

VEGAS LEX ACTS AS OFFICIAL PARTNER OF THE FIRST ANNUAL RBC FORUM, REAL ESTATE IN RUSSIA

On May 25, 2016, RBC held the first annual forum, *Real Estate in Russia*, devoted to the current situation, trends and issues on the domestic real estate market. Major market players and government representatives attended the event organized with the support of the law firm VEGAS LEX.

On May 25, 2016, the RBC media holding held the first annual forum on *Real Estate in Russia*, with the support of the law firm VEGAS LEX. Representatives of the government, leading developers and real estate market experts discussed current issues and construction industry development strategies in Russia in 2016, as well as the potential changes and new formats of cooperation between the state and the business.

Speakers at the forum included Minister of Construction, Housing and Utilities **Mikhail Men**; Deputy Chairman of the Moscow Region Government **Herman Elyanyushkin**; Minister of the Government of Moscow, Head of the Department for Economic Policy and Development **Maxim Reshetnikov**; Head of the Moscow Department of Urban Planning Policy **Sergey Levkin**; CEO and Chairman of the Executive Board of the Agency for Housing Mortgage Lending **Alexander Plutnik** and others.

The first session of the forum was held in the format of debate on issues such as government and business cooperation in the development of infrastructure of projects under construction and government policy implementation; the regulatory framework for pricing in the sector; new measures and mechanisms of mortgage market development without government support; integrated development; development of industrial areas in Moscow; new principles for the development of the Moscow Region; reduction of administrative barriers, and others.

VEGAS LEX Partner, Head of Real Estate, Land & Construction practice [Igor Chumachenko](#) spoke about the practice of applying the law in the construction industry, the potential problems and possible solutions. In particular, he noted that during the last two or three years, significant changes have been made to the legislation regulating land relations, urban planning and cooperative activities between public and private partners in construction investment projects. As of today, we have a system of clear and understandable rules that govern relations in the sphere of development. The speaker focused on the Land Code regulations that govern the provision and withdrawal of land, having underlined that he does not really see the point in the newly-introduced system of extrajudicial withdrawal of properties, which can lead to abuse. According to Mr. Chumachenko, it would be more reasonable to pay attention to the need to change the Land Code provisions on termination of lease rights. A separate bill is now in the works on the comprehensive development of industrial areas, along with the Town Planning Code provisions on further development of existing urban areas. "We are gradually returning to the practice of infill development, and comprehensive development does not work for Moscow just yet. What we need is not new special laws – we need to improve the mechanisms that already exist," Mr. Chumachenko said.

At the second session, *Investments in construction in 2016: how to make money in the new economic reality?* Igor Chumachenko made a presentation on the legal instruments of interacting with the authorities while implementing investment projects. Mr. Chumachenko outlined the important factors for selecting the right model for an investment project, and explained the legal mechanisms for implementing projects that involve the state as one of the stakeholders. He spoke about contractual tools for structuring relations with the authorities; pointed out the aspects that need to be considered within and outside the framework of a PPP project to minimize risks; and listed the possible organizational and legal models (concessions and PPP agreements, and other types of contracts specified or not specified in the Civil Code) for investment projects in construction.

The participants then discussed related issues, including the kind of projects that are now in demand; how projects can be attractive for investors, customers and the city government and how to improve their attractiveness; how to increase the opportunities for the development of commercial and residential real

estate in Moscow and the Moscow Region and diversify ways of solving the problems encountered; and the specifics of investment in integrated development projects.

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