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Former Auditor Appointed Head of Troubled Property Registry Agency

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The former head of Rosreestr was accused of selling off Arkhangelskoye estate plots at below market prices.

A former auditor has been appointed head of the Federal Service for State Registration, Cadastre and Cartography, or Rosreestr, an organization whose inefficiencies and corruptions he investigated several times in his previous post.

Igor Vasilyev replaces Natalya Antipina, who served as deputy director from late 2010 to 2012 before her promotion to agency head, First Deputy Prime Minister Igor Shuvalov said Friday at the agency's yearly meeting of senior officials.

Rosreestr was struck by several waves of censure under Antipina's direction, most recently for corruption in the illicit sales of valuable historic property in the Moscow region.

In February, the Audit Chamber concluded that regional divisions of Rosreestr and the Federal

Property Management Agency had sold off plots of land from such well-known landmarks as the New Jerusalem Monastery and 18th-century Arkhangelskoye estate in the Moscow region.

The properties were sold at drastically reduced prices, depriving the federal budget of 28.1 billion rubles ($790 million), the Audit Chamber said in a statement.

Returning the properties to the government will be complicated by the fact that Rosreestr and the property management agency have yet to compile a complete list of the properties that they own, the auditors added.

The task of creating an electronic registry detailing the borders and ownership of all properties in Russia, federal and otherwise, is one of the key tasks assigned to Rosreestr and one that the agency has yet to complete.

About 78 percent of properties in the Moscow region have yet to receive a cadastral valuation, or officially recognized property value, auditor Maxim Rokhmistrov said, Vedomosti reported.

The cadastre still does not specify the exact borders of 97 percent of villages, towns and cities in the Moscow region and of 77 percent of all state-owned lands there, he added.

An earlier inspection by the Audit Chamber and Federal Security Service found in June last year that not a single one of Rosreestr's assigned goals in the creation of the cadastre had been fully met.

Then-auditor Vasilyev presented the results of this inspection, which stated that the agency had misused more than 21 billion rubles ($610 million) designated for the initiative, including 5.1 billion rubles that, according to the auditors, Rosreestr had no right to spend at all.

The majority of these improper expenditures occurred under Sergei Sapelnikov, deputy head in charge of informational technology, surveying and cartography who was entrusted with creating the electronic cadastral system.

Sapelnikov was fired from his post in September. Izvestia reported at that time that he fled to Ukraine prior to his dismissal in fear of prosecution for graft.

A complete cadastral registry is sorely needed by multiple branches of government.
The system is necessary for the government "to resolve disputes between property owners, collect a property tax, expose misappropriated land and other similar issues," Investcafe analyst Roman Grinchenko said.

In keeping accurate cadastral values, which closely estimate the market values of property, a perfected cadastre would also help prevent corruption in the sale of government property, said Tatyana Shkolnaya, deputy director at the Higher School of Economics' Institute for Tax Management and Real Estate Economics.

The demand for a new registry appeared after the fall of the Soviet Union. Amidst the sudden transition to a market economy and the denationalization of lands and enterprises, "it became necessary to re-evaluate land and property according to market principles," Shkolnaya said.

As a result, the government needed to measure all properties and establish their cadastral value, a procedure which by law should be repeated at least once every five years so as to reflect changes in the market, Shkolnaya said.

The process has been slow and painful. As of October, the state had no information on the ownership of almost 40 percent of all real estate in the country, the Federal Tax Service said.

A representative from Rosreestr said in early February that the cadastre is more than 90 percent synchronized with a previous database of property rights in use since 1998, but that problems remain with properties registered before that.

This information is needed in the courts for the detection and prosecution of squatters. There were more than 76,000 recorded instances of people occupying land that did not belong to them in 2012, Grinchenko said.

"Having a high-quality cadastre system will make it simpler to punish wrongdoers and diminish this kind of crime," he said.

The issue has received particular attention as the government, anxious to increase tax revenue, attempts to shift to a property tax system based on cadastral values rather than artificially low Soviet-era "inventory" values.

President Vladimir Putin in 2012 called for the new tax to be set in force by 2014, but the measure has consistently been delayed by the incomplete cadastre and other technicalities.

Hoping to pull property owners to account under threat of expropriation, the Economic Development Ministry submitted a draft bill in January that would nationalize any property whose ownership is not registered by March 2018.

The tax authorities, dependent on the information that receive from Rosreestr, have also proposed an amendment to the Tax Code that would offer owners a pass on three years of taxes if they come forward and declare their right to a property on which the government has no information. If the tax inspectors find them first, the owner would be obliged to pay up all three years of back taxes.

In short, the tasks awaiting new Rosreestr head Vasilyev are not to be envied — and his agency's workload is just about to increase.

Prime Minister Dmitry Medvedev said Monday that the annexed territory of Crimea must shortly transition to the Russian cadastral system, Itar-Tass reported.

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