State measures aimed at developing and reforming the construction industry and the housing and communal sector in Russia

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Abstract. An excursion into the history allows us to analyze changes in management of the housing and communal sector from the beginning of the 20th century to the present and to draw attention to modern management that requires immediate changes in approaches. Speaking at the Government meeting, President Vladimir Putin said that The Housing and Communal Sector Reform Fund should improve living standards rather than be an original tool of sterilizing the money supply. The Housing and Communal Sector Reform Fund was established in 2007. Russian regions also finance capital repairs of apartment buildings and relocation of citizens from old houses that are subject to demolition or unfit for habitation. The mission of the government is to implement measures aimed at developing and reforming the construction industry and the housing and communal sector.

1. Introduction
Currently, the concept of development of the housing and communal sector is a general strategy for the national economy. The system of housing and communal services is designed to ensure effective management, affordability and high quality of services provided. Poor management is a natural consequence of government monopoly, poor accountability or the lack of proper incentives. The higher the costs and needs of state monopolies, the more subsidies they receive from the budget. Therefore, local authorities often prefer long-term or ongoing repairs.

The housing and communal sector includes public, residential buildings, transport, operational and other facilities. They form a complex socio-economic system. The effectiveness of its activities depends on the state of infrastructure facilities and the environment. The most important thing is affordable housing. Housing can be viewed as a socio-economic component required for permanent residence and satisfaction of human interests. Housing and communal services (HCS) is an area with a great number of problems. Many of them worsen with the onset of cold seasons. The key areas are provision of the population and organizations with electricity, water, and heat. In some regions, the situation is difficult. The most acute problems are the supply of heat, the purchase of raw materials, the lack of operational
equipment, overalls and low salaries. Old equipment is one more urgent problem in the housing and communal sector. Physical wear of engineering networks is typical of every region, including Irkutsk region. All these problems require immediate solutions. Nobody wants to receive a small salary. Accordingly, the industry employs unskilled workers. The housing and communal system suffers from corruption, the abuse of power in order to achieve certain goals in an illegal, dishonest or unfair way (e.g., government procurement, tender, receipts for services provided). It hinders the development of the sector.

It should be noted that resources are inefficiently allocated in a corrupt economy, and companies receive resources for funding projects through bribes or kickbacks. Corruption involves methods of concluding contracts and performing economic transactions that generate monopolies or oligopolies. Those business owners who can use their relations or money to bribe government officials can manipulate regional or municipal policies and market mechanisms to be the only suppliers of goods or providers of services.

In small towns (Baikalsk, Slyudyanka), monopolists strive to maintain their prices at a high level, since they do not have to compete with other suppliers. They do not enhance the quality of goods or services under the influence of market forces. These high prices include illegal costs of corrupt deals aimed at creating such monopolies.

Companies select their suppliers through tendering procedures (requests for tender or proposals), which serve as mechanisms to select suppliers offering the best price-performance ratio. This ensures efficient allocation of resources. In a corrupt economy, companies receive projects through unfair or illegal tenders (kickback tenders). [1] [2]

This increases project execution costs and makes projects inefficient. Public procurement is the most vulnerable to fraud and corruption due to the large volume of financial flows involved. In most countries, government procurement is estimated to account for between 15% and 30% of gross domestic product (GDP).

Another disadvantage of shadow business is that companies usually pay lower salaries that are below the minimum amount established by the government. In addition, they do not provide acceptable working conditions, including adequate health insurance benefits.

The term “housing and communal services” has a Soviet origin. In a broad sense, it includes all the infrastructure that allows people to live comfortable in buildings: power supply, water supply, ventilation, elevators, garbage collection, etc.

In the Soviet era, the state provided these services. Currently, people can choose create private communal companies. Some people do it well, but other get stuck in legal proceedings.

Talks about the crisis in the housing and communal sector arise due to numerous myths. People do not know about their rights and obligations.

Corruption is a constant in any society. This phenomenon has been thoroughly studied only since 2000. It has many different forms and effects on the economy and society as a whole. Among the most common causes of corruption are the political and economic environment, professional ethics and morality, habits, customs, traditions and demographics. Its impact on the economy and society has been thoroughly studied. Corruption inhibits economic growth and affects business, employment and investment. It also reduces tax revenues and deteriorates the effectiveness of various financial aid programs. Society as a whole is influenced by a high degree of corruption that damages legislative activities, education and living standards (an access to infrastructure, health care).

The main method of management in the housing and communal sector was described by L.A. Velikhov in the work "Fundamentals of Municipal Economy" (1928). An individual is excluded from the system as a central link, but he is a means, an "element" of a socialist city. Comfortable housing, infrastructure and services are of secondary importance. However, the ideology of the urban economy is social. This ideology was a basis in the Soviet era. The housing and communal sector was recognized as something required for the reproduction of the population. In the USSR, the mass housing construction began in 1954. Within fifteen years (until 1969), 1.469 billion square meters of housing were built. Thanks to Khrushchev, people moved to individual apartments. The engineering
infrastructure was created. It remained viable until the 1990s. In the so-called "reformatory" period (since 1991), housing and communal services were based on the life support of the population. All objects of the Soviet period were rapidly aging. [4] [5] [6] [7] This required subsidies (capital repairs of residential buildings, urban retransmission of utilities, construction of pumping stations, treatment facilities, waste processing plants, supply of cold and hot water, coal, etc.). However, the government's attention was focused on "perestroika".

The Russian housing and communal sector is an indicator of living standards, which shows the critical wear and tear of fixed assets. For example, in some Russian cities, the degree of wear of the water supply and sewerage systems is 80-90%. According to experts, the degree of wear of equipment is 50% higher than the threshold indicators of economic security. More than 4.5 million Russian citizens live in dilapidated buildings (houses) that need major repairs.

Only the poor population is unable to pay for housing. We believe that in the second decade of the 21st century there will be profound changes in the concept of housing and communal services management in Russia.

It is also necessary to take into account traditional features of the national economy. Firstly, the housing and communal sector is closely related to the political system being a "trump card" during every political election campaign. Secondly, there are monopolies. In areas where monopolistic companies establish their own rules, it is useless to compete and create healthy market relations. It increases communal tariffs. Thirdly, to form healthy market relations in the housing and communal sector, a system of interactions between all market participants is required. [8] [9] [10] [11]

In the 1990s, in Russia, there existed two dual models: socialist and market ones. The unconditional transition to the market economy ignoring national characteristics was risky for the main sectors of the economy, including the housing and communal one.

Due to its cold climate and mentality of the population, for Russia, the most acceptable model is the "Scandinavian" one of an "intermediate" type.

Taking into account the historical monopoly and centralization in the housing and communal sector, as well as the current state of the economy, it is necessary to regularly monitor the housing and communal sector. It is necessary to take into account the historically established monopoly, centralization of vital housing and communal services (services), as well as the current state of the Russian economy. Official bodies and society should control the housing and communal sector.

In the 1990s, the Russian population covered about 4% of operating costs of housing and communal services. The rest of the costs were covered by budget funds. In the market economy, it became obvious that this financing system is ineffective. There is an urgent need to reform the sector. The Concept of Transformations was approved by Presidential Decree No. 425. In accordance with this act, the following tasks have been set: to ensure living conditions of citizens that meet the established standards; to reduce the costs of service organizations, to reduce tariffs while maintaining the quality of services; to mitigate the consequences of changes in the payment schemes in the conditions of break-even operation of companies.

The reformation of the housing and communal sector is a slow process. Local tariffs are gradually increasing. By 2007, household payments covered about 80% of the costs. After the system of full payment of communal services had been implemented, budgetary resources have been used to cover communal benefits and subsidies. Meanwhile, the state of the communal infrastructure remains unsatisfactory. The concept of development of housing and communal services is a general strategy. It aims to ensure effective management, affordability and quality of services.

2. Methodology
The Ministry of Construction, Housing and Communal Services of the Russian Federation deals with the development of a problem-solving program. It is necessary to improve the structure of financial relations within the industry, taking into account requirements of the market economy. Some measures were implemented in 1997. At the end of the 1990s, the transition from free housing and communal services to the commercial ones was launched. Housing construction is considered one of the most
expensive sectors of the economy. Heat and electricity, water and other resources are wastefully consumed. The enterprises are often unable to cover the costs according to the established tariffs and norms. At the same time, the pricing policy acts as a regulatory mechanism in relations between producers, consumers and local authorities. The latter finance the costliest industries. The basis of the pricing policy should be a set of measures aimed at stimulating producers to reduce losses, and consumers to rationally use resources supplied. The services are paid in accordance with the tariffs. The standards are calculated based on the cost and ROI. The general rules for determining these indicators are subject to the interests of the manufacturer. Tariffs are set by local authorities. At the same time, the housing and communal sector does not control the actual consumption of resources and cannot bill for their excessive use. The consumer has to pay all services that are included in the tariff. [12] [13]

The existing payment scheme does not take into account the costs that are actually incurred by the manufacturer, the volume of actual consumption and the loss of the product during transportation. An effective analysis of the pricing procedures should be based on the established level of producers' costs and the volume of consumption of a resource. The existing problems are caused by the imperfect regulatory system. However, there are gaps at the federal, regional and local levels. The tariff regulation scheme is designed to ensure the implementation of investment and production programs approved for the coming period. The financial department of the housing and communal company should seek a compromise between technical tasks, financial needs and citizens' ability to pay the services provided. The method of planning, calculating and accounting for tariffs is the basis for determining tariffs. It is intended to ensure the uniformity of classification of costs calculated by housing and communal enterprises. The regulatory framework is the Decree of the Government of the Russian Federation of August 5, 1992 No. 522, amendments to the Decree and other legal acts. The method can be used by various organizations: housing maintenance, water disposal and supply, electricity supply, heat supply, sanitary cleaning, hotels, laundry companies, etc. [13]

3. Results and discussion
At the beginning of 2019, the housing stock of the region amounted to 60.4 million square meters of the total area. For one year, it grew by 2%; in comparison with 2010, it increased by 16%. The housing stock in urban settlements amounted to 48.7 million square meters (81% of the total area), in rural areas it is 11.7 million square meters (19%). The main share (73%) is located in multi-apartment residential buildings. A significant part of the housing stock is made up of wooden and panel buildings (33%). The main part (73%) of the residential area was commissioned in 1946-1995. In 1995, 22% of the total area was commissioned. The housing stock totals 1,090 thousand apartments and individual private residential buildings. Of these, 225 thousand (21%) fall on one-room apartments, 436 thousand (40%) - two-room apartments, 359 thousand (33%) - three-room apartments, 69 thousand apartments (6%) have four rooms or more. Private housing predominates in the structure of the housing stock; citizens and private enterprises own 90.5% of the housing stock (in 2010 - 81.7%). The share of municipal housing decreased to 6.5% (in 2010 - 16.3%). In 2018, developers of all forms of ownership put into operation residential buildings with a total area of 987.5 thousand sq. m. In comparison with 2010, the volume of housing construction increased by 57%. Individual developers built 5,539 apartments with a total area of 588.3 thousand square meters (five times increase). Housing per capita was 25.2 sq. m. In comparison to 2010, it grew by 18%. In terms of average housing per capita, the region ranks fifty-fifth in the Russian Federation. In order to create the housing market, the housing stock has been privatized since 1989. As of January 1, 2019, 673 thousand residential premises (84.3% of the number of premises subject to privatization) were privatized in Irkutsk region. Their total area is 32.3 million square meters. (Fig. 1). [14] [15] [16]
Figure 1. Growth of housing and communal services tariffs in Russian regions since 2018.

4. Conclusion
The cost of housing and communal services should be reduced by 5% annually, and the quality of services should be improved. This will allow a smooth transition to full reimbursement of housing and communal costs and help avoid a sharp increase in tariffs. This approach is enshrined in the Concept for improvement and development of housing and communal services until 2025. \cite{17} \cite{18} \cite{19} For the first time, a comprehensive long-term strategy for the development of public utilities has been developed. The document affects all spheres of the housing and communal sector: from tariffs to waste management. The lack of public control over expenditures can exacerbate the situation. (Fig. 2).

Figure 2. Increase in housing and utilities tariffs by year as a percentage.

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