

# *Problems of Housing Policy in Russia*

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**Abstract:** The development of the social policy of each state is based on the issues of reforming, modernizing and developing the housing sector, which is aimed at creating the necessary living conditions for people. Turning to Russia, it should be noted that the provision of housing for Russians does not fully correspond to the international level, which has a negative impact on the level and quality of their life. The authors have attempted to identify the true causes of inefficient housing policy in the Russian Federation. The purpose of this work is to identify current topical issues in the housing sector in Russia and, on this basis, to propose the main directions for improving housing policy in the Russian Federation. The priority of the state is implementing the constitutional right of citizens to housing. This article considers how this right of citizens is being realized in Russia.

## 1. Introduction

According to the Constitution of the Russian Federation, every citizen of the Russian Federation has the right to housing [1]. To ensure the implementation of this right, the state pursues the housing policy. Housing policy is an integral system of specific measures aimed at providing citizens with affordable and comfortable housing. Housing is considered comfortable when it is light and spacious enough and is well heated in winter, which is especially important for Russia, where there are different climatic zones, but on most of its territory (for example, in Siberia) there are severe frosts for almost half a year. In addition, according to the generally accepted standards, for comfort-class homes, it is necessary to have a well-groomed and developed local area, including landscape design, landscaping, playgrounds, multi-level street lighting and a well-developed infrastructure: schools, kindergartens, clinics, shops within walking distance and etc. All this should be in the comfort-class.

And the affordable housing means that at least most citizens can buy it. The Russian authorities believe that most people will be able to earn money for housing and purchase it on market terms using mortgage loans. The state has obligations to meet the housing needs of only some of the citizens of aid-receiving categories, as recorded in the Housing Code. Data from sociological studies show that the housing problem is faced by 61% of Russian families who are not satisfied to this or that degree with their housing conditions. At the same time, every fourth family has a dwelling in poor or very poor condition. The total demand of the population of Russia for living space is 1,570 million square meters, and to meet it, it is necessary to increase the housing stock by 46% [2].

## 2. Problem Statement

The authors, using the method of historicism, attempted to trace the main stages of the implementation of the state housing policy after the collapse of the USSR from 1991 to 2019. In this case, the task was set to compare the rates of housing commissioning in the USSR and in the capitalist Russia. After Boris Yeltsin and his associates had destroyed the Soviet Union, they were faced with the problem of showing the population that socialism was replaced by a better system, and that the market would solve all their problems, including problems with housing.

The implementation of the state housing policy in the new Russia began with the Federal Target Program (FTP) “Housing”, approved by the government of the country in 1993. Due to the ineffective state management led by the inept manager B.N. Yeltsin, this most important program for the Russians was failed. In 2001, another program with the same name was developed to replace it. The new Federal Program “Housing”, scheduled for 2002-2010, has been widely publicized in the Russian media. But it was not fully implemented for the same trivial reason: insufficient funds were allocated for it, both from the federal and regional budgets. Suffice it to say that in 2010 only 79 million rubles were allocated for the financing of the Federal Targeted Program “Housing”, [3] or \$2.6 million at the rate of the Central Bank of Russia as of January 1, 2010, and this is for an enormous country!

President V. Putin stated the failure of the state housing policy at the enlarged meeting of the State Council held in Kazan in 2007: “The volume of new housing construction does not compensate for the general aging of the housing stock. About 2 million families live in a dilapidated and emergency fund, and for many of them the practical perspective of solving the housing problem is almost completely absent today”[4, p.178]. In an effort to change the situation with housing in the country where more than half of the citizens, according to V.V. Putin, needed to improve their housing conditions, the head of state in his next message to the Federal Assembly in the same year 2007 set an ambitious task: to increase the volume of housing construction to 100-130 million square meters per year [5]. To achieve this goal, the political leadership of the country has developed a priority national project called “Affordable and Comfortable Housing for the Citizens of Russia”. Its implementation took place in 2006-2010. It was planned to allocate at least 133.1 billion rubles from the federal budget for financing it [2]. It should be noted here that the term priority means “preeminent”, “most important” before all other projects. However, in reality, it turned out to be far from being a priority as compared to, for example, the financing of the military-industrial complex or law enforcement structures, to the development of which several times more funding from the state budget was allocated than to building the affordable and comfortable housing for Russians.

Despite the fact that more than 10 years have passed since then, the task set by the president for the political elite in 2007 to increase the volume of housing construction was not fulfilled. This is evidenced by the following table [6].

Table 1: Housing delivery in Russia, 2010-2018, in mln m<sup>2</sup>.

2010	2011	2012	2013	2014	2015	2016	2017	2018
58.4	62.3	65.7	70.5	84.2	85.3	79.8	79.2	75

The table shows that neither in 2010, nor in all other years until 2018, the Russian construction industry even came close to the control figures for housing construction, which V. Putin determined. Moreover, if the area of houses built by citizens themselves without the construction industry is subtracted from the total number of commissioned residential buildings, the indicators will be even more deplorable. Thus, according to the data of the Analytical Center under the Government of the

Russian Federation, 40–44% of the total area of housing commissioned in 2013–2018 accounted for the houses built by the population, i.e. the so-called individual housing construction (IHC) [7]. And 40-44 percent of housing built by private traders is subtracted from the "record figure" 85.3 million square meters in 2015, the most successful year in implementing the state housing policy accounts for only 48-51 million square meters.

There are several reasons for this; among them the main ones, in our opinion, are the following: 1) inefficient public housing policy: to fulfill the ambitious goal, it is obviously not enough to read the text of the message from the high rostrum, but the large organizational and other work is needed to accomplish a complex task; 2) for the construction of affordable and comfortable housing for the citizens of Russia it is necessary to allocate much more material and financial resources than it was done for all of the specified years in Russia; 3) it is obvious that to increase the amount of construction and the annual commissioning of 100-130 million square meters of housing, it was necessary to develop the national construction industry, to equip it with modern technology and to supply it with experienced engineering and working personnel; 4) to satisfy the growing needs of the industry in building materials: cement, brick, concrete, rubble, finishing materials so that there is no downtime; 5) without delays or corruption to allocate land plots for the construction of residential houses, to provide them with necessary communications and infrastructure: electricity, natural gas, water, sewage, asphalt roads, etc. Of course, it was necessary for the president and the government to deal with regional and municipal authorities and to coordinate and control all these and other processes. But no one in this complex actually did anything about these important matters, except perhaps for several regions: the Moscow and Belgorod regions, and the Krasnodar Territory, where housing policy was in the center of attention of the regional leaders.

And the president, instead of holding the negligent subordinates accountable for failing to implement his ambitious goals in his annual messages, continued to set more and more new tasks, not taking proper measures to implement the previous ones. Moreover, none of his numerous appeals to the Federal Assembly, the government of the country and the governor's corps, which, by tradition, always attended the announcement of the annual messages of the head of state, ever began with a question why the ambitious goals were not achieved. The head of state has never publicly, in the presence of the Russian establishment, named the officials responsible for these failures in work, did not indicate their official inconsistency, did not announce punishments for unfairly fulfilling the instructions of the head of state. As a result, the country has been marking time on the same place for many years in a row.

That is why President V.V. Putin, 11 years after he for the first time in 2007 had set before the Federal Assembly an ambitious task - to build 100-130 million square meters of housing each year, when reading the text of his next message on March 1, 2018, again sets before the Federal Assembly the same ambitious task - to put into operation at least 120 million square meters of housing annually. "We need to take a new height, to strive to increase the volume of construction from today's 80 to 120 million square meters per year. The goal is very ambitious, but also absolutely realistic, bearing in mind both new technologies and the experience that our construction companies have, as well as new materials "[4], thus the head of state set before the Federal Assembly, the government, the governor corps and other representatives of the political and economic elite this new-old ambitious task.

It seems to us that the expression of the president of "needing to take a new height" of 120 million square meters of housing is not the most successful finding of his speechwriters who had written for the president the message, which he announced on March 1, 2018. This is not a "new height", since the president spoke about this height more than a decade ago, calling for doubling the commissioning of housing from 50 to 100-130 million square meters per year [8]. And such *deja vu* can be seen in the ambitious plans of the president more than once. In the same year 2007, President

V. Putin set a very ambitious economic task: to enter the TOP-5 largest economies of the world [8]. In his May decree (2018), this ambitious task was repeated again.

Some observers of such statements of the head of state have even made a table when and in which years he would return to it from time to time, without taking real steps towards the cherished goal. In 2008, the government-approved Strategy 2020 promised that Russia would enter the top five largest economies in the world by 2020; in 2011 (September 24) - V. Putin promises to accomplish this task even earlier, by 2016. And in the well-known decree signed by him on May 7, 2018, the implementation of this ambitious task was postponed until 2024, by the end of his next presidential term [8].

It seems to us that this and many other ambitious tasks, called strategic by the May presidential decree, will not be achieved as well, for the same reasons listed by the authors above, regarding the ambitious goals of housing construction.

Of course, the authors of this article would like to hope for the best, that over the next six presidential years (under the current constitution, he cannot be elected to this post in 2024), the head of state will apply all his strength, organizational talent and other qualities of a leader and will implement, finally, his new promise about providing Russians with housing, in order to be remembered in history with a positive sign.

The main helper of the president in the implementation of the ambitious task in housing construction can still be a private trader with his hard work. It is only necessary to follow a rule: do not prevent him from working. And for this purpose it's necessary to keep the local authorities and controlling organizations in line with their checks. Let them better exercise control over the implementation of the next federal target program "Housing", approved by the government resolution of August 25, 2015 No. 889 for 2015-2020 [7], and make sure that the money allocated for the implementation of this program is not plundered through corruption schemes.

Meanwhile, this new federal program favorably differs from all the previous ones. It determines that for the implementation of housing policy at the present stage it is necessary: 1) to create conditions for the development of the market of affordable and comfortable housing; 2) to regulate housing prices; 3) to stimulate the development of construction in all regions, not only in Moscow and St. Petersburg, 3) to significantly increase the volume of housing construction; 4) to form the modern engineering and utility complexes, to develop infrastructure, etc.

Thus, the federal target program "Housing" contains the main provisions of the state housing policy. Its implementation takes place with the help of five sub-programs aimed at:

- provision of housing for young families;
- fulfillment of the obligations of the state, consisting in providing housing for certain categories of the population;
- housing development at the regional level of the country;
- modernization of public utilities infrastructure.

It seems to us expedient in the current situation to turn to the historical experience of our country in order to creatively use its positive aspects to speed up housing construction in modern Russia. This experience deserves to be talked about today. Suffice it to say that in the USSR, more than half a century ago, since 1956, 107 million square meters of housing were delivered annually, almost twice as many as today, if one does not take into account the individual housing construction. Remember that as a result of the Second World War, 1710 cities and urban-type settlements were destroyed in the USSR, more than 70,000 villages were burnt [10], so the solution of the housing problem was a vital task. It was enshrined in the program of the CPSU, the leading and guiding force at that time, in order to help raise the level of the people's material well-being. An important date in the construction area of the USSR is July 31, 1957, when the Central Committee of the CPSU and the Council of Ministers of the USSR adopted a resolution "On the development of

housing construction in the USSR”, which consolidated new principles in the construction area of the country. Industrial construction began with the construction of prefabricated houses, popularly called "Khrushchevkas" or "Khrushchev-era apartments". "Khrushchev-era apartments" were a new type of housing, completely different from the previous ones, since its main idea was in a small area, but functionally oriented for the life of the population. That is, in the norms of area the size and space were reduced to a minimum: the kitchen area was 5-6 m<sup>2</sup>, the dressing room was 2-2.5 m<sup>2</sup>, and the bathroom was combined. Garbage chutes and elevators in the Khrushchev apartments were not provided, so the height of the houses reached only 5 floors.

At that time, the principle of “a flat for a family” acted, which received approval and scientific justification, and later was widely used in practice. For the accelerated construction of panel five-story buildings, in large cities and regional centers the house-building factories were created for the production of wall panels, foundation blocks, etc., which allowed building houses and even whole blocks in a short time. One of these districts, built in Moscow under N.S. Khrushchev, received the name "Cheryomushki". Depending on the project, residential houses of the “subject to demolishing” series were designed for 25 years, the “non-subject to demolishing” - for 50 years, but many of them still exist today. Most of them are now included in the plans of so-called renovations. The government and local authorities controlled issues related to housing construction, providing comprehensive assistance to construction companies in the acquisition of equipment and building materials, and subsidized them with cheap fundings.

As a result, the most important social task of providing the population with comfortable housing was solved: from the dugouts and cellars, and hastily built houses, immediately after the war, people moved (free of charge) to warm and bright apartments. It is now that the so-called Khrushchev-era buildings are cursed and it is suggested to level them with the ground. And 60 years ago, these squat houses saved the country from a powerful housing crisis. And from the aesthetic point of view, these new five-story buildings were disproportionately more attractive than the depressing barracks in which millions of people lived. By 1964, when N.S. Khrushchev was removed from all posts and made retire by the decision of the October Plenum of the Central Committee of the CPSU, due to his energy, perseverance, dedication and political will, 54 million people had moved to new apartments, and even five years later this number increased to 127 million [11]. The housing issue had lost its urgency.

After coming to power of L.I. Brezhnev in October 1964, housing construction in the country not only was not curtailed, but, on the contrary, acquired a new positive dynamic. It is clearly shown in the following table [10].

Table 2: Dynamics of new housing construction in 1966-1980 during the reign of L.I. Brezhnev.

Years	Volume of housing commissioned (million m <sup>2</sup> )	Improved living conditions, (million people)
1966-1970	518.5	54.9
1971-1975	544.8	51.6
1976-1980	529.7	52.1

It follows from the table that the construction of new housing during the leadership of L.I. Brezhnev, (this period was undeservedly and unscientifically called by the Russian propagandists the period of "standstill and stagnation") developed at a faster rate than under V.V. Putin. Under socialism, which the Russians renounced after President B. Yeltsin, every year 16 million of USSR citizens could improve their living conditions and that for free. During the reign of L.I. Brezhnev 80% of Soviet families already lived in separate comfortable apartments [12, p. 354].

The peculiarity of the Soviet system was that there was a close intertwining of production and the providing of living conditions for each family. As a result, not only the housing policy in the country, but also the level of the economy improved. Enterprises provided comfortable apartments for employees, which had a positive impact on production [13].

Thus, the measures taken now by the state policy in the area of improving the living conditions of citizens are not enough to solve the problem of providing housing to those in need of such.

### 3. Purpose of the Study

The purpose of this work is to identify the current topical issues in the housing sector in Russia and, on this basis, to propose the main directions for improving housing policy in the Russian Federation.

### 4. Research Questions

1. Make an attempt to trace the main stages of implementation of the state housing policy after the collapse of the USSR from 1991 to 2019.
2. Identify the causes of inefficiency of the state housing policy in the capitalist Russia.
3. Compare the commissioning of housing in the USSR and in the Russian Federation.
4. Formulate proposals for optimizing the housing policy in the modern Russia.

### 5. Findings and Conclusion

1. On the basis of the conducted research, it can be concluded that, despite the measures taken and the policies being pursued in the country, the Russian state is not yet able to solve the acute housing problem. Among the serious problems is that the country has a tendency of rapid aging of the housing stock, which was built under Soviet rule. The transition of hundreds of millions of square meters of housing to the dilapidated and emergency category, threatens the lives of hundreds of thousands and millions of Russians. According to the official data of the Ministry of Construction, the total depreciation of housing amounts to more than 60%, and 25% of fixed assets have already fully served their term [9]. More than 300 mln of square meters of residential buildings are in need of urgent capital repairs, which makes up about 11% of the total housing stock [17]. But the rich state has only one answer to this: "There is no money, but you hold on!"

In addition, significant problems are observed in the engineering and sanitary-technical equipment of residential buildings: their timely repair and replacement are not made, so they are often in disrepair. Pipes rust and burst, gas equipment explodes, taking away human lives.

2. But at the same time, the power establishment is quite comfortable in the housing issue. This is evidenced by numerous publications in the Russian media. For example, the family of the former First Deputy Prime Minister of the Russian Government I.I. Shuvalov has four apartments [18], including an apartment in the UK with the area of 1,479 m<sup>2</sup>, valued at \$22 million, and a house in the United Arab Emirates. Many wealthy ministers, senators, deputies and businessmen buy comfortable luxury housing in the UK. One of such apartments with the area of 489.3 square meters was recently acquired by a senator from the Tula region; a smaller apartment with the area of 312 m<sup>2</sup> was bought by MP V. Blotsky [18].

3. State housing policy does not meet the modern requirements: it is not effective and does not achieve the goals that it set for itself. The organizational and other certain actions and measures are not focused on solving the housing problems of the majority of Russians. Every second resident of the country, according to the President, is in need of better housing conditions. Housing for the majority of ordinary citizens is not yet available due to low volumes of house construction and the high price per square meter.

4. Insufficient financial and material resources, still being allocated for the solution of the housing problem both at the federal and regional levels.

5. The unfavorable situation in the economy, negative financial and economic changes in the construction industry, complex geopolitical relations, including anti-Russian sanctions, etc., do not contribute to the implementation of the constitutional right to housing.

6. Most of the citizens of the Russian Federation do not have an opportunity to apply to housing mortgage lending, since it is necessary to invest a significant amount of their own funds, which they do not have, and also because of high interest rates on mortgage loans.

7. The increase in housing prices in comparison with the growth rate of real disposable incomes of the population; as well as the rising cost of housing over the cost of its construction.

To solve the above mentioned problems, we can suggest the following areas of work, based on the development of the main issues of housing policy in Russia:

1. To ensure the integrated and sustainable development of residential areas, based on maintaining balance between the number of residential areas put into operation, the capacity of social, transport and engineering infrastructures and the number of jobs;

2. With the use of various socio-economic mechanisms to create conditions conducive to increasing the availability of housing for the entire population, regardless of their well-being.

3. To use socio-economic planning, aimed at accumulating financial resources by the population, for the subsequent purchase of housing, in order to characterize the ratio of the personal well-being of the population, growth rates of the economy and growth rates of housing prices;

4. To stimulate low-rise and mid-rise housing construction;

5. To regulate the massive construction of multi-storey apartment buildings in major cities of the state;

6. To develop public-private partnerships in the social, engineering and transportation fields;

7. To develop new effective approaches to the development of built-up areas;

8. To improve the quality of housing construction;

9. To formulate clearer parameters of housing affordability for various categories of citizens;

10. To improve the legal mechanism for the capital repairs of apartment buildings;

11. To develop the practice of commercial housing;

12. To develop mechanisms for attracting private investments in the construction of social rental houses.

Time will show whether the country's leadership will use these and other recommendations of scientists and specialists for the modernization of housing policy. In the meantime, the constitutional principle of providing Russians with housing is not properly implemented.

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