State programs on provision of population with affordable and comfortable housing: an issue of efficient implementation

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Abstract: the paper deals with the issue of state-supported provision of the population with affordable and comfortable housing. Over the last decade the organizational and economic mechanism of state participation in solving social problems involves mainly development, approval and implementation of various state programs. In the present paper, evolution of the state programs in the field of affordable housing adopted since 1991 is discussed in detail. The goals and objectives of the programs, target indicators and their changes over time, and the possibility of their attaining are critically analyzed. The authors have tried to find ways to assess the efficiency of the state programs implementation from the point of view of those for whom they are devoted to, i.e. citizens who need to improve their living conditions. Some indicators for assessing the dynamics of changes in the number of households that are in need of housing and meeting the requirement of the programs are calculated. The analysis shows that the state programs are of low efficiency for those whose housing problems should be solved. The applied methods for evaluating the efficiency of state programs exist "per se", and for the management they are considered as quite satisfactory. However, in the Irkutsk region, the effectiveness of housing state programs in accordance with the applied methodology for 2015-2017 is only 70-80%. Recommendations for improving the efficiency of state programs should be made in two directions: (i) improvement of the budget planning of the region and (ii) improvement of the target indicators of the programs.

The right of every citizen to housing, set forth by Article 7 of the Constitution of the Russian Federation, cannot be realized exercised using only a market approach. The need for state support through the financing of state programs to ensure affordable and comfortable housing is obvious. All groups of citizens should have an opportunity, provided at the level of state’s economic system, to acquire housing of standard area and adequate quality, i.e. “one of the main tools that allow realizing the task set for the Government of the Russian Federation is the mechanism of providing the largest number of citizens with housing” [1]. In our opinion, the developers of state program should be directed by this goal.

Let us consider the history of endorsement and implementation of the state programs on the housing problem from the 90s of the 20-th century to the present. This story was started with the approval of the first State target program "Housing" in 1993. The main objective of this program was to create a legal framework for the implementation of a long-term state housing policy.

According to the data of 1993, there was a housing shortage in Russia: 351 apartments per 1000 inhabitants, while at least 385 were necessary (for example, the level of developed countries ranged from 412 to 471 apartments). “Other parameters of housing were also low. According to the UN standard of minimum living conditions, each resident should have at least 30 m² of total area, and the number of rooms in the apartment should be higher by a factor of one than number of residents living in this apartment. In Russia, these figures, on the average, there are 18.1 m² of housing per capita (including dormitories, nursing homes, orphanages, boarding schools, etc.) and 3 rooms per 4 persons.
According to a survey conducted in 1996, 46% of Russia's residents are dissatisfied with their housing. At the same time, living conditions in Siberia and the Far East are worse than in the European part of the country” [2].

The first program remained in force until 1995. However, its goal was somewhat incorrect, since it not included a plan of specific action, but rather declarations, which should have been reflected in the text of the target program. For this reason, no quantitative indicators for evaluation of the results were calculated. Analytical materials of the time suggest that the program did not yield any significant results, since housing affordability did not increase in 1995. Moreover, it is believed that the development of the real estate market was not affected by this program, but rather by spontaneous privatization, which began to gain force at that time. The main achievement of the “Housing” program was the creation of a legal framework for the further development of the target programs. During implementation of the first program, more than 50 legal acts were adopted, which substantially filled up the gaps in the legislation.

The next State Target Program (STP) "Housing" was adopted in March 1996 for two years, that is, up to and including 1997. Its objectives and activities were mainly taken from the previous program. Again the program contained no quantitative and qualitative indicators, which would allow evaluating the result. In 1997, the Federal Target Program “Own House” was established, which was a sub-program of the STP “Housing”.

In this sub-program, specific goals, objectives, and activities were outlined until 2000. The main objectives of the sub-program were the following: the cost of 1 m² of housing should not exceed the average 2-month money income per capita in regions of the Russian Federation; the growth of individual housing construction annually in all regions; the increase (by 3-4 times) in production of light building materials from wood and thin-walled metal sections and effective insulants. In this sub-program, the emphasis was placed on individual housing construction, although population of the country was in need of new flat buildings. The developers of the sub-program explained this choice by the fact that the cost of flat buildings is much higher that of individual housing and unit price of the latter per 1 m² will be lower. However, the world experience shows that the cost of one flat construction in an apartment building is much lower than in a single-family house. Perhaps, the lot cost was not included in the cost of individual housing.

In 1997, the Open Joint-Stock Company “Housing Mortgage Lending Agency” (HMLA, Decree of the Government of the Russian Federation of August 26, 1996 No. 1010) was organized to support implementation of the “Housing program” and “Own House” sub-program. Activity of the agency was also intended to stimulate housing construction and reduce risks in the mortgage market.

Thus, the “Housing” program during the implementation at both stages had an irregular and non-systematic character. The indicators were not optimized: it was almost impossible to objectively evaluate the result of the program implementation on the basis of these indicators. It should also be noted that in 1997 a family of three had to save all their money for 4.88 years to buy standard apartment [3]. Among the results of the program one can mention the impetus to development of low-rise individual construction.

By 1997, there was a need for additional legislative regulation in the housing and utilities sector, and on April 28, 1997, the “Concept for the reform of housing and utilities sector in the Russian Federation” was approved. The concept envisaged the creation of a new system of payment for housing and communal services. Accordingly, this changed the calculation of federal transfers to regions. In the concept, a significant part place is devoted to the issues of legislative regulation of the real estate market. In 1997, a unified procedure for state registration of rights to real estate and operations with it was introduced, which systematized data on real estate rights and strengthened the protection of these rights. Later, in 1998, legislative procedures for the improvement and development of mortgage lending were approved.

In 1998, a significant event occurred in the regulatory practice: on May 7, 1998 the Town Planning Code of the Russian Federation No. 73 was adopted. However, experts noted that this document was far from being perfect and not free from legal gaps. Most importantly, many provisions of this Code
were not mandatory for implementation in the subjects of the Russian Federation. For the first time, state housing certificates, which represented in fact housing subsidies, appeared. The rules for issuance and redemption were established in an appropriate manner, the right to receive certificates was mainly granted to military servicemen or to citizens who were subject to relocation from closed and isolated military camps. This subsidy was given from the federal budget in the amount of 80% of the cost of housing according to the social norm of the housing area for different families.

After August 1998, due to the economic crisis in the country, the situation in the housing sector deteriorated dramatically. Implementation of the initiated reforms slowed down, the regulatory framework ceased to be actively developed and be updated, and new political decisions almost stopped to be adopted. The picture in the housing and utilities sector became deplorable, since this area is the first one, which reflects the real situation in the country and all the negative social consequences of the economic crisis. The logical consequence of this crisis was a decrease in activity in the housing market, as well as a significant slowdown in construction, it almost stopped. The crisis phase in the housing sector lasted until 2001.

Slowly but surely, the pace of housing construction began to increase. In 2001 it became clear that the reforms, which were lingered for almost 10 years, should be completed. By tradition, in 2002, the third version of the federal target program “Housing” was adopted for a period up to 2010. In this variant, a lot of attention was paid to the housing and utilities sector. The situation in the latter at that time one could without prejudice call a systemic crisis, which was explained by completely ineffective management, depreciation of fixed assets, large losses of necessary resources, etc. For the first time, it was proposed an idea to provide subsidies for the payment of services not to enterprises, but to citizens who are entitled to such benefits, as they were interested in the efficient use of these funds.

The following main goals were set:
- Provision of housing for citizens (ascertained by statute) from federal budget resources;
- Development of the market and financial mechanisms that ensure affordability of housing for solvent citizens, and support of low-income population in improving housing conditions from local budget resources;
- Improvement of functioning of the housing and utilities complex and enhancement of targeted support of the population;
- Creation of conditions for acceleration of housing construction pace; improvement of construction work quality and characteristics of housing in accordance with the demand;

For the first time in a decade, the problem of dilapidated and emergency housing was recognized, and most importantly, the increasing number of dilapidated and emergency housing was raised the concern. It was supposed to address this issue at the expense of the federal budget, but at the same time there was a need to attract investments and loans in general for the whole housing and utilities sector.

In 2004, important regulatory acts were adopted, namely, new versions of the Land Code of the Russian Federation and the Town Planning Code of the Russian Federation (the latter is still in force). The priorities in the federal target program were preserved and continued to be developed. A new project approach was proposed, namely national projects, which assumed active participation of regional and municipal authorities in implementation of the projects.

In 2006, there was launched the national project “Affordable and Comfortable Housing to the Citizens of Russia”, which was included in the Federal Target Program “Housing”. The main directions in the program were: increasing the affordability of housing for young families; increasing the volume of mortgage lending, fulfilling state obligations to provide housing for dismissed military servicemen, residents of the Far North, internally displaced persons, Chernobyl victims; increasing housing construction and modernizing municipal infrastructure.

The results of the program could have been much more effective, but in 2008 the global financial crisis has broken out, which had influence on all countries. In Russia, the crisis affected primarily the housing construction sector. Without state support, the construction of infrastructure and mortgage lending could again return to the 1993 level. In 2008, the Federal Housing Development Foundation
was created. Its main objectives were as follows: (i) to promote the development of land market; (ii) to support activities related to territorial planning, urban zoning, and land development through the construction of infrastructure facilities; (iii) to stimulate creation of energy-saving and environmentally friendly technologies.

Considering the problem of housing affordability, given the rising incomes and expenditures of the population and growing prices for housing in 2009, some researchers argued that “economic reforms in the field of improving housing affordability in Russia have not yielded results” [3].

At the same time, funding from the federal budget was significantly reduced due to objective reasons. The crisis increased the number of “deceived partners” since many developers were unable to fulfill their obligations. Additional incentive measures were introduced. For example, the possibility to use maternity capital for housing construction was formalized, and tax deductions for housing purchases were increased from 1 million rubles to 2 million rubles. In general, until 2011, the attempts to overcome the crisis and prevent a sharp drop in housing construction were continued.

V.A. Zhuk [4] believes that the Federal Target Program “Housing” for 2002–2010 and its sub-programs “Reform and Modernization of Housing and Utilities Complex of Russia” and the National Project “Affordable and Comfortable Housing for Citizens of Russia” have not reached their goals. The main reasons were scarce massive investments in the construction and reconstruction of housing, insufficient renovation of fixed assets of housing and public utilities, and unsatisfactory investment lending to the population.

Thus, we come to the conclusion that during the eight-year period of development of the Russian economy, the heyday of the mortgage and implementation of the first stage of the Federal Program “Housing”, a real increase in housing provision was not observed. Consequently, the issue of housing affordability was not addressed. The growth in the average level of housing provision was only due to a reduction in the population owing to the presence of children in families (from 2002 to 2010, the number of children living in private households in the Russian Federation decreased by almost 5 million people) and the proportion of households consisting of three and more people.

In 2011, the “Housing” program was again prolonged until 2015. The main task of the Federal Program "Housing" for 2011-2015 was the development of low-cost housing in Russia meeting the standards of affordability, energy-saving and environmental friendliness. Within the framework of this program, sub-programs, aimed at modernization of the municipal infrastructure facilities, stimulation of housing construction and provision of certain groups of citizens with housing, were launched.

Despite all the accumulated problems, errors in goal-setting during the formation of target programs, crises that significantly affected the entire construction industry, the reduction of federal funding and total inertness (at the initial stages of the program implementation) of regional and local authorities, one can safe to say about need of further implementation of the Federal Target Program “Housing”. Indeed, this program could not solve all existing problems by 2015, but at the same time it significantly reduced the emerging risks and increased the purchasing power of consumers, including that of socially vulnerable groups. As a consequence, in 2015 the FTP “Housing” was prolonged once again up to and including 2020. The goals and objectives of the program and the recipients of subsidies remained virtually unchanged.

In 2012, the “May” decrees of the President of the Russian Federation were adopted. They determined the main strategic directions for the development of economy as a whole. In the field of housing, the Decree of the President of the Russian Federation dated May 7, 2012 No. 600 “On measures to provide citizens of the Russian Federation with affordable and comfortable housing and improving the quality of housing and communal services” is in force. This decree approved the indicators that must be achieved by a certain date. For example, it was stated that “the entire failing housing stock, which was recognized as such by January 1, 2012, should be resettled by September 1, 2017” [5]. This order was not fulfilled in the Irkutsk region, since from 5024 families, registered as needing residential premises and living in a dilapidated and failing buildings, only 1367 families received flats in 2017. T.V. Svetnik underlines: “Currently, the efforts have little effect on solution of the housing problem. This is recognized by government officials and leading politicians. This leads to
popular frustration, since a person without shelter is deprived of freedom and initiative” [6]. A new federal program “Housing” in 2015 was adopted in the light of the new regulatory framework.

Since January 1, 2018, the Federal Program “Housing” was combined with another state program, the sub-programs were changed to key activities, and some parts of the text, related to goals, objectives, and passports of the sub-programs, were declared to be no longer in force. Recently, the Decree of the Government of the Russian Federation of December 30, 2017 No. 1710 approved the state program “Providing affordable and comfortable housing and utilities for citizens of the Russian Federation”, which reflects the general passport for the entire program and contains indicators for each priority project and key activity. By comparing the structure of the previous version of Federal Program for 2015–2020, which was declared invalid, with the current state program, it can be concluded that the structure of the programs has changed, some of the measures being reduced. Based on the logical interpretation of the program, priority projects and main directions, the new program seems to be more correct, since it is focused on one major priority project “Mortgage and rental housing”, while other key activities will be conducted within its framework.

When forming a new program, the target indicators were significantly decreased, but at the same time categories of beneficiaries remained unchanged. In the new state program, the goal-setting system was formulated more carefully, the program goals became measurable and quantitative (before that, in the FTP, the goals were spatial and immeasurable):

- goal 1: To increase the annual housing delivery to 120 m² in 2025;
- goal 2: To decrease the ratio between average cost of an apartment (54 m²) and average annual income of a family of 3 people (housing affordability ratio) to 2.3 in 2025;
- goal 3: To raise labor productivity in construction by 25% in 2025 relative to the level of 2017.

According to the target indicators, it was supposed to evaluate the efficiency of the program. The quality of the planning and implementation of the state program Providing affordable and comfortable housing and utilities for citizens of the Russian Federation” was evaluated to be 87.5% according to 2017 data [7].

Our retrospective analysis of the housing programs shows that the state authorities are trying to solve the housing problem for many years. Nevertheless, the issue of housing affordability still remains an urgent challenge for the Russian Federation. As noted in the study of E.V. Sinyakova “a retrospective analysis of housing policy reveals that the state failed to effectively coordinate the interests of all housing construction entities in market conditions, which is primarily due to a lack of understanding of their true needs, structure of demand for housing and the necessary volumes of its construction”[8]. According to the Federal State Statistics Service, Figure 1 shows the dynamics of the number of families, which are in need of residential premises, and families, which received residential premises in the Russian Federation. The number of families, which are in need of residential premises, and families, which received residential premises in the Russian Federation.
The number of families, which are in need of residential premises, and families, which received residential premises in the Russian Federation. Source: built by the authors according to the Federal State Statistics Service.

The presented dynamics shows that annually from the budget of the Russian Federation funds for the purchase of residential premises for families in need were allocated, but these money were rather insufficient.

According to the territorial body of state statistics for the Irkutsk region, the dynamics of the number of families, which are in need of housing in the Irkutsk region is shown in Figure 2. As shown from Figure 2, the demand of population for residential premises is not fully satisfied.

Figure 1. The dynamics of the number of families, which are in need of residential premises, and families, which received residential premises in the Russian Federation. Source: built by the authors according to the Federal State Statistics Service.

Figure 2. The number of families, which are in need of housing in the Irkutsk region. Source: built by the authors according to Irkutsk Statistics Service.

Figure 3 displays the ratio between the number of families, who received housing, and the number of people registered as needed in housing in Irkutsk region (expressed as a percentage according to
Irkutsk Statistics Service). It is seen that the highest value for young families (9.33% in 2007), large families (5.39% in 2012), and low values of ratios proves that the real housing needs of young and large families are not satisfied by financing government programs for this category of citizens.

The result of our research indicates a lack of effectiveness in the implementation of state programs, which does not contradict the results obtained by A.M. Margolin [9], A.G. Breusova [10] K.K. Loginov, A.A. Korableva [11]. O.V. Fedorova states that “the methodology for evaluation of state programs efficiency is adopted by each region independently, the concept of program effectiveness is common and represents the ratio of the achieved targets as well as the final results of program activities and financial resources aimed at their attaining” [12].

Figure 3. The ratio between the number of families, who received housing, and the number of people registered as needing housing in Irkutsk region, expressed as a percentage. Source: calculated by the authors according to Irkutsk Statistics Service.

The efficiency of the state program of the Irkutsk region is calculated by the following formula:

\[
EFsp_g = \sum_{i=1}^{k} (EFsp_{n_i}) \times \frac{1}{k} \times Csp \times 100\%
\]

(1)

where: \( EFsp_g \) is efficiency of implementation of \( g \)-th state program;
\( EFsp_{n_i} \) is efficiency of implementation of \( n \)-th subprogram included into \( g \)-th state program;
\( k \) is the number of subprograms included in the \( g \)-th state program;
\( Csp \) is correction coefficient of the implementation of the state program.

The efficiency in 2015 was evaluated to be 70% (satisfactory level), in 2016 it is 80.4% (average level), and in 2017 it is 71.3% (satisfactory level). To improve the efficiency of the state program, the following recommendations can be made:

- It is necessary to revise the planned values of target indicators for the following years;
- it is necessary to exclude target indicators \( s \), the achievement of which is not required by current strategic planning documents and for which approved calculation methods are absent;
- In order to meet deadlines and ensure maximum application of the funds included in the Program, one should execute Provisions 15, 16 of the Law of the Irkutsk Region of December 18, 2017 No. 98-OZ “On the Regional Budget for 2018 and for the Planning Period of 2019 and 2020”;
- To strengthen control over the execution of state contracts;
- To consider a possibility of penalty size amount for late and poor-quality works performed by contractors;
- To develop an action plan to improve the implementation and achievement of target indicators of the state program.

The effectiveness of state programs implementation can be considered from the point of view of different economic subjects, for example, from the perspectives of population or state. The dynamics of the number of families, which are need of housing and those who received housing in the Russian (Fig. 1), shows that the amount of needy decreased by 2.2 times due to the implementation of adopted...
state programs. The situation in the Irkutsk region slightly differs from that in Russian as a whole; nevertheless, in our region the number of those who need housing reduced by 1.84 times.

If we analyze the efficiency of state programs implementation un the context of those people for whom these programs were intended, then the situation is not very optimistic. The number of people, who have been registered for more than 10 years as needed in housing indicates that they live in uncomfortable conditions for a long time and do not have the opportunity to improve their living conditions. The obvious question arises: why people cannot improve their housing conditions or buy new apartments at their own expense?

A practical example: in the Irkutsk district of the Irkutsk region in the village Malaya Topka on Klyuchevaya Street two three-storey houses with 27 apartments in each were built by the developer StroyGarant. The construction was financed from the budget of the Irkutsk region under the program for orphans and children without parental support. The developer sold 10% of apartments under co-investment agreement, where it was stated that houses should have central hot and cold water supply, and central sewerage. After the houses were built and put into commission, it turned out that there was no centralized hot water supply and centralized sewage system. The inhabitants were forced to install water heating devices in apartments. The water flow from the houses was to the cesspool, which was quickly filled by inhabitants of 54 apartments. The construction warranty period was 5 years. 90% of the inhabitants of these houses, orphans and children without parental support, found themselves in a sticky situation: on the one hand, they lost the right to receive quality housing, as they were already provided with housing, on the other hand, they were not able to purchase new housing due to lack of sufficient financial resources. At the same time, in the reports of Irkutsk Statistics Service, the residents of Malaya Topka were included in the list of peoples who received residential premises and improved their living conditions. How many more families in the region have fallen into such situations is unclear. It is known that with limited funding for the construction of residential buildings from the state budget, developers are forced to save money and this has a very strong effect on the quality of housing. The question arises: why the correspondence of actual state of the object to the project one is not checked after completion of houses construction?

Thus, “the efficiency of the state programs is evaluated “per se”, without taking into account the opinion of consumers (population) about the quality of work performed or services provided” [11]. “It should be remembered that an important condition for strategic planning for the following years is accounting for the existing trends in the housing market affecting the interests of all partners, including the government, business and the public” [13]

The authors agree with the opinion of P. Cherkasov that “despite urgency of providing the right to housing in all regions of Russia, this issue has not only been addressed for 28 years of existence of the new state, but it has become even more complicated. Various state programs and projects did not solve this problem. The elegantly titled, though not implemented, national program “Affordable and Comfortable Housing for Citizens of Russia” made housing completely inaccessible to the majority of the population thanks to unreasonable and unprofessional planning, forecasting, resource allocation and, the most important, inefficient program management ”[14]. The logical answer to the question: “Why is there such a mess in housing policy?” Christine Whitehead believes that we expect too much from housing policy [15]. Numerous works by Russian researchers are devoted to existing problems in housing construction [16-18]. The authors do not exclude that “consistent implementation of the policy of state regulation of the residential real estate market can significantly contribute to solving the housing problem” [19]. The state policy has the potential to improve efficiency in the housing market if this policy is carefully thought out and implemented [20].

The authors believe that the efficiency of state programs from the standpoint of citizens, who are in need of improvement of their living conditions, is low. The applied methods for evaluation the effectiveness of state programs exist "per se", and for the administration they show quite satisfactory results. Recommendations for improving the efficiency of state programs should include two directions: the
improvement of both the budget planning of the region and the target indicators of the programs. Search for approaches to evaluation of the efficiency of the state programs implementation from the perspectives of those for whom they are intended, i.e. citizens who need to improve their living conditions, is the purpose of our further research.

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