly, there is a need to rewrite the codes of Kazakhstan and the cities to allow for the installation of meters for all utilities rather than the current practice of only metering electricity. He stated that in Petropavlosk, the recurring problem is owners not paying their portion of the utility expenses that must be collected by the cooperative and in turn paid to the municipal agency providing the service.⁴

Zhurin's presentation elicited a number of questions. A participant who manages a large cooperative in Pavlodar reinforced the problem of residents who cannot afford to pay the assessments, especially the elderly owners. It was stated that with the existing expectation that the owners pay 15 percent of their income for housing maintenance expense (note: this is not indexed to include metered electric costs as in America's Section 8 housing allowance program), a family earning 450 tenge per month could only pay 67.5 tenge per month toward their assessment. Since the assessment is 150 tenge per month according to the established budget, the government should pay the 82.5 tenge per month difference. Another participant stated that emerging cooperatives often have difficulty paying the registration fee, and some grant money should be available for cooperatives who have no money for the fee.

B. THE BASICS OF THE COOPERATIVE MODEL

Kucharzak presented a session designed to provide the participants with the basics of the resident cooperative model as promulgated in Kazakhstan by USAID/ICMA. During this session the participants were presented with the legal basis for the formation of cooperatives by referencing Article 21 of the housing code of Kazakhstan. The objective of the program to

³ 113 of the 224 know cooperatives created under the encouragement of the USAID/ICMA program are located in Semipalatinsk.

⁴ We will note later that the problems identified in Pavlodar address the same areas of concern.

encourage the formation of resident cooperatives is to encourage owners to assume the responsibility for management and maintenance functions that are currently the responsibility of local government. The additional commitments that are expected from Pavlodar were stated as:

- the need to adopt incentives to help encourage the formation of cooperatives
- the need to provide city resources to emerging cooperatives.

Kucharzak reinforced the early suggestions of the city maintenance engineer and Zhurin that an office for cooperatives should be established within the city administration, and that a resident coordinator staff be hired. The participants were given handouts which included model bylaws and sample resolutions and foundation documents that could be adapted for use by the city. Kucharzak stressed that one of the goals of the city visits is to give the city officials and the housing maintenance personnel the skills and information they need to become trainers for other city personnel and for residents forming resident management cooperatives. Kucharzak encouraged the attendees to access the promotional materials offered by ICMA such as the television promotional tape.

At this stage of the housing cooperative program in Pavlodar, Kucharzak encouraged the city maintenance officials to establish in writing the division of duties and responsibilities between the city maintenance operations and the cooperatives, and to review and modify if necessary, the amount and method of payment for communal services. The possibility of forming a national housing association was addressed as a suggestion that should be discussed by the city and a recommendation made.

Kucharzak encouraged the city officials to begin to organize themselves to fulfill their role in the program stating that before they can solicit the leadership within the apartment communities, they must first have the commitment of the city officials. He stated that the residents will fail or succeed based on the effort expended by the city.

A discussion of the basics of community organization was offered whereby Kucharzak defined organizing as "people working together to get things done. That organizing is helping people speak for themselves." The benefits of organizing are that things get done, people begin to solve community problems, and by becoming involved in decision making, the residents become more self sufficient. By coming together to work on solutions to problems held in common, people begin to use existing abilities in a new way and discover new skills that they can apply to solving their every day problems. Kucharzak stressed that in organizing, it is important to address the recognized and identified problems of the residents, and not build the program on what the city thinks the problems are. He suggested that it would be helpful to use a survey instrument to interview the residents and determine what in their opinion are the needs that are not being met, what is it they want and expect from the cooperative and how willing are they to help form and run the cooperative. He emphasized the importance of also asking responses about the positive aspects of the apartment community and the city, and not to just dwell on problems. Through the survey process and personal knowledge, care should be taken to identify those residents who are concerned about bring about a change in their living environment and who have been active in making decisions in the past.

Once the cooperative begins to take shape, Kucharzak stressed the importance of setting both short-term and long-term goals. He provided examples of both types of goals and underscored the importance of setting realistic time frames for established goals so as to maintain interest in the process of moving toward fulfillment of the goal and to minimize their frustration when unrealistic goals cannot be fulfilled.

An organizational chart of a typical cooperative was reviewed with explanations provided for each of the key elements: the General Assembly, the Executive Committee, the Auditing Committee, the Property Manager, and other committees. The protection of the investment of the owners and the enhancement of the value of the property were given as the major responsibility of the cooperative. Secondary responsibilities were stated as: providing for the physical maintenance and operation of the building; the effective use of the cooperative funds; and the budgeting for, and collection of money for common services. Kucharzak reemphasized the need to set forth in writing the responsibilities of the cooperative and those of the city in performing maintenance services. A number of examples of duties for the city and for the cooperative were provided.

The management options that a cooperative may chose were discussed along with the conditions that will influence the selection. Of the three choices of self management by volunteer cooperative members, management by paid cooperative members and management by a professional management firm. Kucharzak stated that the management by paid cooperative members was emerging as the preferred method in the cooperatives forming in Kazakhstan. He closed the session by stating that every effort must be made to encourage participation by the owners in the operation of the cooperative.

C. THE CURRENT HOUSING SITUATION IN THE CITY OF PAVLODAR

On the second day of a walk-out by the city maintenance workers responsible for operating the central hot water distribution system due to the inability of the city to pay their wages, Mikhail Yakovlevich Galchenko, chief engineer for the Housing and Community Trust, addressed the seminar and spoke about the current climate for cooperative formation in Pavlodar. He stated that the city is giving the housing to the residents and encouraging the privatization of maintenance, not because the city is well off and does not need the inventory or revenue, but because the city cannot afford to continue to maintain the housing under the old Soviet model. The legalization of resident management cooperatives as juridical entities will help private owners who paid money to buy their unit by granting them the necessary legal status of their ownership. Ideally, we should establish the resident cooperative first and then build the complex. As the legal basis of cooperative housing becomes established this would be a natural outcome for a private venture.

Galchenko said that now with the movement to privatize, if an increase in the maintenance assessment is proposed, you have to justify the increase to the residents. In Pavlodar, 98 percent of the housing is privatized according to Galchenko, and approximately 2 percent of the population is too poor to pay the assessments. He stated that there are 21 housing maintenance sections in Pavlodar. The housing maintenance sections enter into service contracts with existing

building and new construction project residents. The typical current apartment budget accounts for 120,000 tenge in income and 130,000 tenge in expenses, for a net loss of 10,000 tenge. Given the opportunity, resident management cooperatives can better control the cost of maintenance. Galchenko stated that by in large, the condition of housing in Pavlodar is the worst it has ever been. He said that cooperatives he has visited (it is not clear if this is in Pavlodar) the stairwells are clean, and each stairwell entrance has a security guard. Galchenko is encouraging the adoption of the necessary codes and ordinances to require the installation of meters for all utilities to control waste and encourage conservation.

D. THE FINANCIAL ASPECTS OF COOPERATIVE MANAGEMENT

Following lunch, a somewhat smaller group (about eight participants did not return for the afternoon session), began to explore the financial aspects of forming and managing cooperatives. Kucharzak provided an overview of the basics of cooperative finances recognizing that the diverse group would have little interest in an in-depth session on profit and loss statements and accrual versus cash accounting. During the discussion on the income aspects of accounting, the participants were told to expect that the newly formed cooperatives will only have the revenue generated by the existing management fees being paid by the residents to the cooperative instead of the city, and that it will take some time before additional assessments and income can be collected and accumulated to permit capital repairs and more extensive deferred maintenance projects to be undertaken. Other sources of income that may be received would include income from the rental of commercial spaces, or the sale of apartments owned by the cooperative.

Kucharzak went on to a brief but complete explanation of the budgeting process and how the decisions to perform certain repairs when added to the fixed operating costs will produce anticipated expenses for the fiscal year. Knowing the expenses, the cooperative can determine the amount of money that will be needed to support the expenses. The required income is then prorated to each apartment unit in the cooperative. With the expenses and income in balance, the budget is ready for consideration at the General Assembly.

The discussion of the finances prompted a number of comments from the participants. The most forcefully stated was the problem the cooperative were having with the banks. Most of the participants concurred with the stated problems that the city should grant the cooperatives more independence, and that the financial aspects of operating the cooperative would be enhanced with laws that would allow for remedies against owners who fail to pay the fees and utility charges, and the need for reform the banking practices or the creation of a new bank owned by the cooperatives.

V. SMALL GROUP PROBLEM SOLVING

Following the formal presentations, Zhurin divided the attendees into three groups. The participants were given a hour to address five questions regarding a fictitious cooperative:

1. How would your cooperative form your maintenance operations so that it would operate effectively and in a responsive manner?
2. How would you go about estimating the annual expenses for your cooperative?
3. Discuss the relationship between the cooperative and the owners to create incentives in the areas of discounts and other allowances for a timely payment of fees and utility charges.
4. Discuss the relationships your cooperative will establish with residents of non-privatized units (renters) and commercial renters.
5. Discuss how you would build relationships with:
 - a). local administrators
 - b). housing maintenance organizations
 - c). utility service suppliers

The participants were to each play the role of an owner in the cooperative, and to select a spokesperson and prepare to report out to the larger group. The participants enthusiastically worked on the assignment which Zhurin introduced as a "business games," but westerners would recognize as small group problem solving. Following the small group discussions, the representatives of each group gave a brief report.

The workshop was concluded by Zhurin. Following the closing, a number of participants, who are staff of existing cooperatives, formed a small discussion session with ICMA TDY John Stern to share more information about the operation of cooperatives in Pavlodar. In addition to this report, Stern will also prepare a trip report, and TDY Paul Mengert will issue a report on his trip which will address in more detail the result of a debriefing meeting held in Almaty with the three TDY advisors and Richard Gaynor, resident advisor.

VI. DAY TWO -- VISITS TO ESTABLISHED HOUSING COOPERATIVES

On the second day of the seminar, the ICMA team, accompanied by officials from the city maintenance staff, visited three established cooperatives operating in the city of Pavlodar. Only one of the three, the Usolsky cooperative was established within the time frame of the presidential decree on the privatization of housing, having been in existence for less than two years. One cooperative, the Soyuz, was originally constructed as a city maintenance cooperative in 1973, and while helpful to the study of cooperatives, should not be considered as a cooperative formed and operated under the goals of the housing reforms of the newly formed republic. The Dachne cooperative formed in 1986 is a good laboratory for studying the effectiveness of the

cooperative model proposed by ICMA. Although formed under the old system of government, the present day operation approximates the ICMA model and by studying it in more detail, additional knowledge about the problems and benefits of housing cooperatives may help improve the ICMA model and assure its acceptance and success. The following table is a summary of the key elements of the cooperatives:

Name of cooperative	Dachne	Usolsky	Soyuz
Date of formation	1986	1993	1973
Number of buildings	12	7	17
Number of apartments	1,881	1,100	1,897
Number of staff	46	25	30
Annual budget	12,000,000 tenge	15,000,000 tenge	1,903,737 tenge ⁵⁵
Average fee and Buy-in-fee	3.40 tenge /sq. m/mo. 500 tenge/room	410 tenge ⁶ 350 tenge/apartment	1.69 tenge/sq. m/mo. 400 tenge/apartment
⁷ Commercial or other income	none	2 stores ⁸	none ⁹

VII. RECOMMENDATIONS

The most frequently made complaint dealt with the problems the cooperatives are having with the banks. (The banks have set up the coop accounts so that the coops collect the utility and communal service fees from the residents. The coop then deposits the funds in the bank. The city then automatically withdraws the funds from the bank, even though some of the residents may not have paid the coop for their fees. This results in substantial penalties for the coops, as they have insufficient funds to cover the city's draws. Also, it appears that the coops must pay the banks a 15% management fee.) It may be necessary for ICMA to assist the local communities in forming a new bank along the lines of a credit union in the States, or like an old fashioned building and loan institution. Absent that, negotiations should begin to try and get the existing banks to give some concessions to the cooperatives. This latter approach should be embraced by the republic and local governments so that in turn, concessions are granted to the banks who help encourage the formation of cooperatives or support other government encouraged housing programs. The evolving mutual concession program would be modeled after the Community Reinvestment Program of the United States.

⁵⁵This number represents the maintenance assessments for 1995 based on eleven months at 147.067 tenge per month, and a August assessment of 286.000 for additional costs related to maintenance in preparation for winter.

⁶The fee is computed on the number of rooms in the dwelling and the number of people living therein. A one room apartment with one person living there would be 225 tenge/month. A two room apartment (one bedroom) with three people living there would be assessed 410 tenge/month.

⁷The cooperative manager reported only the cost of maintenance and unlike the others did not include the utility costs, however, the cooperative serves as collector and payer of the utilities

⁸The cooperative leases 30 square meters of commercial space to two stores at a monthly charge of 5 tenge per square meter

⁹Although no additional income is being received at this time, there are six commercial spaces that the cooperative is negotiating to have included into the cooperative.

Measures should be taken to encourage incubators for housing enterprises that will be necessary to support the emerging cooperatives, and most importantly, to train the existing government employees in new skills necessary to help them make the career change to the private sector. A program of job retraining similar to the effort to retrain the military as part of the base closure and military downsizing effort should be considered.

Lastly, ICMA should begin to prepare for the next phase of the program by establishing a basic training program for the cooperatives. The amount of hand holding that will be required can only be effectively accomplished by local support people, professionally trained by ICMA or others. As local support staff is operational, a national professional organization should be encouraged similar to our professional housing industry groups. The existence of a national organization will help to disseminate information to all of the cooperatives and would give one voice and the strength of numbers that would help the cooperatives in lobbying for needed legislation and support.

VIII. CONCLUSIONS

The visits to the individual cities has proved to be the appropriate action to be taken at this phase of the housing cooperative program in Kazakhstan. The briefing held in Almaty last fall served to educate the leadership in the republic and the top city management officials who attended. The fall seminar emphasized the "no choice" effect of the presidential decree to privatized all of the housing and to convert all of the housing maintenance to private contracts by the year 2000. The top management gathered had no trouble understanding the finality of the decision; however, in order for the program to be a success, it was important that once the leadership got back home, that moving the project along held an important place in their agenda which is already full with ever-demanding crises that need immediate attention.

The concern about the implementation of the plan at the city level is further validated when one recognizes that the maintenance people at the local level will lose their jobs when the maintenance services are fully privatized. It is difficult to motivate people to enthusiastically perform a task that will ultimately result in the loss of their job and end their career as a government employee. One only has to look at the housing reforms that were initiated in the United States by housing secretaries Jack Kemp and Henry Cisneros. The Nation's top leadership in housing were setting forth policy statements and programs to dismantle the established bureaucracy and to give the resident clients more say in managing their housing choices. Were they any more successful than the republics of the NIS republics? The record shows that they were frustrated in implementing their programs by entrenched career bureaucrats who felt that they could drag their feet and slow down the reforms by delaying the implementation of the program by slowing the flow of paperwork from desk to desk. Many career staff had the attitude that the appointed leadership will be out of office with the next election and things will go back to the old established ways.

ICMA Kazakhstan should be prepared to move into the next phase of the housing cooperative program, that being the training of local residents to serve as paid staff of the city or a NGO to help residents form and operate their cooperatives. This phase is best staffed by Kazakhstanis who are accepted by the local citizens active in the housing cooperative effort. As in all good community organization, eventually if successful as an organizer, the organizer works oneself out of a job. In the area of the privatization of housing ownership and maintenance, ICMA Kazakhstan is successfully moving to that end.