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Historic Moscow Properties for 1 Ruble

By Ken Martinez

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A historical mansion on the outskirts of Moscow. **Denis Grishkin**

City authorities have held the first auction in their plan to distribute rental rights to buildings recognized for their historical and cultural significance — at the price of 1 ruble per square meter.

But the deeply discounted price scheme isn't so simple. The auction is part of a program to have private investors restore dilapidated buildings in the center, and the 1 ruble price tag takes effect only once the building "looks like it did in the 19th century," which experts estimated for some properties would require restoration costing 300 million rubles ($10 million), Kommersant said.

At the auction Wednesday, three buildings from the 18th and 19th centuries in the city center were put on the block and went for between 13.8 million rubles and 20 million rubles a year, before the discount takes effect. The auction attracted 20 participants.

One of the buildings, the half-destroyed 705-square-meter historical home of the merchant

Nikolai Baulin, is included in a list by the Moscow city government's department of cultural heritage as an architectural landmark whose condition is most concerning. It was auctioned at the price of 16 million rubles per year.

Earlier this year, city officials announced the revolutionary plan for restoring historic buildings. According to the plan, investors would receive the properties on rental contracts of 49 years, with the condition that the restoration projects take no longer than five years. About 244 buildings deemed to have historically significant architecture are to be included in the project.

Real estate developer MR Group previously estimated the cost of restoration work for the properties at $2,500 to $10,000 per square meter, depending on the condition of the buildings, meaning that a nearly 1,000-square-meter estate on Podsosensky Pereulok could cost the investor who acquired it between $2.5 million to $10 million to repair, Vedomosti reported.

At the rental price of 20 million rubles per year, this would be equivalent to paying rent for only four to 15 years, resulting in a large discount on the 49-year lease.

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