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Sobyanin Daughter's Apartment Triggers Controversy

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Sobyanin's daughter has an apartment on 12/1 Rochdelskaya Ulitsa.

A seven-story apartment complex on a quiet Moscow street just a five minute walk from the Cabinet building is widely known as the White House, not only thanks to the color of its facade. The house is reportedly home to high-profile government officials inhabiting vast apartments valued at millions of dollars apiece.

The property came into the limelight over the last few days after the 16-year-old daughter of acting Moscow Mayor Sergei Sobyanin was spotted among the apartment owners in the building, where accommodation is provided to officials by the state.

Olga Sobyanina has been the owner of a 308-square meter apartment in the complex since 2010, opposition leader Alexei Navalny said in a LiveJournal post Friday, citing information released by the Moscow election commission ahead of the mayoral election scheduled for Sept. 8.

Navalny, who is Sobyanin's major rival in the race, sent a request to the Prosecutor General's Office to check whether the privatization of the apartment was legal, claiming that its price is six times as much as Sobyanin's estimated income over the last 10 years.

The apartment on 12/1 Rochdelskaya Ulitsa might be worth about $5.3 million, Navalny said, adding that his estimates are based on the information available from open sources.

To calculate the possible price of the apartment owned by Sobyanin's daughter, he used the price of another property in the same apartment complex — a 200.2-square-meter apartment valued at 103.8 million rubles ($3.4 million), or $17,000 per square meter. Based on those figures, a 308-square-meter apartment might be worth $5.27 million, Navalny said.

Such an approach can provide only approximate estimates of the price that the acting mayor might have paid for the property, since the prices for apartments in the building vary depending on the story, design and other parameters, real estate agencies said.

Housing prices in the complex on Rochdelskaya Ulitsa, which belongs to the segment of high-end properties, might range from $15,000 to $24,000 per square meter, said Dmitry Khalin, managing partner at IntermarkSavills.

Navalny said in his LiveJournal post that Sobyanin, as a mayoral candidate, must provide transparent information on his income and property ownership and explain "how his under-age daughter came to own a huge luxury apartment in a high-end district of Moscow."

Khalin pointed out, however, that the existing high-end housing near Ulitsa Krasnaya Presnya in downtown Moscow is traditionally not the most expensive, with deals in the district usually being closed at $15,000 to $18,000 per square meter.

An average price for high-end apartments in Moscow now stands at about $23,000 per square meter, Khalin said. He added that the price dynamics has remained almost unchanged over the last few years, with annual price increases not exceeding 5 percent.

The complex on Rochdelskaya Ulitsa is typical accommodation for officials who are still in office, while those retired tend to live in even more luxury homes, Khalin said.

The neighbors of Sobyanin's daughter include Foreign Intelligence Service Head Mikhail Fradkov, Sberbank president German Gref and the Kremlin Chief of Staff Sergei Ivanov, according to the Svobodnaya Pressa online publication.

The other luxury accommodation for high-profile inhabitants is a building in Shvedsky Tupik near Tverskaya Ulitsa, where apartments prices reach $50 million, Bloomberg reported last month. The residents include primarily President Vladimir Putin's close allies like oil tycoon Gennady Timchenko and Rosneft head Igor Sechin, according to the report that cited two unidentified residents.

Navalny's post prompted reaction by City Hall, with Sobyanin's spokeswoman Gulnara Penkova saying that he had received the property from the presidential property department in 2006 while serving as the Kremlin chief of staff. Sobyanin later privatized the apartment, Penkova told Vedomosti.

Some observers cast doubts on legality of the move, since the current law bans state-owned apartments provided to government officials from being privatized.

Viktor Khrekov, a spokesman for the Kremlin's property department, explained that officials get apartments in the complex on Rochdelskaya Ulitsa after signing a rental contract with the state under a deal that allows subsequent privatization.

But Oleg Shein, a deputy of the Astrakhan region's legislature, said Saturday that, under the Housing Code, such contracts could only be concluded by specific categories of citizens including orphans, people suffering from serious diseases or those who lost their only home in a fire.

He demanded that the Moscow Prosecutor's Office carry out a check into the privatization of the apartment by Sobyanin.

Unlike apartments that officials receive for a limited time period when they remain in office, those signing a rental contract are not bound by any time frame, said Alexei Dolgov, a lawyer at Khrenov and Partners. A person signing a rental contract with the state has the right – granted once in life - to subsequently privatize this housing for free.

But it remains unclear how Sobyanin could have received his apartment, since there's a limited number of people eligible to sign a rental contract with the state, including orphans and low-income categories, he said. This range can be expanded by specially issued federal or municipal laws or presidential decrees, Dolgov said, adding that he had not found such documents concerning Sobyanin in legal databases.

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