

Features of housing and solving the housing problem in Russia

Yuliya Vladimirovna Larionova and Svetlana Alexandrovna Pavlova

Modern Humanitarian Academy, Kozhevnickeskaya street, 3/1, Moscow, 115114, Russian Federation

Abstract. The article presents the research into the development and implementation of state housing policy in the field of housing and solving the housing problem in the Russian Federation (the RF). It was noted that in solving the housing problem the understanding of how legitimate the state intervention in the housing sector has an important role in the market economy. Theoretically, the market leads to the supply-and-demand equilibrium through a complex mechanism that is a subject to the availability of competition and enough information to make a rational decision. However, with regard to the housing the free and open market pre-requisites have the limited use. Several problems in the market mechanism functioning in the housing sector are presented herein. According to the results we have concluded that the current development and implementation process of the state housing policy is determined by the need to find new forms, due to the development trends in the economy and social area of the Russian regions. The existing approaches of population aimed to the housing problem solving cannot fully remove its acuity, what is particularly acute reflected on the low-income families. The State housing policy development that takes into account the regional specifics of housing market in a proper manner shall become a priority direction for the social and economic development of Russian regions.

[Larionova Y.V., Pavlova S.A. **Features of housing and solving the housing problem in Russia.** *Life Sci J* 2014;11(12s):650-653] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 141

Keywords: housing policy, State, housing, region, social area

Introduction

An ordered systemic organization of the man's housing area at the all society development stages is the most important component of the human capital reproduction, because, namely, the living environment quality in each territory sets stimulus for the social and economic relations development. People changing-over to new standards of how to organize their household, changing the dwellings architecture, comfort increasing, empowerment to meet the individual and collective needs of family members – all that leads steadily to the formation of a new type of social relations and the transformation of society life in general [1, pp. 24 – 27].

Your attitude towards the Russian economy modernization as to the concentration of effort and resources only in the forthcoming technological breakthrough without solving the housing problem in view of its regional specificity would be an incomplete program measure, deprived of the opportunity to achieve your ultimate goal – improving the welfare and quality of life of Russians. The modernization as a necessity, possibility and chance of Russia and its separate regions to take a worthy place in the modern global economy can't be achieved without the cardinal changes in the housing sector [2, page 41].

The period of economic and political reforms in 80-90s years of the XX century caused the necessity of structural changes of the whole society, including the housing sector in an objective manner. But the appearance of new, for Russia of that period,

forms of ownership, economic liberalization, denationalization of enterprises and privatization, giving a powerful impulse to the regional housing markets development, paid no attention to such socially important aspect, as it is available. The immaturity of regulatory support for the real estate transactions, the state regulation weakness of the housing market, the unsolved institutional mechanisms of housing provision for the socially vulnerable groups, sharp reduction in the housing, speculative growth of the residential property prices under the conditions of inflation and periodically repeating economic crises – all those circumstances significantly aggravated the housing problem in the Russian regions. Against the background of strong social stratification a sharp polarization of population by level of housing provision in terms of impossibility of its purchase or construction by means of personal savings and bank loans has occurred [3, page 156].

The importance of technological breakthrough and the creation of competitive economy require, along with the introduction of scientific and technological innovations, the implementation of measures to improve the human capital, among which the housing problem solving holds one of the key places. Without the creation of necessary conditions for living in the modern society it's difficult to count on the full and complete disclosure of talents and abilities among the generation of future specialists, managers and scientists, who will strengthen the success of

innovative economy modernization in the Russian regions. That's why the improvement of regional housing policy as an important subsystem of social and economic state policy validly has a primary importance today [4, page 98].

In our opinion, there are no serious theoretical and methodological problems for the contemporary understanding of what the policy is, in terms of concepts and definitions within the boundaries of economic approach. Currently, the majority of sources define the policy as the sphere of activities related to the relations between the social groups, the essence of which is to define the forms, objectives, and content of the State activity.

In a general sense the policy can be considered as the main area of social life, formed on the basis of power relations, including the public and political organizations, political and social and economic institutions, functioning under the special rules and principles that provide the relations between different people, state and society. That is why the policy is often defined as the sphere of activities related to the distribution and exercise of authority within the state and between the states. The policy as a special form of social activity occurs in conjunction with the state and that hierarchical system of power, which is designed to provide the civil order in the society based on the clear division of relations between the domination and subordination [5, page 4].

The main Russian regional interest shall be realized as the minimization of negative manifestations of territorial disintegration at the level of the RF territorial entities, as the local transformations support, as the establishment of nationwide conditions for each entity at the maximum possible use of its internal capacity and at the reduce of necessity in the state assistance. Therefore, the true goal of state policy with regard to regions – is to ensure a balanced social and economic development in the given territory.

The only condition for the effective achievement of goals and targets, set within the regional policy, which is aimed at ensuring the population welfare, and the sustainable economic growth based on the increasing the competitiveness of Russian economy, shall be the continuous introduction of a number of new instruments and mechanisms in the economic policy of federal authorities, which reflect the updating of approaches to the regional policies implementation. This concept shall be oriented to maximum full use of benefits of the state federal structure in the social and economic policy implementation [6, page 6].

A special part of regional policy for the social and economic development is the housing

policy, which is, being its subsystem, carried out in the immediate interrelation with the general state approach to solve the housing problem. The housing question implies that, firstly, a person experiences difficulties, which the society recognized as unacceptable and therefore calling for action. Secondly, in order to overcome them, he needs help from the society. It should be remembered that the occurrence of many social problems doesn't directly depend on the will of man himself, and is related to the social and economic processes taking place in the modern society.

In the modern developed capitalist society the housing problem in the broad sense is related to ensuring the right to housing, or, more precisely, the right to the decent housing. Under socialism the task of complete housing problem solution was posed, which meant to provide all citizens with housing in accordance with rational norms of its consumption, although those norms were also not static and changed over time. Thus, the solution of housing problem is associated with the efforts of the state in one form or another.

Housing policy - is the State activity, aimed to support the citizens in solving the housing problem and implement the citizens' right to housing. It is being implemented through the various forms of state intervention in the housing stock construction, distribution and use, and regulation of housing, regardless of the form of ownership of real estate, land or means of construction. Goals and objectives of Housing Policy shall be formed taking into account the overall goals and objectives of Social Policy. Under modern conditions in the developed countries the State Housing Policy sets the task of providing citizens with the affordable and comfortable housing based on the possibility of choosing the form of ownership of housing and creating a favorable environment [7, page 9].

Generally, the scale of state intervention in resolving the housing issue is determined in accordance with the selected model of social development. In Soviet times, most part of the housing stock was owned by the state and rented to the citizens. Ensuring of citizens' housing needs was carried out at the expense of social consumption funds, primarily in the form of the state expenditures on the housing fund use, which weren't compensated by the rental payment. However, there has always been the private sector – private houses in the countryside and housing construction cooperatives in the cities. In this case the need to attract the funds of population for the housing construction and operation was recognized for two main reasons. Firstly, the lack of housing and strict regulation of its distribution was seen as a constraining factor to meet the needs of

people in housing. Secondly, since there was an increase of incomes and level of population welfare, it was assumed that it was able to allocate some funds for the housing acquisition.

The inclusion of housing problem in the sphere of social policy was always controversial enough in the developed capitalist countries, because historically, the state played a lesser role in this sector, especially in the field of housing offers. Despite the attempts of the housing market state regulation, the majority of objects of housing stock remained in the private sector, and the very boundaries of state regulation wasn't clearly defined. In the housing policy the economic and financial aspects are always strong enough, which often dominate in the public debate. Nevertheless, currently the state support of housing area has become an important and integral part of social policy and the state apparatus in all developed countries [8, page 223].

In the general context of housing policy the issue on the causes of housing problem is raised. If the housing conditions are inadequate, we can conclude that the household is unable to produce an effective demand for the better housing. In order there is an effective housing demand; a person must have the desire and ability to receive such housing. How exactly does it happen (rental or purchase on the market) – no matter in this case. If a person is unable to acquire housing due to the lack of resources, then it is necessary to make the redistribution, which can be carried out in any following form: or providing the additional income, or providing housing for free or at the below-market prices [9, page 100].

From such perspective the lack of effective demand and mismatch between the need and demand, due to the existing distribution of resources, can be seen as a major problem for the housing policy. However, the situation is complicated by the fact that the very category of "housing need" is developed not well theoretically and often interpreted in different ways. It can be defined as the amount of living space, complied with the established minimum, and above in accordance with the size and composition of households, excluding the ability of individual household to pay for his available housing. The established minimum standard shall be acceptable to the people, it means there should be the decent accommodation that provides an adequate shelter and performs the social functions – all those will prevent the growth of social tensions and health deterioration.

In solving the housing problem the important role has an understanding of how legitimate the state intervention in the housing sector within the market economy. Theoretically, the market leads to the supply-and-demand equilibrium through

a complex mechanism that is a subject to the availability of competition and enough information to make a rational decision. However, with regard to the housing the free and open market pre-requisites have the limited use. They can notice several problems in the market mechanism functioning in the housing sector [10, page 112]:

- closed market – the number of major players in construction and housing financing is limited, a strong tendency towards monopolization due to economies of scale occurs;
- space and territorial aspects – the location of housing is an important factor limiting the perfect competition;
- externality – the housing construction and operation has a significant impact on the environment and vice versa;
- credit financing – housing is usually acquired on credit, and long-term, which cost takes into account the future housing prices (it's a principal difference from many other markets, e.g. a foodstuffs market);
- necessity to meet the housing needs – if we consider the housing construction and operation only in terms of profitability, there will be people who will not meet the need for housing.

In general, the government intervention is justified by the fact that the market can't meet the needs of the low-income population groups, as it produces housing not enough, and therefore in the society there will always be population groups who need the state support to solve their housing problems. But thus the state intervention implies that the poor people can't solve their problems on their own, because they have no assets and ability to solve problems in the complex modern society. The State housing policy shall provide an opportunity to use its resources within the common economy for such groups of people, i.e. to solve the problem of their access to the resources in order to solve the housing problem. In such context the state intervention in this sphere of social and economic relations of population is expedient; the only difference is in the specific State functions and forms of its participation in solving the housing problems of population. However, the problem of the state intervention depth remains largely unresolved, because now you can't be sure what state policy is more effective: when a State provides housing or acts as a kind of facilitator, by limiting its participation with the establishment of limitations for actions within which the citizens and organizations can act in the housing sector, protecting the property rights and providing an access to the resources.

Thus, the current development and implementation process of the state housing policy is

determined by the need to find new forms, due to the development trends in the economy and social area of Russian regions. The existing approaches of population aimed to the housing problem solving cannot fully remove its acuity, what is particularly acute reflected on the low-income families. The State housing policy development that takes into account the regional specifics of housing market in a proper manner shall become a priority direction for the social and economic development of Russian regions.

When determining the extent of state intervention in the housing problem solving, you must also take into account the regional features, expressed in differences between the geographical, natural and climatic, national and demographic, cultural nature, and other traditions of population. By virtue of this the state housing policy realization assumes the implementation of sequential programmable actions to address the housing issue at the regional level, using the potential and rich toolkit of the regional social and economic development policy.

Corresponding Author:

Dr.LarionovaYuliyaVladimirovna
Modern Humanitarian Academy
Kozhevnikeskaya street, 3/1, Moscow, 115114,
Russian Federation

References

1. Lygina, N.I., 2009. Social and Economic Policy and Interests of the social strata. HR Management, 3: 24-27.

2. Kaplan, R.S., 2001. The Strategy Focused Organization: How Balanced Scorecard Companies thrive in the New Business Environment. Harvard Business School Press. Boston, pp: 640.
3. Howelles, J., 1995. Tacit Knowledge and Technology Transfer. University of Cambridge; ESRC Centre for Business Research, pp: 156-177.
4. Zwickels, 2008. The impact of horizontal and vertical FDI on host's country economic growth. International Business Review, 17: 452-472. Nijmegen, pp: 98-113.
5. Lundvall, B.-A., 1992. National Systems of Innovation. Towards a Theory of Innovation and Interactive Learning, London: Pinter Publishers, pp: 4-12.
6. Grishin, I.A., 2007. Integration development of competitiveness in the region industrial policy. Entrepreneurship. 2: 6-8.
7. Glass, 2011. World Economy Vertical versus Horizontal FDI. Department of Economics: Dissertation. Texas A&M University, pp: 9.
8. Johson, B., 1992. Institutional Learning. London: Pinter, pp: 223-256.
9. Aizenmana, J., and N. Marion, 2003. The merits of horizontal versus vertical FDI in the presence of uncertainty. Journal of International Economics, 62: 125-148.
10. Barlow, J., 1994. Success and Failure in Housing Provision. European Systems Compared. Oxford: Pergamon Press, pp: 256.

7/28/2014