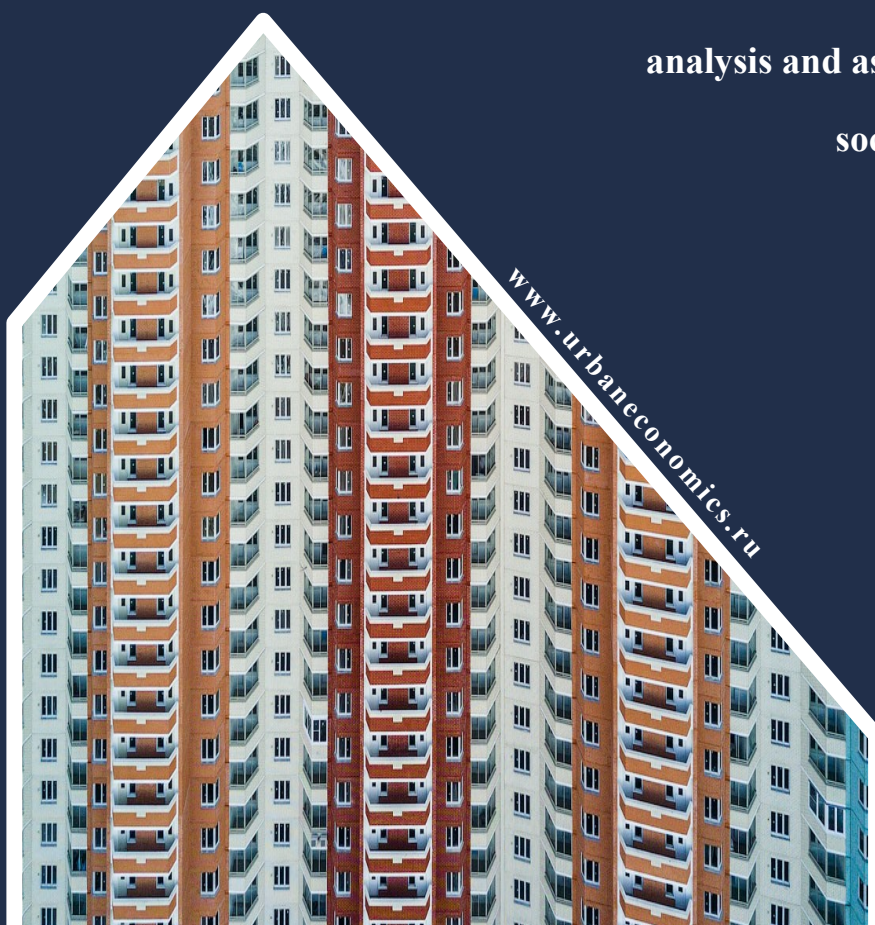




THE INSTITUTE FOR URBAN ECONOMICS

The IUE's mission consists in providing
analysis and assistance to cities and regions in
social and economic development



TOP 50
GLOBAL GO TO THINK TANK
INDEX REPORT

ANNUAL REPORT

2018

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ABOUT IUE

THE INSTITUTE FOR URBAN ECONOMICS (IUE) is a non-government and non-profit organization. The IUE suggests new solutions on social and economic development of cities and agglomerations, participates in lawmaking process, makes independent evaluations, organizes public dialogue on the critical issues of Russia's urban development

DEPARTMENTS:

- Real Estate Market Department
- Urban Economy Department
- Municipal Economic Development Department

TARGET AUDIENCE: state authorities and local governments; business; non-profit, societal and academic organizations

SUBSIDIARIES:

The Institute for Urban Economics LLC, Specialized Fund for IUE Endowment Management"

EDUCATIONAL ACTIVITIES:

Department of Urban Economics and Municipal Management of the National Research University—Higher School of Economics (scientific, methodological and organizational support)

MEMBERSHIP: Association of Russian Economic Think Tanks (ARETT); Community of Financiers of Russia; The European Network for Housing Research (ENHR); International Union for Housing Finance (IUHF)

IEU Summary 2018

GENERAL INFORMATION

Number of employees: **32**
 Contracts concluded: **17**
 Analytical studies: **13**
 Number of missions: **97**
 Reports at expert events: **21**
 Printed Copies of distributed publications: **2900**
 IUE Discussion clubs: **12**
 Web-site visits: **56 000**
 IUE E-mail Newsletter: **5** issues
 Mass-media publications: **478**

PROJECTS

Total completed projects **23**
 including:

- Within grants: **2**
- Within contracts: **11**
- Within IUE Endowment: **10**

PUBLICATIONS

Books: **3**
 Booklet: **1**
 Electronic publications : **6**
 Articles published in scientific journals: **6**

JOINT ADDRESS



Nadezhda KOSAREVA,
IUE President

In 2018, the national agenda placed special emphasis on developing Russian cities and on creating a high-quality urban environment. One of the key national projects developed for the new political cycle is ‘Housing and Urban Environment’ project. For the first time in Russian history, Spatial Development Strategy for the Russian Federation Through 2025 was adopted in February 2019. The Strategy is largely focused on cities and metropolitan areas. The concept of a ‘smart city’ is currently one of the most popular with both public authorities and the business community, generating new high-tech solutions to improve the quality of urban development management. In our opinion, this reflects the evidently increasing significance of cities at the current stage of Russia’s socioeconomic development.

On one hand, this is obviously good news, since the Institute for Urban Economics has for many years been drawing attention to the importance of the urban agenda, and of transforming the main spheres of the urban economy and environment, for both increasing the rate and improving the quality of Russia’s socioeconomic development. On the other hand, it poses new challenges for us regarding the need to provide even more detailed and elaborated answers for the society’s needs.

Last year, many of the topics that the Institute had begun working on within the IUE Endowment gained relevance, and work continued towards preparing specific proposals. In particular, we prepared proposals in cooperation with the Center for Strategic Research to enhance intermunicipal cooperation in order to improve the governance of metropolitan areas, as well as proposals to improve the statutory regulation of relations in urban planning development. Moreover, at the request of developers and architectural firms, we developed approaches to an integrated urban planning and economic modelling for urban redevelopment projects and developed model estimates for several areas in Moscow, Yekaterinburg, and Yuzhno-Sakhalinsk.

An important milestone for us was analyzing the housing situation for Russian citizens entitled to benefits, carried out by the IUE at the request of JSK «DOM.RF Russia Housing and Urban Development Corporation». This enabled us to carry out the first-ever systematization of federal laws that regulate state housing support for particular groups of

Sergey VASILIEV,
Chairman of IUE Board of
Trustees



citizens, and to evaluate the socioeconomic and budget efficiency of those support measures, providing an informational and analytical basis for making vital decisions on improving government policy in this field.

Socially relevant topics proposed by the IUE enabled us to win and carry out two grant projects: “Support of Civic Institutions when Involving Public in Developing Courtyard Areas and Creating a Comfortable Urban Environment” (Grant of President of the Russian Federation for the Civic Development, provided by the Presidential Grants Foundation) and the “Housing Activist Handbook: Communication and interaction for Successful Capital Repairs of Multi-Apartment Buildings” (subsidy from Moscow City Public Relations Committee).

We would also like to note the new studies that we were able to carry out with support from the IUE Endowment in 2018, including: an assessment of the economic structure of major cities and metropolitan areas; an evaluation of housing affordability in major cities and metropolitan areas; an analysis of foreign and Russian practices in implementing urban planning and housing policies to increase the supply of affordable housing for households with modest and low income; an evaluation of the investment balances in water supply and waste water networks in various territories to determine scenarios for replacing deteriorating networks; an assessment of municipal strategies and strategy implementation plans. The results of these and other studies funded by the IUE Endowment are published on our website, free for everyone.

We would undoubtedly have been unable to achieve these results without the support of our colleagues and partners: government agencies and government development institutions who incorporate the opinions of our experts in their decision-making processes; local authorities who keep us up to date on municipal development issues; businesspeople; scientific and educational organizations; and the mass media which cooperate with us, sharing our views.

Our special thanks go to all our customers, grantors, and donors to the IUE Endowment. We do not intend to rest on our laurels and look forward to participation in other exciting joint projects in 2019!

IUE MANAGEMENT

**IUE BOARD OF TRUSTEES****SERGEY A. VASILIEV,**

Deputy Chairman of Vnesheconombank (Chairman of IUE Board of Trustees)

KONSTANTIN N. APRELEV,

Vice-president of «Russian Guild of Managers and Developers», president of Real estate agency "SAVVA"

PETER BOELHOUWER,

Professor at Delft University of Technology (Netherlands)

ALEXEY V. NOVIKOV,

Head of Habidatum International Inc.

RAYMOND J. STRUYK,

Independent economic development consultant at The Results for Development Institute in Washington, DC (USA)

EYEVGENY G. YASIN,

Higher School of Economics (HSE) Academic Supervisor

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Chairperson of IUE Council

GALINA N. GOLENKOVA

ELENA G. KLEPIKOVA

MARGARITA V. PINEGINA

TATYANA D. POLIDI

ALEXANDER S. PUZANOV

SERGEY B. SIVAEV

ANDREY YU. SUCHKOV

MARINA D. SHAPIRO

IUE MANAGEMENT BOARD

NADEZHDA B. KOSAREVA ,
IUE President, Chairperson of IUE Management Board

ALEXANDER S. PUZANOV ,
IUE General Director

TATYANA POLIDI,
IUE Executive Director

SERVICES

FOR FEDERAL GOVERNMENT AGENCIES

Developing and evaluating strategies, concepts, and draft regulations regarding housing policies, utilities, urban planning and land issues, as well as the socioeconomic development of cities and metropolitan areas

FOR GOVERNMENT AGENCIES FOR CONSTITUENT ENTITIES OF THE RUSSIAN FEDERATION

Developing and evaluating regional concepts, investment strategies, and programs for the socioeconomic development of territories (including metropolitan areas), housing construction, capital repairs and housing stock upgrades, fostering the investment climate in the utilities sector, developing the housing and other real estate markets, shaping a comfortable urban environment, including for those with reduced mobility

FOR LOCAL GOVERNMENT AGENCIES

- ➔ Developing and evaluating concepts, strategies and socioeconomic development programs for cities and metropolitan areas, including company towers
- ➔ Preparing proposals for municipal entities to participate in governmental programs in urban planning, housing and utilities sector
- ➔ Developing methodological recommendations for directing strategic planning at municipal entities, coordinating various strategic planning documents, and preparing strategy implementation plans, evaluation of municipal strategies
- ➔ Providing a comprehensive assessment of the state of socioeconomic and urban planning development at the municipal entity

- ➔ Financial, economic, and urban planning modeling for spatial development of cities and metropolitan areas, redevelopment projects and programs
- ➔ Modelling the economies of cities and metropolitan areas, estimating the socioeconomic effects of various development programs in the economy and housing sector
- ➔ Evaluating the quality of urban planning regulations in cities and metropolitan areas, preparing recommendations for regulation improvements
- ➔ Developing ratings and typologies for cities and metropolitan areas based on performance indicators and development prospects for the housing sector (urban planning, housing market, utilities)
- ➔ Evaluating the investment attractiveness of the housing construction, housing and utility markets in cities and metropolitan areas
- ➔ Developing models for attracting investment to improve the urban environment
- ➔ Developing and implementing new financial mechanisms in the housing sector, including housing finance, loans for capital repairs in apartment buildings, and the creation of rental housing
- ➔ Developing mechanisms to support capital repairs and increase the energy efficiency of apartment buildings
- ➔ Developing recommendations to improve the management system of apartment buildings, enhancing the role of owners in the management of their common property
- ➔ Developing recommendations to improve the real estate taxation system, including improvements in land use efficiency

KEY PROJECTS FUND IUE AND IUE LLC (SOURCES OF FINANCING)**CITIES AND METROPOLITAN AREAS**

- ➔ Proposals for developing intermunicipal cooperation to improve metropolitan area governance in the Russian Federation (Center for Strategic Research)
- ➔ Developing methodology and evaluation of GMP (Gross Urban Product) structure of cities and metropolitan areas (IUE Endowment)
- ➔ Developing methods and assessment of housing affordability in cities and metropolitan areas (IUE Endowment)
- ➔ Analysis of metropolitan area governance practices (IUE Endowment)

APARTMENT BUILDING MANAGEMENT

- ➔ The Housing Activist Handbook: Communication and interaction for successful capital repairs of multi-apartment buildings” (subsidy from the Moscow City Public Relations Committee)
- ➔ Support for Civic Institutions when Involving the Public in Developing Courtyard Areas and Creating a Comfortable Urban Environment (Grant of the President of the Russian Federation)
- ➔ Support for the sustainable development of regional systems for capital repairs of multi-apartment buildings (IUE Endowment)
- ➔ Analysis of legal aspects of direct contracts for utility services between resource suppliers and homeowners in apartment buildings (IUE Endowment)
- ➔ The Utility Service User’s reference book (IUE Endowment)
- ➔ Developing and testing effective models for managing and maintaining multi-apartment buildings in Kazakhstan (UNDP Kazakhstan)

INVESTMENTS

- ➔ Support for improving investment attractiveness of utility organizations (IUE Endowment)
- ➔ Proposals for developing the real estate investment market in major Russian cities and metropolitan areas (IUE Endowment)

DEVELOPMENT AND REDEVELOPMENT

- ➔ Study of foreign redevelopment experience: law and economics (IUE Endowment)
- ➔ Preparation of Project Marketing section of the Integrated Development Concept for Rublevo-Arkhangelskoye Territory as part of an international architectural and urban planning contest (Architectural Bureau ‘Ostozhenka’)
- ➔ Preparing an Action plan (roadmap) for the redevelopment project in Yuzhno-Sakhalinsk (Sakhalin-Engineering JSC)
- ➔ Urban planning and economic modelling of redevelopment project in Yekaterinburg (AstraInvestStroy LLC)

MUNICIPAL ADMINISTRATION

- ➔ Development of social support system for housing and utility sectors in Kazakhstan (Metropolitan Research Institute (Hungary), an EBRD project)

HOUSING POLICY

- ➔ Analysis of housing provision for Russian citizens entitled to benefits (Joint-stock company «DOM.RF Russia Housing and Urban Development Corporation»)

WORKSHOPS

- ➔ Changes in apartment building management in 2018 (Izhevsk) (Autonomous Institution for Continuing Professional Education of the Udmurt Republic Republican Center for Continuing Professional Education)
- ➔ How to achieve commercialization in the utility sector. A dedicated study on Kazakhstan (European Bank for Reconstruction and Development)
- ➔ Local community initiatives for landscaping courtyards and common spaces (Kaliningrad, Izhevsk, Ulan-Ude, Cheboksary, Cherepovets) (Grant of the President of the Russian Federation)

PUBLICATIONS

URBAN REGULATION: LEGAL FRAMEWORK FOR URBAN PLANNING: alternative legislative models and error correction program

E. K. Trutnev

Moscow: Institute for Urban Economics, 2019 ISBN 978-5-8130-0185-7

The book is dedicated to relevant issues regarding urban planning regulation in Russia, including its components like urban zoning, land-use planning, urban planning standardization, and verifying design results. Written by: E. K. Trutnev, Head of Research at the Real Estate Market Department, Institute for Urban Economics, Professor at the Graduate School of Urbanism, HSE, compares alternative approaches to these problems and uses the results to propose a specific program for correcting legislative errors.

The book is intended for students, masters, and post-graduate students studying urban planning regulations and architecture, law, economics, administration, and land management; specialists undergoing professional development in property development planning, housing and utilities economy; to employees of federal, regional, and local administrations; and to all who take an interest in design and construction and the legal, economic, and planning support required for developing urban and other areas.

COURTYARD LANDSCAPING: HOW TO PREPARE AND IMPLEMENT A LOCAL COMMUNITY INITIATIVE

I. V. Gentzler, T. B. Lykova, T. K. Baikova, E. P. Zhelezova.

Moscow: Institute for Urban Economics, 2018 ISBN 978-5-8130-0183-3

Recommendations were prepared by the IUE as part of the “Support of Civic Institutions when Involving the Public in Developing Courtyard Areas and Creating a Comfortable Urban Environment” project, funded by a Grant of the President of the Russian Federation for developing civil society, provided by the Presidential Grants Foundation. The goal of the project was to support civic institutions at specific steps in implementing landscaping projects for local community public spaces in various forms and using various funding schemes, including promoting their initiative, developing consolidated approaches to incorporate all stakeholder needs, and organizing joint actions.

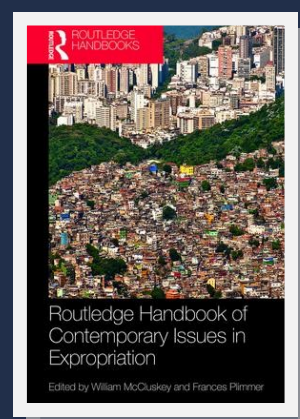
REAL ESTATE EXPROPRIATION IN RUSSIA: REGULATION AND ENFORCEMENT

(Chapter in “Routledge Handbook of Contemporary Issues in Expropriation”)

N. B. Kosareva, T. K. Baikova, T. D. Polidi.

London, Routledge, 2018 ISBN 9781315749167

A resource on contemporary issues regarding real estate expropriation for public needs, issued by Routledge, a major UK publishing house. The book deals with the current key issues associated with expropriating property from owners in the international context. Experts from the Institute for Urban Economics – N. B. Kosareva, IUE President, T. K. Baikova, Lead Legal Adviser at the IUE Real Estate Market Department, and T. D. Polidi, IUE Executive Director, Head of the Real Estate Market Department – prepared one of the book’s chapters entitled “Real Estate Expropriation in Russia: Regulation and Enforcement.” The authors conducted a detailed analysis of the institution of real estate expropriation for state and municipal needs, as applied in Russia. The statutory regulation of both common grounds of real estate expropriation procedures and individual cases of expropriation per special procedures. The authors also reviewed the most common matters in court practice and the legislative issues around applying real estate expropriation mechanisms for state and municipal needs.



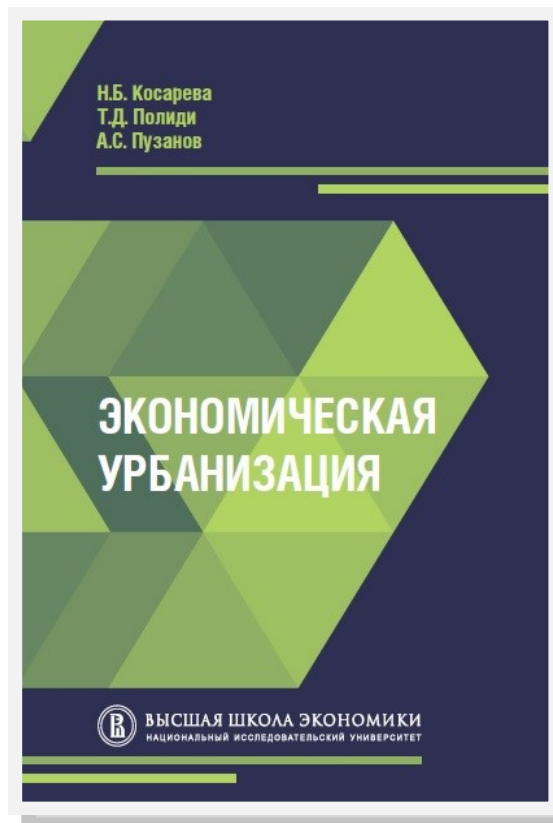
EDUCATIONAL AND SCIENTIFIC ACTIVITIES: COOPERATION WITH HSE

The Urban Economics and Municipal Management Department was established at the HSE School of Public Administration in 2003, as a department to actively promote the IUE's educational initiatives in continuing and higher professional education. The professors of the Department –the IUE employees - teach at the HSE School of Public Administration and at the HSE Graduate School of Urbanism, providing instruction under bachelor's and master's programs.

ECONOMIC URBANIZATION

The book addresses one of Russia's topical issues, i.e. urban development. However, this topic is relevant in other countries as well. Nowadays we can see the significantly increasing role cities play all over the world in the economic development of regions and countries, and even in the global development process. Responding to this trend, the authors took the liberty to include the somewhat provoking concept in the book title of a worldwide "economic urbanization" process.

In the book, the authors consolidated, systematized, and updated the main results and findings achieved from 2015-2017 analyses of the various subsystems in the economic development of cities (including urban planning and housing) as part of the HSE Fundamental Research Program. The authors realized that the research which led to writing the book was just the beginning of a long journey, because the economic urbanization analysis, covering all of its aspects and factors, is inexhaustible. Consequently, urban researchers are welcome to join the process, to criticize and argue, and to suggest new ideas.



N. B. Kosareva, T. D. Polidi, A. S. Puzanov
Moscow: Institute for Urban Economics, 2018

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Higher School of Economics, 2018

ISBN 978-5-8130-0187-1

CENTER FOR PUBLIC RELATIONS

The Center for Public Relations is focused on reporting on The Institute for Urban Economics' activities in the mass media and on the internet.

This work resulted in the Institute receiving high citation ratings in the federal and regional press, IUE experts participating in TV and radio programs, publication of articles, interviews, and comments by these experts on most topical issues.



- Media exclusives — **92** (**54** in 2017)
- Publications in mass-media — **547** (**499** in 2017)
- Facebook subscribers — **1600** (**1480** in 2017)
- Youtube IUE Channel — **14** video; **1900** views
- E-library — 30 materials (*IUE publications from 2010 to 2018 are placed in the electronic research library*)
- Discussion clubs — **12** in 2018, **350** participants

Website WWW.URBANECONOMICS.RU



- **The IUE website** attracted much attention. It is updated daily and, based on Yandex.Metrica statistics, the number of visits is rising steadily. More than **50 000** visits in **2018** (**42 000** in 2017)
- The number of mobile users increased by **25%**, due to the new mobile version of the website
- In early 2018, a new **newsletter form** was developed and implemented

IN THE FIRST PERSON

N. KOSAREVA,

IUE President

On the prospects for increasing housing construction in 2024:

Transitioning to new housing construction funding schemes, a ban on obsolete technologies, and construction that focuses on a comfortable urban environment will require the industry to reload, taking far longer than 6 years.



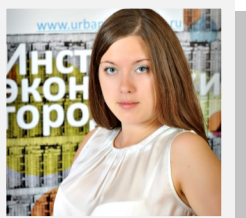
Izvestiya, August 10, 2018

T. POLIDI,

IUE Executive Director, Head of the Real Estate Market Department

About new housing projects:

New housing construction projects with new visual characteristics are emerging. In my opinion, these are the first steps towards changing consumer preferences in housing choice; however, I don't see any dramatic changes here yet. Russia has high poverty rate, and most of the poor will never be able to enter the real estate market. Nothing is being done for these people in our country.



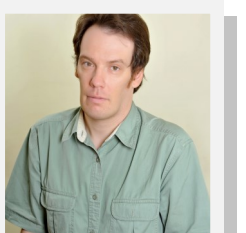
*"Development Region", 8
September 17, 2018*

R. POPOV,

Deputy Director, IUE Municipal Development Department

On the amalgamation of small settlements:

An amalgamation is believed to be able to save the budget in order to maintain administrations. Moreover, problems with qualified personnel could be solved for small settlements. However, an amalgamation may cause discomfort for the residents as the local authorities 'move away' from them.



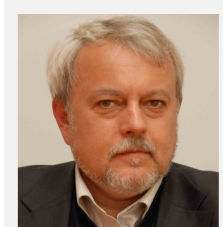
*Rossiyskaya Gazeta,
November 19, 2018*

A. PUZANOV,

IUE General Director

On Urbanization in Russia:

Russian cities have distinctive problems in their sparse and unsustainable development, and the lack of mechanisms for intermunicipal cooperation within metropolitan areas. Urban studies may provide a set of solutions and competencies, but this cannot replace the sociopolitical processes: the recognition, preparation, and adoption of those solutions, their execution, etc.



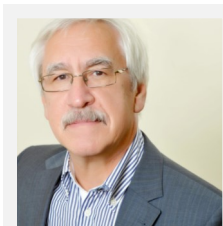
Russian Council on International Affairs, June 28, 2018

E. K. TRUTNEV,

Head of Research at the IUE Real Estate Market Department

On urban regulation:

Whatever is hard to pronounce cannot be simple, can it? Maybe so, but not in this case. Urban regulations, due to the simplicity and clarity of its basic concepts, their natural origination from the fundamental laws of logic and design technology, and to the impossibility of removing from people's everyday life, can and must be understood by everyone as an essential element of a comprehensive education and civilized behavior in a city.



E. K. Trutnev. Urban regulation. Legal support in urban planning: alternative legislation models and error correction programs. Moscow. 2018

I. GENTSLER,

Head of IUE Urban Economy Department

On urban landscaping initiatives:

Many urban residents – both businesspeople and regular citizens – care about the cities they live in. We need ideas and new organizational and funding mechanisms to engage stakeholders in renovating and developing our cities.



All-Russian People's Front, November 29, 2018

FINANCE INFORMATION

- The 2018 consolidated revenue for The Institute for Urban Economics and Institute for Urban Economics LLC for the core business is 84 million rubles, including 22 million rubles received for activities within the IUE Endowment
- The value of the IUE Endowment is 436.1 million rubles as of December 31, 2018
- The Institute for Urban Economics and its subsidiaries (The Institute for Urban Economics LLC and the Specialized Fund for IUE Endowment Management) has been undergone an audit of their 2018 financial and accounting statements. The audit was performed by 1A Consulting Group. The auditor's opinion on all of the entities confirms that the accounting and financial statements are in the compliance with the requirements of Russian law

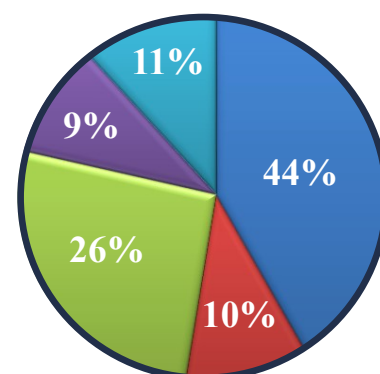
REPORT ON USE OF RESOURCES OF THE IUE (thousand rubles)

REVENUE — 75 312	
Support for target activities	29 189
Revenues from business activities	46 123
	→ income — 34 551 → advance payments — 11 572
EXPENSES COVERED — 58 320	
Expenses for target specific activities	27 809
Direct expenses for business activity	16 625
Expenses for institutional development and development of new tracks of activities of the IUE Fund	358
Expenses for the staff training and skills improvement	63
Expenses for the employees' social support programs	392
Expenses associated with the Center for Public Relation activity	1 871
Expenses for office support, including tenancy, administrative and business expenses, etc.	8 774
Expenses for purchase and maintenance of fixed assets, equipment and other property	689
Expenses for the auditing of the IUE's financial statements	70
Other expenses (including bank charges)	272
Tax payments	1 397
Cash balance at the beginning of the reporting period	24 190
Cash balance at the end of the reporting period	41 182

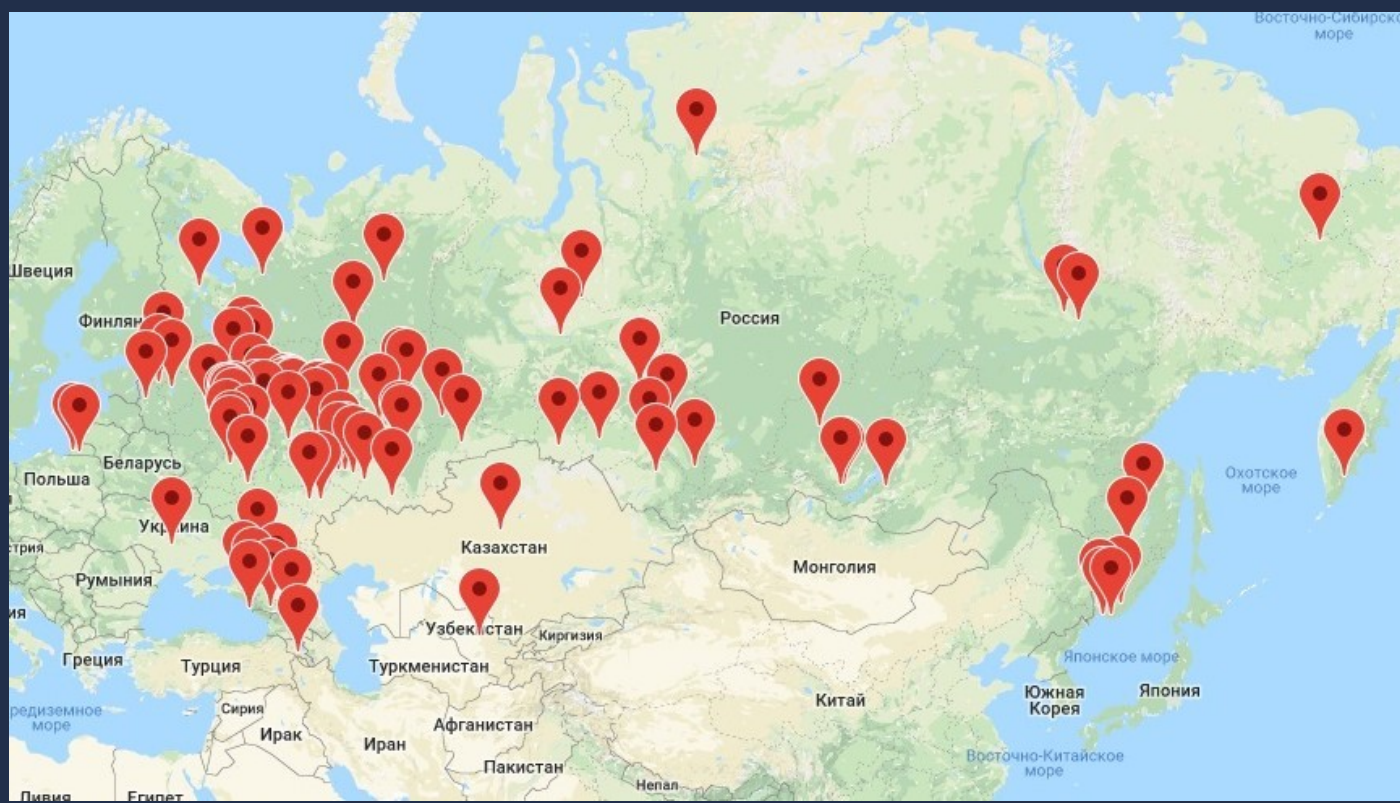
CONSOLIDATED BUDGET STRUCTURE OF IUE AND IUE LLC, BY SOURCES OF FINANCING

TOTAL 84 million rubles, including:

- state authorities/local governments and Russian organizations contracts — **36.5 million rubles**
- international organizations contracts — **8.8 million rubles**
- IUE Endowment — **22 million rubles**
- other general support revenues (grants) — **7.2 million rubles**
- other revenue — **9.5 million rubles**



INTERACTIVE MAP OF PROJECTS



<http://urbaneconomics.ru/en>

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<https://www.youtube.com/channel/UCq3VciO0o6y5RYqcejjRFnA>