



HOUSING REFORM AND HUMAN
SETTLEMENTS DEVELOPMENT IN THE
RUSSIAN FEDERATION



1996

FOREWORD

The decision of the UN General Assembly on holding the HABITAT II conference on human settlements has been appreciated and actively supported by Russia. There are a number of reasons for such an approach. Russia is a country with the largest territory extending across 11 time zones from the West to the East, from Europe into Asia. Only one third of this territory is favourable for human settlement according to the climatic, medical and geographical conditions. Therefore, it is characterised by a considerable differentiation among cities and other human settlements not only by their size and economic features, but also by ethnic peculiarities and local customs.

This is the first reason why acquaintance with the experience of other countries in the field of management and development of human settlements at the HABITAT II conference is of considerable interest for Russia and its governmental agencies.

Even more important is the specifics of the historic period in which the HABITAT II conference is to take place. For Russia this is the period of economic and political reforms, the transition from administrative command methods of centralised control of politics and economy to democratic ways of government, triumph of personal freedom and the market principles of economic development.

Implementation of these principles is closely connected with the future of human settlements, a search for the most rational ways of organisation of local self-government and city planning regulation in cities and other settlements. This is the second reason for our profound interest for the conference, also because Russia is not the only country with the economy in transition.

We pay very special attention to the housing reform in Russia and its place in the development of human settlements, therefore the proposed national report concentrates on this important issue.

We believe that it will be of interest for other countries with economies in transition.

I present this report in the hope of successful work at the conference, a friendly exchange of experience, debate on most acute problems and a search for their most rational solutions.

Yefim Basin,
Minister of Construction,
Russian Federation

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PART A. INTRODUCTION

The Government of the Russian Federation is very interested in participating in the UN Conference on human settlements, HABITAT II in Istanbul in June 1996.

While Russia was part of the USSR and in the subsequent period important changes have taken place in the structure of settlement formation, and the forthcoming opportunity to learn the experience of other states in this sphere represents for Russia an indisputable interest.

In the beginning of the twenties the urban population of Russia amounted to 20 % and it was mainly a rural country. In the subsequent years the rate of urbanization was rather high. Alongside with the development of existing urban settlements hundreds of new cities and settlements were established. At the moment the urban population of Russia totals about 108 mln., which represents 73 % of the entire population. That corresponds to average figures for the majority of the developed countries. Russia counts 1059 cities, 2066 urban settlements and 155 thousand rural settlements .

The present stage of the development of Russia involves the implementation of complex economic, political and social transformations, directed first of all at the progressive transition from the administrative-command system economy to the market economy.

In the course of this transformation, problems of the development of human settlements were constantly in the focus of attention of the state, which is testified, in particular, by the "General Plan of the population distribution in the territory of the Russian Federation" approved by the Government of the Russian Federation at the end of 1994.

The major peculiarities of population ~~distribution~~ in Russia are thoroughly analyzed in this work. They are: the largest territory (17,1 mln. sq.km), extension (11 time zones), combination of the European and Asian characteristics of the natural environment and the population, and above all, the unique territorial differentiation, owing to which three quarters of the population of the country live in 15 % of its territory, since only one third of the territory is favorable for residing, according to the climatic, medical and geographical conditions.

In 1992, the Law on the Foundations of city planning in the Russian Federation was adopted, at the moment the City Planning Code is being prepared for approval as well as a number of other legislative and normative documents, related to the development of human settlements.

However, the most important for the development of cities and other human settlements of Russia is the housing policy and, first of all, the housing reform which radically changes the prior approaches in this sphere. The priority role of the new housing policy in the course of economic reforms and democratic transformations carried out in Russia, was repeatedly mentioned by the President and Government of the Russian Federation.

The Constitution of Russia adopted in 1993, established the housing rights of the citizens, the inviolability of the dwelling. The housing legislation is referred to the sphere of mutual competence of the Russian Federation and the subjects of the Russian Federation, which comprise 89 republics, territories, autonomous regions as well as the cities of Moscow and St.-Petersburg.

The adopted part of the Civil Code of Russia has a special chapter on the housing property rights. Over the years of economic reform about 60 legislative and normative acts, related to the housing issues and rendering an essential influence on the development of human settlements, have been adopted. The most important are: the Law on Housing Privatization in the Russian Federation, the Law on the Foundations of the Federal Housing Policy, the State target program "Housing", a number of Decrees of the President of the Russian Federation.

As a result, over 1992-1995, while there was a certain reduction of industrial and agricultural production, it became possible to stabilize housing construction, the volume of which in 1995 exceeded the parameters of each of three previous years, basically due to the increase of private housing construction.

Taking into account the above stated, as well as the effect of the housing reform in Russia on the development of human settlements, the present national report of the Russian Federation, submitted to the conference in Istanbul, largely concentrates on this important problem.

* * *

In early 1995 the national preparation committee of the Russian Federation under the presidency of Mr. Y.Basin, the Minister of construction of the Russian Federation, was formed in order to prepare for the participation in HABITAT II. This committee incorporated Heads of regional and city administrations, leading scientists and experts, representatives of commercial organizations and research institutes. It ensured the presence of a wide range of points of view and materials in the National report of the Russian Federation.

In March 1996 a conference took place in the Kremlin to discuss a new stage in the implementation of the programme "Housing". The conference was attended and addressed by Boris Yeltsin, President of the Russian Federation.

PART B. HOUSING PROBLEM IN RUSSIA AS A FACTOR IN THE DEVELOPMENT OF HUMAN SETTLEMENTS

1. Historical review

After the October revolution of 1917 until to the second world war 1941-1945 and during the subsequent years of restoration of the economy destroyed by the war, no special attention was given in the Russian Federation, then part of the USSR, to the housing problem. The urban housing fund of imperial Russia comprised only 180 mln.sq.m of the housing area; 80% of it being wooden houses with stove heating. Urban population was 18 %. Already in 1917, a Decree abolishing private property on housing was adopted serving as the basis for redistribution of existing housing.

New housing construction began in the years of the first five-year plans, in the late twenties and in the thirties in connection with accelerated industrialization of the national economy, but on a limited scale. About 60-70 % of it was individual construction. Basically barracks were built, less often it was buildings with modern amenities.

At the same time, already in this period, as well as subsequently, significant attention was paid to the problems of settlement, closely connected with accelerated urbanization and concepts of regulated distribution of productive forces. These concepts were carried out in the following three basic directions: Radical reconstruction and construction of the industrial enterprises in traditional industrial regions and cities; Industrialization of peripheral Union republics (nowadays independent states); Economic development of vast new regions, especially on the east of the country. During the war with Nazi Germany 1941-1945 the housing construction in Russia was carried out in extremely small volumes, mainly in the east, the areas of deployment of the evacuated enterprises, and was limited to barrack type houses.

After the war all efforts were directed first of all at restoration of the destroyed housing fund in the cities and other human settlements affected by the war, in order to provide shelter to many millions of Russian citizens who had lost their homes.

At the same time the last achievements of city planning were applied for restoration of Volgograd, Novgorod, Pskov, Smolensk, Sevastopol and many other, historical Russian cities destroyed by the war. With the purposes of commemoration of the epoch and military victory a policy of erection of buildings of monumental architecture, based upon the use of classical

traditions, was carried out. In Moscow the high-rise buildings have grown up, centers of many major Russian cities were built up.

However, as a whole the volume of housing construction was progressing slowly up to the second half of the fifties. The construction of individual houses at the expense of the population, that comprised 55-60 % of the total housing construction in this period, prevailed. By the end of this stage the average provision of the city dweller with individual dwelling area has reached 7,4 sq.m against 6,2 sq.m in 1917.

The radical turn in Russian housing policy came in July, 1957 after adoption on the initiative of Nikita Khrushchev, of the resolution of Government on the Development of housing construction, in which it was set the task to put an end to the problem of the housing shortage in the country within 10-12 years.

The key way to fulfill this task was through the transition to the industrial methods of construction of standard prefabricated houses made from ferroconcrete elements of industrial manufacturing, mainly big panels, at the state's expense. In short, terms hundreds of precast panel-manufacturing enterprises and integrated house-building factories were created in the country. The reinforced expanded-clay lightweight concrete with a big volumetric weight was almost everywhere used as the basic construction material for outside panels. Many thousands of workers acquired the trade of the assemblers. In the first five years of the sixties the volume of housing construction in Russia increased twice. Russia occupied one of the leading places in the world in the amount of housing under construction per 10 thousand inhabitants keeping it for a long time (1960 - the second place, 1970- fourth, 1985- sixth, 1986-1987- third).

Thus a powerful upsurge was not only proclaimed, but carried out too. Transition began from communal to individual apartments. People in masses moved from barracks, basements, overcrowded communal apartments to separate comfortable apartments in new houses.

In many cities the mass line housing construction was conducted, the architectural approaches were used, considering peculiarities of separate regions. Many countries, especially the developing ones, expressed their interest for this experience of mass housing construction.

The intensive development of branches of material production, construction of the new enterprises, the development of natural resources in the remote regions was accompanied by the prompt growth of the urban population, creation of new cities and settlements, such as, for example Kovdor and Appatity in the Extreme North, Surgut, Nizhnevartovsk, Nefteyugansk in Tyumen area, Divnogorsk and Zheleznogorsk in Eastern Siberia, Lensk and Anadyr in the Far East and tens of others.

Within 20 years beginning with 1956 till 1976 (i.e. the year of the UN conference on human settlements in Vancouver) the average provision of population with dwelling area increased from 7,4 up to 11,9 sq.m per one person despite the significant growth of the urban population of Russia. More than two thirds of Russian population already lived in separate apartments.

A certain positive aspect of this stage of the solution of housing problem in Russia cannot be ignored along with its negative aspects. For example, in early 60's the requirements to the apartment space distribution were extremely relaxed, the subsidiary premises - kitchens, entrance-halls, lavatories were squeezed to the minimum admissible size. Even in big cities mostly five-storied buildings without elevators were constructed, insufficient attention was given to their aesthetic appearance. Separate series of the first large-panel houses appeared to be structurally short-lived, the joints between the outside panels were not reliable. In the course of the 60's and 70's these shortcomings were basically eliminated. The area of subsidiary premises in the apartments expanded, their lay-out practically matched the international standards. The architectonic and constructive decisions were improved. The construction of 9- and more -storied buildings started in the cities.

However, with all positive aspects of industrial housing construction two radical drawbacks have remained. Their elimination still requires the maximum attention of the state and the public.

Firstly, along with the development of mass-scale industrial housing construction certain decisions were taken, that made people unwilling and incapable of carrying out individual housing. Its share drastically declined from 60% in the 50's to 15% in mid-80's. A powerful upsurge in state-sponsored housing construction, when masses of people moved into individual apartments with modern amenities, seemed to facilitate the solution of housing problem. It would have been possible, if housing construction at the expense of the population also increased at a high rate. But there was no growth in it, which was only compensated by the public construction growth.

As a result, paradoxically, in Russia, where the share of state expenditures on housing construction was greater, than in any other country of the world, the indicators of the average provision of the population with housing space was lower, than in other European countries.

Therefore, a situation arose when the economy prompted to change the course so that the population could finance the improvement of their own housing conditions.

If we aim at the radical change in the proportions of financing sources for housing construction, we must address the issue of the forms of property and to what extent housing

should remain free because the housing policy has not only an economic, but also a social dimension and directly concerns the vital interests of the whole population, each family and each individual.

Prior to the beginning of economic and housing reform the access to housing was not closely connected to the labour contribution of each separate worker and his material well-being. Housing was not earned, it was distributed by administrative, rather than economic methods. On the one hand it encouraged parasitic attitudes and created grounds for unfairness and abuse in housing distribution. On the other hand families that had no hope to receive housing from the state had to stay on the waiting list for years or to spend considerable amounts of money on renting somebody else's premises.

This resulted in two forms of property on housing. The main part, especially in urban areas, was the state property owned by local authorities, enterprises or organizations. The apartments were provided to citizens free of charge, with the rent payment (unchanged since 1926) being symbolic.

The other part of housing was either in the personal property of citizens, or was in the collective property of housing cooperatives.

Construction and the operation of such housing was performed mainly at the expense of the personal means of the owners or members of cooperatives.

The problem of removing these contradictions was addressed in the eighties by many economists, sociologists and finally governmental agencies. In 1988 three decisions were taken. Two of them were meant to encourage individual and cooperative housing construction and assisted at the state level. The third decision was to the sale of state apartments to private owners.

All these decisions contained certain foundations for restructural change as regards sources of financing for housing construction. However, their implementation became possible only on the basis of economic reform and, primarily, the new property relationships that were established in Russia in 1991-1995.

The second no less significant drawback of mass industrial housing construction was the failure to solve the problem of power consumption in construction and operation of housing construction.

Considerable natural fuel resources in Russia and the low domestic prices led to a situation when the residential housing planning considered only sanitary requirements to the heat-shield of outer structures. Due to this fact excessive heat expenditures in the houses built over

that period, amounted to an enormous figure of 15-17 mln. tons of fuel equivalent, and presently, when in the course of economic reform in Russia the prices of fuel approach the world level, we need to improve the heat-shield of the buildings constructed then.

We also face the task of reducing power consumption in the housing operations at least 2-2.5 times, which will allow to bring the power consumption to the average world level. However, that requires a number of planning, construction and organizational steps.

Characterizing the development of housing construction in Russia over the last 20 years before the disintegration of the USSR and the beginning of economic reform, it should be stressed that over that period the state, its territorial bodies and industries were responsible for providing citizens with housing. On the state level the financial and material resources were designated to be spent on the housing construction at the expense of the budget and the means of the enterprises nationwide, in separate regions and industries.

Correspondingly, tasks were set on housing construction at the expense of various sources. Local authorities were in charge of housing distribution and operation.

Since the majority of residential houses were in state and municipal property, they could not perform the function of commodities, not being the object of free purchase and sale or the source of profit. The centralized price formation led to the gap between the normative price of housing and amenities, and its market value. Another important fact was that the price formation in housing sphere was dissociated from the cost of land.

Free housing was an important element of social policy accessible for the population, complementing the low wages and compensating for diligent labour. A consumerist attitude to the housing emerged that linked improvement of housing conditions to the actions of state and municipal bodies rather than to constructive initiatives undertaken by individuals for the solution of their own problems.

The bulk of housing construction was carried out by state construction companies. Economic performance of such companies in no way depended on the satisfaction of individuals' demand. There was no competition in the housing sector. Houses were built requiring considerable expenditures on their maintenance and heating. The housing construction was undertaken by local monopolies that increased their capacity. Their main performance indicator was a larger share of standard housing.

New residential areas of many cities that were built in that period basically corresponded to the state standards of planning and development, although in some cases they did not meet economic and ecological needs or the needs of a healthy environment.

The seventies and eighties witnessed a significant development of the theory and practice of city planning. In accordance with world experience a special attention was paid to the development of urban agglomeration and territorial systems of settlement. Reconstruction of Moscow, St.-Petersburg and some other administrative centers, the construction of such 'big new cities, as Togliatti, Naberezhnye Chelny, Bratsk and others, took into account many progressive recommendations of the science of city planning.

It was proved that the optimal size of a city was not as important as the optimal conditions of living and development. This criteria could be met by urban settlements of any scale. Unfortunately, the economic conditions of the time complicated the implementation of these ideas.

Despite relatively high indicators of the engineering infrastructure, the functioning and the quality of amenities in most human settlements was at a low level.

However with all the shortcomings and difficulties in development of the human settlements of Russia over the recent 20 years listed above, the steps adopted in the second half of 80's (the "perestroika" period), in particular the encouragement of individual and cooperative housing construction, permitted to substantially increase its volume. In 1987 the quantity of the constructed housing space reached an unprecedented level of 72.8 mln.sq.m, the highest in Russia's history. The average provision of housing space per person reached 16.1 sq.m in 1990 which was 2.6 times higher than in 1917.

However, since 1988 due to the general economic decline, the housing construction began to diminish and after the liberalization of prices in the beginning of 1992 it fell drastically. By the beginning of housing reform in 1992 it was 41.5 mln.sq.m, or 57% to the level of 1987.

During that period the housing sector of Russia failed to live up to the economic transformation, in particular, the growing social role of the housing policy under the conditions of economy in the state of transition. Major budget investments in the housing construction and operation were no longer to be expected unlike in previous years.

The federal housing policy was to be changed urgently through a large-scale housing reform. To this end drastic measures were required at the federal and regional levels, there was a need to form a new national housing policy (which is emphasized in the HABITAT documents).

2. Purposes and tasks of the national housing reform

The housing reform initiated in Russia is a major element of the state policy and one of the priorities of the economic transformation in the country. It is supported by the President of the Russian Federation, the Federal Assembly and the Government of Russia, the regions of the country. The beginning of housing reform was connected with two federal laws adopted in late 1992: "On introduction of amendments to the law of RSFSR 'On privatization of the housing fund in RSFSR' and "On the foundations of the federal housing policy", as well as the State target program "Housing".

Introduction of some aspects of the housing reform in the Constitution of the Russian Federation adopted on December 12, 1993 on the basis of the national referendum, had a major political and economic effect.

Article 40 of the Constitution says:

1. Everyone shall have the right to housing. No one can be arbitrarily deprived of housing.
2. Bodies of state power and local self-government shall encourage the housing construction and create the conditions ensuring the right to housing.
3. Low income citizens and other citizens listed in the law, who are in need of housing, shall be provided with housing free of charge or at a realistic price from the state, municipal and other housing funds according to the norms established by the law.

On the basis of objective analysis of Russian and world experience of the housing development in cities and human settlements, the new housing policy aims at the gradual transition from single-form (state property) to the multi-form (various form of property) economy of the housing sector of cities and other settlements, at insuring citizens' rights to housing, reduction of waiting time for housing, facilitation in acquisition of property, formation of a viable property market.

This demands differentiation of the approach by the state to the solution of the housing problem regarding the income status of citizens, in particular, guaranteed provision of housing to the low income and socially unprotected groups of the population.

It is necessary to attract the means of companies and individuals into the housing sector, to adjust the course and rate of reform according to the response of the population, to encourage

the attitude to the housing as a form of property, as a stable and profitable object of ownership.

The national housing strategy of Russia is a system of measures on implementation of the federal housing policy of Russia in the course of housing reform.

The housing reform is aimed at the stable development of human settlements of the country. The reform provides a combination of measures for satisfaction of the housing needs of the present generation (social housing programmes, large scale new housing construction) with the steps on curbing harmful impact of human activity on the environment important for the coming generations (maintenance of the existing housing fund, aversion of accidents in the engineering communications and systems and etc.).

The basis of housing reform in Russia is a gradual transition from the direct performance by the state of financing, construction, housing distribution, as the fund owner, to providing legal and economic preconditions and stimuli for the formation of market relationships in housing sector; demonopolization of housing construction through attraction of a wide range of investors and the growth of non-governmental (extra-budget) investments; structural reorganization of the basis of construction and of the building materials industry.

The purpose of the State target program "Housing" approved by the Government of the Russian Federation, was to determine the principle concepts of the long-term state housing policy and identify specific steps, primarily for 1993-1995, on the fulfillment of the following basic tasks:

Establishment of the legal base for the housing reform;

Putting an end to the decline in housing construction;

The change of structure of the housing fund and housing construction according to the form of property, the sources of financing, the types of buildings and the technology of their construction;

Gradual transition of the housing sector to the profit yielding regime along with social protection of low income groups of the population;

Demonopolization of housing construction and the maintenance of housing amenities, a structural change in the construction and building materials industry, adoption of new forms of construction organization, as well as management, maintenance and renovation of the housing fund;

The complex approach to the land use and privatization issues in connection with the housing problem and the development of the engineering infrastructure.

The following chapters of this report deal with the implementation of the listed objectives during the first three years of housing reform (1993-1995) and the tasks for the future.

It should be mentioned that, having approved the State target program "Housing", the Government of the Russian Federation decided to create an Interdepartmental commission on implementation of this program under Mr. Y. Basin. This commission in 1993-1995 played, as it does now, a very important role for the housing reform in Russia and the international aspects of its implementation.

One cannot ignore the significance of the two laws mentioned above that preceded the programme "Housing" in issues concerning housing privatization and the federal housing policy that marked the beginning of the housing reform.

The acceleration of housing privatization in Russia was brought about by a daring decision to allow citizens to voluntarily privatize their state or municipal housing, thus becoming its private owners. A high rate of housing privatization became one of the main factors in the housing market formation, enabling all individuals to participate in it for improvement of their housing conditions according to their needs and possibilities.

The law "On the foundations of the federal housing policy" in a concise and legally accurate form, defined the main directions of the housing reform. During the first years of its implementation and up to the this moment, while the updated Housing Code of the Russian Federation has not yet been adopted, this law creates a legal basis for a number of important aspects of housing reform.

In particular, it classifies the types of housing and defines a number of new concepts, such as the social housing fund, the social norm of housing space, the real estate in housing sector, the condominium and others. Regulations were introduced in the ownership of real estate, relations of property in the housing sector, renting, purchasing and construction of housing, resettlement of communal apartment residents, restrictions were removed on the exchange of private and rented apartments, changes were introduced in the form of payment for housing and amenities, rights and duties of physical and legal persons in construction, purchasing and maintenance of housing were defined.

These two laws and the State target program "Housing" ensured in early 1993 a successful start of the housing reform as an elements of the comprehensive economic reform in the course of transition to the market relations.

3. New stage of the housing reform

The State Targeted Program "Housing" determined the principle provisions of a long-term state housing policy comprising specific steps on its implementation in 1993-1995.

This period has confirmed the efficiency of the stipulated directions of the housing reform and allowed to fully or partially solve a number of the tasks included in the programme.

On the basis of the Constitution of the Russian Federation a number of the basic laws and other legislative acts on housing reform were adopted.

The decline of housing construction was stopped. In 1995 it was 42,8 mln.sq.m which exceeded the indicators for 1992, 1993 and 1994. The construction of individual housing in one year increased almost 1,5 times and its share reached over 23%.

The structure of the housing fund according to the form of property has changed. The share of private housing fund that was 30% in 1992, exceeded 50% in 1995, including housing fund owned by individuals increasing from 26 up to 41%. Over one third of the apartments in the state and municipal housing fund has been privatized. The housing market began functioning. The number of families on the waiting list for the improvement of housing conditions, has diminished by almost 2 million. Out of this number 1,4 million families improved their housing conditions through the introduced market mechanism. The average provision of housing space per person has increased by 1,2 sq.m and reached 18 sq.m per person.

Radical changes took place in structure of sources of financing of housing construction. The share of budget means that amounted to 80% prior to the economic reform, came down to about 23%.

The main source of financing of housing construction now is extra-budget resources in combination with various forms of the state support for individuals and legal persons taking part in the financing of housing construction. The share of low-storied housing construction has increased.

The issue of sale or granting of land parcels for private housing construction to the citizens' ownership has been solved. The reconstruction began of the industrial base of housing construction with more attention paid to power saving, reduction of the weight of buildings and operational expenses. A gradual transition began to a new system of payment for amenities, providing lower budget subsidies to the housing amenities sector along with a system of allowances to the low income citizens. In a number of cities housing owners' societies are formed, demonopolization of housing amenities sector is underway.

Under the complex conditions of the transition to the market economy a workable construction complex and the qualified personnel have been preserved. In the course of the privatization experienced teams of builders and construction materials workers have been consolidated on a new basis. Demonopolization made it possible to create new non-governmental contract structures capable of a significant increase in the volume of housing construction, if sufficient investments are provided.

Foreign investments in the housing sector are growing. The construction of settlements for the families of officers who previously served in the German territory is being completed at the expense of Germany. A US grant is used for financing construction or purchasing of 5 thousand apartments for retired servicemen in 19 regions. An Agreement between the Government of Russia and the World Bank (IBRD) on granting Russia a loan of \$400mln. for the housing project has come into force.

At the same time the implementation of the programme "Housing" displayed certain shortcomings, a number of forecasts was not confirmed. The investment activity is declining. In 1994 there were a fall of 8% in the commissioning of housing space. The failure of the Federal Assembly to pass the Land, Housing and City Planning Codes, the laws on the real estate registration and the mortgage slows down the rate of reform.

The housing problem is still very acute. It is necessary to enforce the social orientation of housing reform, to introduce additional measures of state assistance of certain social groups of the population. It concerns low income citizens, young families with many children, single parent families, servicemen, retired servicemen, persons who worked for an extended time in the Far North, refugees, victims of accidents and calamities. Millions of people are still on the housing waiting list, living in the meantime in hostels, communal apartments and obsolete houses. The order and rate of the transition to the new system of payment for housing and amenities need to be elaborated towards differentiation and provision of subsidies to the low income groups.

All these urgent problems have a direct impact on the development of human settlements.

Therefore, in the course of the practical implementation programme "housing" in the regions of Russia and the activity of the executive power bodies of the Russian Federation and its subjects as well as bodies of local self-government, there emerged a need for new approaches to some problems of housing reform, dozens of suggestions have been submitted, some of them tested in practical work, directed at improvement of the system of financing, crediting and taxation of housing construction and housing amenities maintenance, preservation and rehabilitation of the housing fund through reconstruction, along with some architectural, technological and city planning aspects.

The new stage of housing reform is aimed at the further development of the long-term state housing policy, implementation of the unsolved issues of the programme "Housing" and its new aspects, a greater social orientation, and at making improvement of housing conditions accessible for low and middle income families.

Certain aspects of this new stage are considered in this chapter of the report, while the overall list of tasks facing Russia's housing sector, is included in part C of the report: "National plan of actions: tasks, steps, monitoring".

Legal aspects. The preceding period was characterized by intensive work on legal regulation of the housing sector. The previously adopted federal laws were complemented by over 50 legislative and other legal acts listed in the Appendix.

Drafts of a number of federal laws were prepared that are essential for implementation of the new stage of housing reform. They include drafts of the Housing and City Planning Codes of the Russian Federation, laws "On mortgage", "On state registration of real estate rights and transactions", "On real estate owners' societies", "On securities".

At the new stage of implementation of the programme "Housing" it is necessary to complete in 1996-1997 an integral system of legislative and other legal acts, on housing construction, housing amenities and transactions in the housing sector.

First of all adoption of the prepared laws needs to be accelerated so that amendments to the existing legal acts can be introduced.

At the same time on the federal level and the of level of ministries, departments and subjects of the Russian Federation it is necessary to draw and adopt by-laws ensuring a practical mechanism of implementation of the new stage of the programme "Housing" in all areas.

During the transition to the market economy payment by consumers of the housing services should compensate not only expenses on maintenance, but also expenses on building rehabilitation (capital repair cost and expenses of the investor).

Changing legal and economic conditions of housing management should be reflected in the Housing Code of the Russian Federation and a large number of by-laws.

Since the transition to the new stage of implementation of the programme "Housing" requires a number of alterations and amendments in the existing laws, it is reasonable to attract the interested ministries, departments and executive authorities of subjects of Russian Federation for joint work on the draft of the Federal law "On introduction of alterations and

amendments into certain legislative acts of the Russian Federation in connection with implementation of the new stage of the State Targeted Program "Housing".

Presently a package of decrees of the President of the Russian Federation has been prepared on the following issues:

a) Promotion of competition in operation of the housing fund to reduce costs of services rendered to the population and improve their quality on the basis of the experience gained in Moscow, Ryazan, Nizhniy Novgorod, Yaroslavl and other cities; (adopted in March 1996)

b) elaboration of the federal target programme "Our Home" (adopted in March 1996);

c) Creation of a Federal agency on mortgage crediting to form a system of long-term crediting of the population for construction, purchasing and renovation of housing; to establish a secondary market of mortgage loans to attract long-term investments into the bank crediting sector;

d) improvement of the system of free subsidies for construction, rehabilitation and purchase of housing by application of the experience gained in Nizhniy Novgorod, St.-Petersburg, Moscow, Samara, Tula and other cities through financing by the federal, regional and local budgets and other forms of state assistance to citizens in acquisition of housing (adopted in March 1996);

e) further development of housing privatization by introduction of mechanism of transition of communal installation into common property of citizens.

On the federal level the following acts need to be passed:

a) a new standard lease treaty in the state and municipal housing fund with definition of mutual rights and duties of the tenant and the lessor;

b) a standard act of the lease of the state and municipal housing defining the order of leasing the state and municipal housing.

Introduction of such lease conditions presents a considerable interest for regional and local administrations;

c) an act on registration of citizens in need of the improvement of housing conditions in order to restore the unified system of registration of such citizens and identify the people to be assisted in various ways in improvement of housing conditions, to revise the categories of the people entitled to priority improvements of housing conditions;

d) an act on the exchange of housing premises to regulate such exchange within cities as well as between different cities.

Along with legislative and normative acts a number of subprogrammes of the State Targeted Program "Housing" on major aspects of the housing policy.

Social aspects. At the new stage of the implementation of the State Targeted Program "Housing" it is necessary to ensure a substantial intensification of the social orientation of the federal housing policy.

A greater social orientation of the housing policy is due to the fact that housing expenses occupy a growing share of the family budget, therefore a part of the population cannot afford improvements of their housing conditions by their own means alone.

The transition to a new system of payment for housing and housing amenities started in 1994 in accordance with the Law " On the foundations of the federal housing policy" and a special enactment of the Government on this subject adopted in 1993.

The order of raising rent tariffs takes into consideration the principles of social justice so that the main share of the growing expenses falls on the high-income population group who, as a rule, have housing space exceeding the social norm.

In the transition to the new system of rent payment, quite significant is a rational approach to the determination of the social norm of housing space which varies by the region from 13,5 up to 21,5 sq.m with an average of 18 sq.m per person.

The share of the charges on payment of habitation and municipal services in the cumulative income of families, giving the right on the grant, changes from 10 up to 15 percent(interests).

The analysis of the transition to the new rent payment system in all regions of Russia shows that a balanced approach to this issue by local authorities in a number of regions allowed to avoided social tension. In most regions, new payment tariffs improved payment discipline and reduced payment arrears.

At the same time a number of territories were unable to solve organizational and financial issues within the programme of housing subsidies. This caused lack of consideration among the bodies taking part in the programme which infringed on the rights of citizens who did not receive subsidies in due time.

Prior to the reform in Russia, a mechanistic approach prevailed in Russia, with the housing reform seen as a combination of two industries: housing construction and housing amenities. Practically, they were not properly connected from the organizational, social and, particularly, financial and economic point of view. At the new stage of the programme "Housing" this non-complex approach was detrimental for efficient economic steps.

To regulate the transition to the new housing payment system (using the experience gained in Moscow) regarding all forms of property should include: the first payment for maintenance (including capital rehabilitation) of public amenities in residential buildings; the second payment covers communal services.

The owner of housing premises makes a third payment, a real estate tax. At the same time a tenant is also to make a third payment, the rent (to compensate for capital expenditures on construction or renovation). To stimulate housing privatization by citizens, the establishment of rent amounts should take into account the changes in the sum of the real estate tax.

The transition to the new system of rent payment and payment for communal amenities is to be completed by 2005. Subjects of the Russian Federation are advised to complete the transition to the self-accounting basis for public amenities and maintenance services by 1998.

The transition to a new system of payment for housing and amenities irrespective of the form of property will be carried out along with the existing system of housing subsidies for low-income citizens to pay for the social norm of housing space and communal amenities within the same norm. Any decisions of local self-government bodies on establishment of tariffs for communal amenities will only be lawful if they provide for subsidies to all citizens entitled to them. With the relatively low incomes earned by the bulk of the population and the high market prices on housing, federal housing policy will be aimed at ensuring access to housing by extending for three years free privatization of tenants' housing in the state and municipal housing stock as the starting capital for the subsequent improvement of housing conditions.

Forecasts show that the overall share of privatized flats in the state and municipal housing stock will be raised to 60-65 per cent, with the rest 35 to 40 per cent of the flats remaining in the stock leased out under lease or hire contracts. Eventually, charges are going to be introduced for the privatization of housing.

In the short-term future the primary way of improvement of housing conditions for a considerable share of the population will be the use of capital in the form of the existing funds in a combination of free government subsidies for the construction and purchasing of housing, mortgage bank loans and people's own savings.

At the same time it is essential to continue the practice of free allocation of housing in the state and municipal housing stock to low-income population groups who cannot improve their housing status otherwise. The respective local government authorities must annually set a quota for municipal housing distributed free of charge (or for reasonable charges) on the lease contract terms.

Within the next few years the state will provide support to citizens with due regard for the existing international experience, whereby they could themselves regulate their housing conditions by exchanging plots, selling them for the acquisition of better ones, exchange, selling or donation of housing under the terms of lifelong residence and upkeep, and in other forms. For the same purpose plans are going to be drafted for the exemption of such deals from income tax, whereas notarial charges and fees have already been reduced. The growth of the housing market has enhanced the role of intermediaries in the housing business (realtors, valuers, etc.). To prevent people who do not have appropriate qualifications from working in this sphere, government licensing of the respective activities is going to be introduced.

To prevent unlawful and criminal actions involving the buying and selling, donation, exchange and inheritance of housing and to ensure legal protection minors, incapable and partially capable citizens as well as elderly and sick people who, for health reasons, cannot exercise and protect their rights and discharge their duties, appropriate amendments and additions will be made in the housing legislation. The respective amendments and additions must be made in the local legislation, too.

It seems expedient to work out a set of measures that will stimulate the leasing of surplus housing owned by citizens and legal entities and proposals for the construction of municipal tenement houses.

The development of new forms of housing privatization has led to an increase in the number of multiple-floor houses and groups of houses (condominiums) where some flats and non-residential premises are in private ownership, while the others are in communal ownership.

The organization of partnerships of housing owners in such buildings (condominiums) has already begun, but this practice is not yet wide-spread due to the absence of a respective law and some other legal acts.

At the new stage of the "Home" programme the formation of such condominiums will be stepped up, notably at the construction stage, with the formation of partnerships and other association of real estate owners.

The subsidies currently granted to housing and communal service enterprises and the compensations to such partnership for benefits and privileges granted by them to individual groups of tenants will be handed over to real estate owners' partnerships which will themselves decide the procedure and the terms of running the condominium and, if necessary, bring in appropriate companies and enterprises on a contract basis.

Parallel with private housing construction, at the new stage of the "Home" programme it is planned to preserve such forms of improvement of residents' housing conditions as housing construction cooperatives and youth housing complexes.

To back up the members of housing construction cooperatives whose construction started before 1994, and the members of youth housing complexes started before 1992, the government envisages various support measures such as free subsidies.

One of the most poignant social problems in the housing sphere at the new stage of the "Home" programme is the extremely unsatisfactory situation with the provision with housing

of the groups of population the respective assignments for which groups are sealed in federal housing programmes and must be financed from the federal budget.

This primarily applies to active and retired servicemen, interior ministry employees and members of their families, which is largely associated with the withdrawal of troops from the territory of other countries and the general cuts in the armed services personnel. The respective federal housing programme adopted in 1993 has been fulfilled by less than half, which has called for the elaboration and approval of a new programme for 1996 and 1997.

Because of the imminent budget deficit over the next few years it will be impossible to finance this programme fully from the federal budget. That is why, in addition to the funds envisaged by government programmes and adjusted for the actual federal budget capabilities, it has been suggested using as an additional source of financing borrowed funds from commercial and banking structures, credit and loans from foreign states and international financial organizations, proceeds from the sale at commercial auctions of a part of the unfinished housing, surplus assets as well as other extra-budget sources of financing.

To provide the families of retired servicemen with housing the government plans to make an extensive use of the positive experience of the administration of the Nizhny Novgorod region, where parallel with budget subsidies granted to homeless servicemen in the form of housing certificates kept on special bank accounts which are subjected to regular indexation, they use mortgage credit and the private savings of retired servicemen who are granted the right to decide what type of housing they need, depending on the requirements and capabilities of each particular family, of course.

Citizens leaving for permanent residence from areas in the Extreme North must be provided with housing in accordance with the Federal Task Programme approved by a resolution of the government of the Russian Federation which was adopted in 1995 and which is part of the overall "Home" programme. Housing subsidies from the budget for people leaving for good areas in the Extreme North must be primarily granted to residents of cities, towns and polar stations which are to be closed down forever.

The federal budget provides for the allocation of free subsidies to certain categories of people. In all cases, just like with retired servicemen and their families, budget funds must be used alongside various non-budget sources of financing.

It is also essential that executive bodies of the subjects of the Russian Federation apply this method when granting free subsidies to other categories of citizens which need improved housing conditions at the expense of regional and local budgets.

Financial Economic Aspects. These aspects of the housing reform are of vital importance for the successful implementation of the housing policy. That is why the search for new ways and sources of financing housing construction and communal services and the implementation of measures to reduce the costs of housing construction, maintenance and repairs is one of the key directions of work at the new stage of the implementation of the "Home" programme.

The existing forecasts of Russia's economic development for 1996-1997 point to a reduction in the volume of federal budget funds to be invested over that period in the housing sphere. They may prove insufficient even for financing in full measure the most crucial federal programmes. That is why it is imperative to ensure as rational distribution and use of these funds as possible, with a stronger emphasis on non-budget sources of financing.

At this stage of the implementation of the "Home" programme the role of executive bodies of power of the subjects of the Russian Federation and of the local authorities in outsourcing non-budget funds and in maximizing the use of the territories' own budget must grow considerably.

Using the legal base formed at the federal level, it is necessary to ensure a further introduction into the territories' practice the following measures: the payment of subsidies for the construction and purchasing of housing; the issue of housing credit and loans, including those on mortgage; the issue of special housing securities; the formation and utilization of housing development funds; the attraction of the resources of banks and other commercial structures into the financing of housing construction; the reduction of the volume of unfinished construction and of its costs by organizing contract bidding and auctions.

As shown by the experience of the preceding stage of the housing reform, the greatest effect is achieved in the event of combination and comprehensive use of the above measures.

The Decree of the President of the Russian Federation "On Housing Loans" adopted in 1994, contains a fundamental principle which has had a certain effect on the general rehabilitation of the financial sphere: the separation of the system of housing loans from the system of housing subsidies. This has been accompanied by the rejection of the system of subsidizing interest rates on loans and the introduction of the system of addressee subsidies for the construction, renovation and purchasing of housing to specific persons.

It has been suggested to refine and spread the positive experience of the Nizhny Novgorod and Saratov regions and of the cities of Moscow and St.Petersburg, involving the issue of free subsidies with the use of the mechanism of the opening of registered special-purpose accounts for citizens. Such accounts are opened at duly authorized banks which undertake to protect the above subsidies from inflation and ensure that funds from such accounts are used for the intended purpose. The selection of such banks should be done on a competitive basis.

The effectiveness and the accessibility of subsidies can be raised significantly by granting subsidies together with mortgage credit for the remaining part of the value of specific housing, by utilizing the unfinished construction projects and by accumulating resources through special housing securities or housing development funds.

A traditional method of improving people's housing conditions in all countries is providing credit for housing construction and purchasing. After the liberalization of prices in the beginning of 1992, the start of the inflation process and the rise in bank interest rates to the vicinity of 150-200 per cent per annum, the main groups of the population with average incomes have practically lost the opportunity to buy housing with long-term loans, while the banks themselves have switched to short-term operations.

The introduction of the system of long-term housing mortgage credit in Russia is complicated by several circumstances. The high and unstable rates of inflation are responsible for a

potentially high risk with interest rates in the event of long-term credit. This risk also increases in connection with the inadequacy of the legal procedure providing for the arrest and sale by a bank of the mortgaged property if the borrower does not repay the credit. That is why all institutions granting mortgage credit must be entitled to certain benefits, the term of validity of which must be clearly stated.

At the new stage of the implementation of the "Home" programme the government will pursue a policy of development of housing credit as a crucial instrument for attracting private savings and investments into the housing sector and for stimulating solvent demand.

In 1994-1995 a number of Russian commercial banks got down to practical lending for the purchasing of housing. The banks' interest is due, first, to the solvent demand of the population for long-term housing loans, which is already here and real, and second, to the vision of a huge future market for housing mortgage credit and to the desire to gain a firm foothold that market. The adoption of the Law "On Mortgages" should stimulate a sharp rise in the volume of mortgage credit of housing construction.

There are also visions of new patterns of credit which have evolved before and which allow a greater share of the population to improve their housing conditions.

The most economically effective mechanism of the government's participation in building a nation-wide system of housing mortgage credit is support for the formation of a secondary mortgage credit market for bringing into the sphere of bank credit extensive long-term non-budget resources. This is precisely the purpose of the establishment of the Federal Agency for Mortgage Credit. Its establishment provides for the additional participation of private capital in this profitable business. A number of big commercial banks of Russia have already expressed interest in participating in such a joint-stock company.

The primary task of the agency will be work out and introduce into practice effective and reliable rules and procedures governing mortgage credit and to set up a secondary mortgage credit market by acquiring the rights of banks and other credit organizations under mortgage credit agreements and then issuing securities on the strength of the acquired rights under mortgage credit agreements.

Another important direction in looking for additional non-budget investment resources is the continued expansion in the issue of various types of housing securities. By now, they have been issued or prepared for issue in an overwhelming majority of the subjects of the Russian Federation. In many of them the proceeds from their sale have already been used for the construction of housing which has already been completed.

Any further regulation at the federal level of the issue of housing securities must be backed with an appropriate instruction approved by a resolution of the Federal Commission for Securities and the Stock Market.

It should be borne in mind when issuing securities in the territories that the word housing certificates applies to any securities or obligations entitling their holders, provided that they comply with the terms of the insurance prospectus, to demand from the issuer their repayment: e.g. in exchange for the conclusion of a housing purchase agreement, the construction of which housing will be financed with the proceeds from the floating or circulation of such securities.

One of the feasible and indispensable ways of raising the effectiveness of capital investments in housing construction is the settlement of the problem of reducing the volumes of unfinished housing construction. These volumes in Russia at large and in most regions of Russia exceed the annual volumes of newly-commissioned housing.

As of the beginning of 1995 a total of 1,614,000 flats with an overall square footage of 97 million sq m were at the stage of unfinished construction. Analysis shows that some 30 per cent of this unfinished housing is more than 60 per cent finished.

This problem will hopefully be resolved after the recent signing of a decree by the Russian President, which provides for investment or commercial auctions or contests for the handover or sale of such unfinished houses to other agencies.

The executive power bodies of the subjects of the Russian Federation and the local authorities throughout Russia have been advised to draft investment programmes to reduce these staggering volumes of unfinished construction. By the end of 1997 the figures quoted above are supposed to be reduced to zero.

To improve the registration and stock-keeping of unfinished housing construction of all forms of ownership a special register of all residential buildings under construction, regardless of their form of ownership, to be introduced and kept in the administration of all subjects of the Russian Federation, with their regular status from the moment of the beginning of construction till completion.

One of the key issues and problems of financing housing construction is the determination of economically justified construction costs. The average cost of construction in Russia of 1 sq m of general floor area in residential buildings has risen from 366 roubles in the beginning of 1991 to 1,660,000 roubles in the fourth quarter of 1995, or has soared more than 4,500 times.

This means that the average cost of construction of a single-room flat in Russia stood at approximately 55 to 60 million roubles, of a two-room flat at 80 to 85 and of a three-room flat at 110 to 120 million roubles.

In the market conditions the dynamics of housing construction prices are determined by a multitude of factors, of which the most important ones are the growth of prices of fuel and energy, of electricity and transportation, the depreciation of fixed assets and the growth of pay in the industry. All these factors influence differently the average housing prices in different parts of Russia, where it varies from 70 to 200 per cent compared to the average figure for Russia, or more than 2.8 times.

To reduce the costs of housing construction the following measures will be undertaken at the first stage of the implementation of the "Housing" programme:

- contests of housing designs for the selection of the most effective solutions;

- contract bidding contests for the selection of construction agencies of any form of ownership for the planned construction projects;

- contested or auction sales of land plots to developers for housing construction;

reduction of the housing costs for buyers through a 1.5 to 2-time reduction of the infrastructure coefficient by way of a transfer of a part of immediate costs for the formation of the infrastructure into tariffs for the subsequent use of that infrastructure;

introduction of a set of rules of providing or selling housing to future tenants (at their wish) without finishing.

In view of the continuing transfer of the housing sphere into a loss-free business, it seems advisable to carry on with the measures aimed at attracting credit resources - first of all through international financial institutions such as the World Bank (IBRD), the European Bank for Reconstruction and Development (EBRD) and others. This will be dealt with in the G section of this report, entitled International Cooperation.

The housing taxation system will be upgraded in line with general tax legislation reform and will conform to the basic principles of that reform. The introduction of a system of justified tax privileges will be accompanied by the introduction of measures designed to increase the tax returns.

It appears expedient to work out a mechanism ensuring the allocation of tax proceeds in the housing sphere expressly for the development of housing construction. There are a number of other proposals, too, which deserve further consideration.

It is necessary to raise the share of investments into the infrastructure of residential communities. At present, capital investments into municipal infrastructure is financed mostly from the current municipal budgets. Since there is an obvious shortage of these resources, it is imperative to work out new market methods and forms of financing of the municipal infrastructure: notably, through the rationalization of payments for the services provided, the attraction of non-budget investment resources and so on.

Programmes of infrastructure financing must be drafted on the basis of: calculation of the population's solvency as regards the requirements for specific infrastructure features; cost analyses and feasibility studies; analysis of the relevant legal and norm-setting documentation; development of new forms of cooperation and verification of the rights and responsibilities of each of the participating parties (the city council, the committee or department for housing construction and communal services, the municipal services and contractors, private contractors, creditors, developers, and so on); and the drafting of realistic work schedules.

Programmes of long-term financing of the development (construction, modernization, renovation) of the housing infrastructure can be implemented in two ways:

(1) by improving the system of budget financing of the infrastructure through its division into: the current infrastructure maintenance and repair budget; and the budget of capital financing of the infrastructure;

(2) by using borrowed funds.

The division of the infrastructure budget into a current and capital sections will help avoid the transfer of the burden of capital financing of the infrastructure onto the current expenditure budget.

In connection with the need of sizable financial resources for the development of the housing infrastructure, which is comparable to the current municipal budget, the city council can attract, in addition to budget resources, loans and credit from international financial institutions (IBRD, EBRD, etc.) against guarantees from the Government of Russia; credit resources of commercial banks; and financial resources from private individuals and legal entities by issuing special municipal bonds.

The repayment of credit and payments under funded loans for the development of the housing infrastructure must be guaranteed, first of all, with the revenue of the utility services and agencies, which they expect from the users of the infrastructure services and utilities.

The transition to the market methods of financing of the development of the utility infrastructure presupposes the development of a more rational system of payments (tariffs and rates) for communal services. The low rates for communal services and for the use of the housing infrastructure which had existed until recently prolong the irrational use of the existing resources, the low level of services and the continuing orientation to government subsidies.

Architectural Design Aspects and Construction Industry

The radical changes in the housing sphere have predetermined the new requirements to the architectural design characteristics of the housing under construction and renovation. Prior to the reform, when most residential houses were built with centralized government investments and flats there were distributed free of charge, the requirements to the architectural design characteristics of housing were set in a centralized manner, too. During that period the government hoped to reduce the construction and labour costs of housing and to step up its construction through industrial production by big house-building agencies and mass construction of standard prefabricated buildings.

Today, when housing is built mostly with non-budget funds and when a considerable share of this housing ends up privately owned and becomes an item of the housing market, the architectural design requirements to residential buildings are largely determined by their future tenants and investors, be it private individuals, enterprises of different forms of ownership, commercial structures or the city councils themselves which build this housing. The emphasis now increasingly shifts towards the consumer qualities, functional conveniences and so on, with a greater regard for the natural, climatic and other distinctive features of the housing locations, and for aesthetic and ecological considerations.

The period that has passed since the start of the housing reform has added an extra edge to a number of problems. The fast growth of fuel and energy prices and electricity and transport tariffs have pushed to the foreground the questions of improving the thermal insulation and reducing the weight of residential buildings.

Add to this the problems of the renovation of the existing housing stock, especially of the houses of the first mass-built series. Finally, there is a pressing problem of the development of a new concept of house designing. In this connection, the supplement to these Guidelines stresses the need of a detailed analysis of these important issues in the form of sub-

programmes of the "Home" programme. Their main conceptual principles are outlined in this section.

The most important of them all is energy saving, for at present energy is used extremely irrationally. The most immediate task in this direction is to reduce energy consumption in the course of the construction and use of housing.

In the context of the housing reform this task can be accomplished through the use of improved architectural design, engineering, operational and other factors. These include the expansion of the width of the buildings and their better spatial orientation depending on the prevalent winds, greater compactness of the built-up areas, the use of laminar materials in exterior walls and windows with triple panes, improved heat insulation of the exterior walls, the roofs and ground-storey floors, the installation of control meters helping save additional energy resources and so on.

Another pressing problem is the improvement of the heat insulation of the earlier-built houses (insulation of the exterior walls, installation of third window panes and improved insulation of the roofs and ground-storey floors).

One more important element of the first stage in the implementation of the "Home" programme is the development of a fundamentally new system of house designing. Prior to the reform it was based on rigid dimensions and characteristics of standard designs of residential houses or prefabricated sections, which did not take into proper consideration the distinctive features of the construction area or the type of the future tenants. Today, it has turned out that we do not have any optimal architectural construction systems of house designs from the viewpoint of the technical, economic and functional requirements.

This does not mean that we must return to standard designing. A standard design, seen as mandatory for execution, must be replaced with a system of recommended designs aimed at some "model design" meeting specific architectural and engineering requirements. Such designs must be developed for all basic types of residential buildings, for different forms of ownership, and for different geographic region on a contested basis, which must serve only as a model or guideline for a creative search, but not for carbon copying.

The new architectural design systems must be based on modular coordination and standardization of the basic construction elements and articles. Depending on the forms of ownership, one can forecast the following advanced types of residential houses:

for home building and private construction - single story, mansard-type, two-floored and three-floored, detached or integrated houses erected on the basis of lightweight constructions made of timber, small-element masonry units and other near-by building materials with the employment of economy heat insulators;

for cooperative and collective construction - low-rise residential buildings up to 4 stories high, integrated, sectional; up to a complete switchover to economy building systems, multistory buildings on the basis of constructions of large-panel house building;

for commercial construction - low (up to 4 stories) and multistory (from 5 stories and over) blocks of various building systems and architectural and planning concepts depending on the town building situation, conditions of zoning, and investor capabilities;

for social housing - low-rise buildings of up to 5 stories, mostly from near-by building materials, but also with the application of industrial details with the employment of wide cross-wall spacing (up to 20 m), with effective sandwich wall panels during the move to economy building systems.

Since architectural and building systems are becoming regional they are beginning to take into account the natural and climatic peculiarities of regions, the availability of local construction materials, and the specific features of the population concerned. Thus, for example, it is expedient to develop a Northern House system, a house for high-seismicity areas, and so forth. In the various architectural and building systems characteristics will find reflection that are associated with the use of the main structural materials: wood, stone, bricks, small-element blocks, monolithic constructions, sandwich panels, etc. The general orientation towards a gradual shift from heavy precast concrete, which has long served as the base construction material for housing, to lighter energy-saving materials and constructions, will remain the key thrust in architectural and engineering policy at the new stage of "Home" programme implementation.

Every year 7-9 million sq. m of overall area of residential buildings is becoming unfit for habitation and has to be demolished, and about one-third has over 60 per cent physical depreciation. The volume of house rehabilitation, reconstruction and modernisation has sharply decreased over the last few years. If the existing situation in Russia continues in the next 10-15 years, more than 250-375 million square metres of housing could become unfit for habitation.

The essential part of the new stage of housing reform is, therefore, to ensure the preservation and renovation of the existing housing stock through house rehabilitation, reconstruction and modernisation. This will not only help maintain it in satisfactory condition, make for a longer decrepitude period and improve living conditions, but will also have a considerable social and town planning effect of urban renewal and qualitative renovation of the housing itself, satisfying market and privatisation requirements.

A major problem is the reconstruction of the areas built up with houses of the first 1950s-1960s mass-scale "Khrushchev" series, now physically and morally depreciated.

They require renewal with regard to the arrival of the time prescribed for rehabilitation and reconstruction and the placement in houses of this generation of a substantial portion of social housing.

The volume of this housing stock is approximately 250 million square metres. The main areas of work on the renewal of residential buildings of the first mass series are to be rehabilitation, consisting of the removal of physical depreciation to ensure the preservation of the buildings; modernisation of buildings, providing for a partial change in layout and the re-equipment of flats, better heat insulation of the buildings, and front architecture improvements, which removes not only the physical depreciation, but also to a significant extent the moral depreciation of the buildings; and reconstruction, aimed at gaining additional space by erecting overstories, expanding the buildings or adding new volumes.

The new stage of "Home" programme implementation predetermines the need for the reconstruction of the existing production base of house building. It must seek to ensure in housing the reduction of the weight of constructions, a shift to house building systems that allow for the erection of dwelling houses of a varying number of stories and wide-ranging consumer qualities; organisation of the production of progressive constructions on the basis of the use of sheet and slab environment-friendly and economy heat insulating materials; and abandonment of use of metal- and energy-intensive production processes at the enterprises of the building materials and construction industry.

The use of composite systems, to permit increasing house building capacity by combining prefabricated constructions with structural elements made of cast-in-site concrete and produced on the basis of local raw materials and production waste, wall, finishing and roofing units, such as economy bricks, tiles, small-element and large blocks and heat insulators, is acquiring great importance. A substantial increase in the share of low-rise building construction calls for:

- a) the reorientation of a part of house prefabrication plants towards composite building systems with the use as bearing constructions of precast reinforced concrete products, and in the case of space enclosing structures - of economy small-element units, stage constructions with the use of heat insulators, timber, metal and other;
- b) the development of an own account production base for low-rise building construction, oriented towards the construction and manufacture of housing products on the basis of laminated wood-frame and panel constructions, houses built from small-element and large blocks with extensive use of local materials, including production waste (metallurgical, from heat-and-electric-supply stations, wood-working, etc.);
- c) development of the production of economy roofing materials, especially ceramic and cement-sand tiles, environment-friendly roofing materials, and durable new roll roofings;
- d) the development and mastering of the production of autonomous systems of building services (heating, water, supply, sewerage) of varying capacity, especially environment-friendly, with the use of renewable sources of energy (sun, wind).

Special attention should be paid to the organisation of the production and improvement of the quality of timber constructions, which in the forest-abundant areas of Russia should become predominant in the construction of low-rise buildings.

In the course of the restructuring of the production base for housing construction the most complex problem is the fate of hundreds of house prefabrication plants and large-panel house building enterprises, a large portion of whose capacities is underutilised, and whose products do not meet present-day requirements and have no sale.

Practice has shown that for the fulfilment of the new standards for construction heat engineering there is no alternative for these enterprises but to use composite systems, or to move from single-layer keramzit-concrete to multi-layer wall panels with the use of economy heat insulators.

Enterprises which over the next few years fail to accomplish the switchover to economy constructions with regard to standard requirements and consumer demand will be doomed to bankruptcy.

With the steep rise in building heat efficiency requirements the production and use of heat insulators will receive a predominant boost. As this takes place, along with such traditional economy heat insulators as foam polystyrene and mineral wool slabs, the production and use of heat insulators based on local materials (peat, rush board, etc.) is going to be expanded. The transfer of the production of solid and semisolid mineral wool slabs to environment-friendly binders will be required.

Brick production will have to undergo a major change. Because of the low efficiency of the use of kiln materials in load bearing constructions the employment of bricks will, as a rule, be limited to space enclosing structures of buildings. Hollow products will become the main types of clay and sand-lime bricks used, and the main type of masonry will be economy brickworks with the employment of brick and loose fill heat insulators. Ensuring the production of economy hollow types of bricks will require the modernisation of a part of existing and creation of new enterprises on the basis of progressive technologies.

In order to reduce unproductive water and heat consumption, it is necessary to develop and organise the production of new types of more efficient and reliable sanitary installation, automatic instruments for regulation, monitoring and estimation of municipal services, and new kinds and type-sizes of joinery, including articles with triple glazing.

The structure of the construction industry cannot be improved without restructuring in the system of mechanisation of construction work in the direction of developing small tools and equipment, and the production of machinery, devices and hand tools oriented to low-rise building construction, which will require a substantial alteration of the structure of production in construction and road machine building with appropriate government support.

In 1994-1995 structural and technological transformations of operating enterprises slowed down, and a number of scientific research projects were not realised because of financial constraints. Nevertheless the fact that in a number of major positions of the material base of the construction sector in 1995 the decline of production ceased, and in some of them growth is in evidence, reveals that many enterprises of the industry have successfully adapted to free market conditions.

So the draft of a new subprogramme on this subject calls for focusing on such sources of financing as depreciation charges of enterprises, the proceeds obtained from the sale of shares in privatised enterprises, other off-budget sources, and local budget funds during its implementation in 1996-1997. The construction industry can now only count on federal budget resources for the crediting of a limited number of most progressive and fast recoupable investment projects, and the conduct of research and development work aimed at their effective introduction in practice.

Rational utilisation of the World Bank Housing Loan should assist in carrying out the structural adjustment of the material and technical base of housing construction.

Institutional aspects. Over the past period a number of important measures have been carried out aimed at institutional support for housing reform. The Russian Ministry of Construction has been charged with developing a federal housing policy and participating in its implementation. The Housing Policy Department and the Housing and Public Utilities Department have been incorporated into the Ministry. Thus for the first time a single executive body now combines functions for the direction of housing construction and management of the housing and public utilities sector, which is of fundamental importance to the accomplishment of the new stage of "Home" programme implementation.

An Interagency Commission for Realisation of the State Purpose-Oriented "Home" Programme, and an Interagency Council on Construction, Architecture, and Housing and Public Utilities have been set up and are functioning.

At the new stage of "Home" programme implementation it appears to be necessary to expand and step up the activity of the Interagency Commission by laying upon it the tasks of consideration and assessment of the subprogrammes being developed, continued contacts on behalf of the Government of the Russian Federation with the World Bank on the provision to Russia of loans for projects related to housing development, and strengthening of the work on coordinating the efforts of local executive bodies in carrying out the housing reform and also of structures ensuring the functioning of the housing market, realtors, valuers, developers, and so forth.

The practice of the first years of "Home" programme implementation has borne out that end performance depends, above all, on the organisation of the work in the localities of the executive bodies of the subjects of the Russian Federation, local government, and organisational units in charge of construction, architecture, and housing and public utilities.

In a considerable part of the subjects of the Russian Federation the opening of housing for occupancy grew in 1993-1995, i.e., during the time of "Home" programme implementation. Among them are the cities of Moscow and St. Petersburg, the Republics of Bashkortostan, Sakha (Yakutia) and Chuvashia, Krasnodar and Stavropol Territories, the Belgorod, Ryazan, Moscow, Tver, Tambov, Rostov, Novosibirsk, Tyumen and Amur Regions, and a number of others. At the same time the opening of housing for occupancy markedly decreased in some areas.

The executive bodies of a number of subjects of the Russian Federation and local governments in a number of areas have displayed initiative in procuring and using extra off-budget sources of finance for the housing sphere. Thus in the Nizhny Novgorod and Tyumen Regions the provision of housing for citizens discharged from military has substantially improved, in St. Petersburg, Ulyanovsk, Tambov and some other cities housing securities are being successfully realised, in Ryazan housing owners' partnerships are being set up, and in the Yaroslavl Region extensive work has been carried out to ensure the transition to a new system of payment for housing and utility services.

A significant effect in the comprehensive use of different kinds of off-budget investment has been achieved in Moscow, in the Belgorod and Novosibirsk Regions and in some other areas. Experience shows that broadening the "Home" programme implementation opportunities for the executive bodies of the subjects of the Russian Federation and local governments by delegating to them certain rights which are currently in accordance with existing legislation

and regulatory enactments, as well as departmental instructions concentrated on the federal level, is particularly desirable at the new stage. This will be fully in keeping with the Federal Law on the General Principles of Organisation of Local Government in the Russian Federation, which entered into force on September 1, 1995.

4. Reform in the housing construction and management, city planning and development of human settlements

Previous sections of the report covered the main tasks in the implementation of particular aspects of the housing reform at the new stage of its development till the year of 2000.

Several serious reforms have been also made in the sphere of city planning at the national and regional levels.

In 1992, the law on 'The basic provisions in city planning' was adopted which established the legal grounds in city planning, defined the basic directions of legal regulations in city planning in order to ensure favorable conditions for human life and development of the society, careful use of natural resources, protection and restoration of the historic, cultural and architectural heritage.

For the first time in Russia, a draft of the Code of City planning Laws was worked out, setting up the principles of the city planning activities in towns, cities and other human settlements, regardless of the forms of property to the land, other natural resources and real estate.

The plan provides for the development and keeping of the city planning cadasters needed for the implementation of the housing reform, inter-related to the land evaluation cadasters, of the system of state registration of the real estate propriety rights and transactions, as well as the environmental monitoring in towns and cities.

In order to prevent economic and ecological overcharge of certain territories, the General Plan of Settlement at the territory of the Russian Federation was developed which covers the problems of the use of natural resources and territorial organization of the Russian productive forces. The document takes into account the large number of migrants, the present critical ecological situations, instability in the development of certain regions.

The list of top priority measures includes the development of the existent regional systems of settlement, in particular, those of Middle Russia, South-Siberian and the Pacific Ocean regional, with relatively favorable ecological conditions and capacity to accept migrants; formation and development of the federal level transportation communications, building of new ports at the Baltic, Black, Caspian and White seas; development of the recreation zones of the federal level in the Caucasian Mineral Waters, the Baikal lake region, the Black sea coast, the Golden Ring, Valdai, Karelia; improvement of the ecological situation in the Chernobyl zone and certain regions of the Urals.

A special foundation was established to develop the region of Middle Russia incorporating the Kostroma, Novgorod, Pskov, Tver and Yarovlsavl regions. The determining factors here are the rich natural and historic and cultural potentials, the favorable geographic position and ecological situation, a relatively developed system of the transportation communications.

The stimulation of the development of the historic small and middle size towns has become an important goal in the city planning policy. The association of the historic towns was established, the program on the 'Revival, building, reconstruction and restoration of the

historic small and middle size towns of Russia' was developed and approved of by the Government of the Russian Federation.

The practical implementation of the housing reform has demonstrated that the formation of the real estate market differs in different towns and regions of Russia. The market for apartments can be considered the most successful operating segment of the real estate market in the majority of the towns.

The type of the market in a particular town is affected by the social and cultural image of the town (residence in a 'rich city', a capital is considered socially prestigious); the historical traditions; psychological stereotypes; the position of the town authorities; the level of the concentration of the financial resources in the town; the desire of some part of the population to legalize and protect their high income; the ecological situation in the region; attractiveness of the town for the flow of migrants (from the Caucuses, the North of Russia); the changing situation in the town related to the structural priorities in the economy (for instance, stagnation of the real estate market in some mono-industrial towns).

At the same time, the state structures and non-governmental organizations of the Russian Federation have become more and more aware of the fact that the economic reforms may only be efficient if based on a serious analysis of the Russian present situation de facto, the dynamics of the changes (and not only on some speculative models, or exceptionally on the experience of other countries).

In order to develop the human settlements, it is important to ensure the rational solution of the property problems at the new stage too. Russia needs to keep the significant housing sector of hired dwelling, which has and will have for some period in future a stable number of resident customers.

Dwelling should be considered in both the economic and social aspects simultaneously. Dwelling is a private product at the level of a house or apartment. But taken at the level of a block of houses or a dwelling district it becomes a part of the own or some other human settlement and it must be regulated by the appropriate ecological and city planning criteria.

As a rule, the development of the housing construction takes place in the absence of the land market. The major part of the multi-story construction takes place at the territories assigned for the massive housing construction in accordance with the former general development plans of the towns, thus keeping the tendencies formed in the framework of the socialist economy. Low-story construction is effected in random taken places. The acting mechanism of the distribution ignores demand as the key principle of the formation of land usage in towns.

An important goal in the development of the housing market is the adoption of the law on zoning, development of the market-oriented municipal policy in land usage, which provides for the introduction of the market for the rights to land plots and the mechanisms of accounting of the territorial demands from the real estate builders and customers. Zoning may be used as a basis for the allocation of the land plots for the public and private estate building, authorizing permissions for constructions, monitoring the observance of the construction regulations.

Introduction of the market mechanisms and principles of the land availability for operation, reconstruction and construction of the housing is a most important constituent part of the housing reform and inseparable condition for the solution of the housing problem. This availability will be ensured by the consistent unification of separate parts of the housing market in the housing sphere: a fairly developed and mobile housing market; relatively inefficient market for non-dwelling premises in apartment houses and other constructions; so far under-developed and extremely distorted land market.

Several legal documents on city planning came into force in the previous period, however, the reform in this sphere goes at a very slow pace.

The city planning aspects of the housing sphere are implemented at three levels: federal, subjects of the Russian Federation and bodies of local community self-management.

The unification of the legal regulations of the city planning is effected at the federal level. The new stage of the reform is to finish the creation of an integral system of the legal and regulation documents, circulating at the territories of towns and other human settlements, as well as land transactions and other real estate transactions. First of all, the documents should include the Land and City planning Codes, drafts of the laws on 'The State Registration of the Rights to Real Estate and Real Estate Transactions', on 'Zoning of the Territories', introduction of the land evaluation and city planning cadasters. Those legal documents will set the competence of the federal bodies, the subjects of the Russian Federation, the bodies of local community self-management in city planning, the principles of the towns' territories zoning.

The economic motivation at the state level will be given to the consistent implementation of the policy of the expatriates settlement for those willing to return for permanent residence, as well as that for the servicemen families, retired from the Armed Forces, residents of the Far North regions, victims of accidents, natural disasters, forced migrants - in the regions recommended, by the General Plan of human settlement.

In order to ensure the unified coordinate localization and identification of the real estate objects, a State City planning Cadaster (GGK) is to be introduced, which will be based on the State Land Evaluation Cadaster. The State City planning Cadaster will be the cadaster of the town real estate, which will allow to make the zoning of the town or other human settlement territory, establish differentiated taxation rates for the real estate. The introduction of new city planning regulations, based on the demands of the development of the town real estate market, will also be very important.

The adoption of the law and the appropriate regulation documents on the introduction of the town zoning system will allow to define clearly the rights and limitations for the builders, to develop a more flexible and less expensive mechanism of getting the necessary permissions and approvals.

At the same time, legal and organization measures should be taken in the sphere of land property relations, encouraging the establishment and development of the institute of private developers on one hand, and the stimulation of the competition in the sphere of accessibility to the land plots for the housing construction, on the other hand.

The actual measures taken at the federal level in the city planning policy at the new stage of the implementation of the Program 'Housing' in 1996 - 1997 should be:

- a) introduction of the regulations on the unification of the rights of property, usage and management of land in the set boundaries and other real estate in the housing sphere in the existent dwelling areas of towns and other human settlements;
- b) provision of the legal grounds for the private persons and legal entities to have unimpeded acquisition (within the set norms) or purchase, at the tenders and auctions, of land plots in private or community property for reconstruction or housing construction with dwelling and non-dwelling premises, including that above the set norms;
- c) stimulation of the use of internal resources of the town development through the introduction of the mechanisms of the town land privatization, regulation of the land usage through the real estate taxation, introduction of the town land rent payments;
- d) implementation of the energy conservation principles in the town and housing and public utilities services, maximal use of the local energy resources, modernization and development of the utilities systems and provision of a wide scale selection of various capacity systems for the utilities networks in towns and country side settlements, adequate to the city planning conditions and the investments capabilities.

Besides, regulation legal documents of the city development will be introduced at the federal level, providing for: unified rules of fixing the city boundaries; the rules to set the red lines of blocks of houses; setting the regulation lines within the blocks of houses, defining the land plots boundaries of various owners; construction regulations and norms in the section of 'city planning' will be revised.

At the level of the subjects of the Russian Federation the program provides for a regional adaptation of the federal code of laws and norms in city planning, establishing of the sets of rules, regional norms of a social dwelling, public service installations and their networks, distribution of the density of the development areas and requirements to its complexity; specification of the rights of the local self-management bodies of the cities, towns, settlements and country side settlements in accordance with the city planning regulations.

At the level of the bodies of local community self-management regulation legal documents should be developed and put into force for the cities, towns, its districts (parts), dwelling blocks and land plots for housing construction and reconstruction, as well as the rules of usage of the dwelling developments, limitations, regulations, servitudes for the users, owners and developers.

The revision of the city planning documentation should be finished taking into account the prevailing low-story, including individual, housing construction with the preservation of the multi-story development only for the major city zones with utilities networks installed. At the same time, measures should be taken to eliminate random development of the major city suburbs with cottages which are expensive, take long time to construct and, as a rule, have low architect quality.

In the future, the program provides for the further stimulation of individual and collective housing development with household land plots allowing for self-construction among other

methods. It will increase the share of the low-story housing in the nearest future: up to 90 - 100% of the total construction in small towns, up to 50 - 70% in middle size towns and cities, up to 20 - 25% in large and the largest cities.

It is possible to practically establish the real estate market in the housing sphere by uniting the markets of the dwelling and non-dwelling premises in the apartment houses and other constructions and the land market with gradual organizational, financial and legal provision of the registration system of the real estate in the unified register of the real estate.

The positive experience gained in Barnaul, Novgorod, Nizhny Novgorod, St. Petersburg and Tver (while working out and implementing the Housing Loan of the WBRD) on the registration of the real estate rights and issuing one (major) legal deed to the property rights, usage and management of the land and the constructions on that land. It is especially important to use the experience of Novgorod and Tver on the unification of the data in one information and registration center received from various separate committees and services - the Housing Committee, the Bureau of Technical Inventory, the Committee on State property, the Committee on Land, the Committee on City Planning, the Cartographic Services.

In order to stimulate the competition among the developers, shorten the construction and reconstruction periods for the dwellings, raising local budgets for the finance allocations to the utilities networks construction, it is planned (taken into account the experience in the mentioned above cities, as well as Ekaterinburg and Tataria) to adopt legal documents at the federal level to have tenders and auctions to assign or sell land plots in cities, towns and other human settlements for housing construction.

The general condition of the housing and public utilities services of Russia does not meet the modern requirements. The budget allocations and the customers payments cover only 40% of the investments needed for normal operation, maintenance and repairs of the dwellings and public utilities installations.

Ten per cent of the towns and 40% of the town type settlements of Russia, to say nothing of country side human settlements, do not have certain types of public utilities.

The federal policy in the housing and public utilities services at the new stage of the implementation of the Program 'Housing' will concentrate on the solution of the following main tasks of development and activities in the industry:

- to create conditions for the development of the infrastructure balanced with the housing construction by stimulation of the non-budget investments, introduction of taxation discounts for the investors, creation of the financial and industrial groups of joint-stock companies and other structures for the joint development of the housing and public utilities services;
- to ensure protection of the customers' interests against the monopoly enterprises in the quality of their services and the price rise rates by universal transition on the competitive basis to the contract form of relations between the enterprises of the industry with the customers and the bodies of local community self-management;

- to extend the authority of the housing inspections which may become the main initiators to the transition to the new system of dwelling rent and utilities payments;
- to develop the concept of public works in the city services, partially solving the employment problem, with a general increase in labor productivity in the industry;
- to create regulative, organizational and consultative basis for the transition of the housing and public utilities services to the new form of the services payments with a gradual increase of the investment share and payment of the housing subsidies to the low-income citizens.

The main directions in the improvement of the management system, maintenance and operation of the housing facilities are the following:

- a) to divide the functions of management and maintenance of the housing facilities;
- b) to shift to the contract relations between the customers and the contractors;
- c) to introduce the competitive selection of the contractors.

The division of the functions of management and maintenance of the housing facilities provides for the establishment of two cooperating independent structures, one of them - the Customer service - ensures an efficient management of the housing facilities on behalf of the proprietors, and the other - operation, maintenance and repairs enterprise is specialized exceptionally in the contractor functions in the maintenance and operation of the housing facilities. This process has been implemented in several Russian cities: Moscow, Ryazan, Nizhny Novgorod, Novochoerkassk and some others.

The analysis of the Customer services operation in various cities demonstrates that the functions performed by those newly created enterprises differ significantly in particular cases.

The Customer services did not work well enough in the field of competitive employment of organizations of various property forms to maintain the housing facilities. The repairs and construction enterprises were not privatized.

A contractor enterprise is an independent economic structure, its activities are not limited by the works ordered by the Customer services, it provides paid services to the dwellers.

In order to realize the functions of the Customer in the housing and public utilities services, the local authorities must establish the appropriate structural links - the Customer services, which must sign contracts with contractors of any organizational and legal statuses to provide services in maintenance and repairs of the housing facilities only on the competitive basis.

The Customer, however, should have some other functions performed exceptionally by the state structures: passport registration of the residents etc.

The Customer services should have groups of lawyers to ensure stable work on payment due collection from the private persons and legal entities as well as a more thorough attitude to the contracts to be signed with the owners of buildings, suppliers and contractors.

Contract based relations are one of the corner stones in the forming new mechanism of the management and maintenance of the housing facilities. Any improvement in the quality of service provided to the housing facilities with a most rational use of financial resources is only possible in a competitive environment in the sphere mechanism of the management and maintenance of the housing facilities. The experience gained at the tenders for housing facilities maintenance services held in Moscow, Ryazan, Petrozavodsk and other cities demonstrates that the competitive environment in that sphere already exists and the number of private companies successfully operating in that market has been constantly increasing.

The division of functions between the customers and contractors should be finished by the end of 1996. At the same time it is planned to introduce contract based relations between the owners of the state and municipal housing facilities, as well as the owners of the public utilities and managing bodies - the housing repairs and maintenance enterprises of any forms of property.

The transition to the competitive principle of selection of contractors to maintain, operate and repair the housing facilities should be made consistently, bringing the share of the state and municipal housing facilities maintained on the competitive basis by the end of 1996 up to 10%, basis by the end of 1998 up to 60%, basis by the end of 2000 up to 100%.

The control functions of the observation of the contract provisions between the owners of the state and municipal housing and public utilities facilities, servicing enterprises and customers, as well as the tenders for maintenance services to the state and municipal housing facilities are planned to be entrusted to the State Housing Inspection of the Construction Ministry of the Russian Federation and the Housing Inspections of the subjects of Russian Federation.

These were the main measures in the sphere of city planning, development and operation of the human settlement, which are to be implemented in the Russian Federation in the period till 2000 in respect to the housing reform.

PART C. THE NATIONAL PLAN OF ACTIONS: TASKS, ACTIONS, MONITORING

The National Plan of Actions of the Russian Federation and all its regions for the period up to the year of 2000 proceeds first of all from the nation-wide task - economy stabilization and further development by way of consistent and continuous implementation of economic reforms, with all modifications required, that are aimed at resolving top priority social problems.

When these problems are being resolved the role of both federal authorities and especially the authorities of the 89 subjects of the Russian Federation and self-government bodies grows, and in this connection the National Plan of Actions shall be implemented in every region in close correlation with specific regional features. One of priority social issues, especially important for the improvement of human settlements condition and their development, is pursuing with the housing reform, implementation of a new stage of the state targeted program "Housing".

The following tasks belong to the main tasks to be fulfilled at this stage:

1. The necessity to accomplish in 1996-97 the formation of an integrate system of legal and regulatory acts in the field of housing as a legal basis to continue housing reform implementation.

Envisaged is adoption of Land, Housing, Town-building and Taxation Codes, laws on real estate registration, on partnerships of housing owners, on mortgage, on territories zoning, statutory acts to regulate leasing, rental, housing registration and exchange, housing construction and municipal economy financing and also drawing up and passing regional and departmental regulatory acts providing for in situ implementation of the housing reform.

2. Improving town-building and relevant to the economic situation approaches to providing land lots, to construction and maintenance of housing, public catering buildings and infrastructure of human settlements.

For this purpose it is necessary to improve the population distribution in compliance with the Master Plan of population distribution in the territory of the Russian Federation (see Annex). Land and Town-building Cadasters development and putting into effect, drawing up and adoption of legal acts on land lots boundaries in human settlements and provisions on land lots allocation, ownership, use and disposal. Bringing into effect legal documents on fixing city limits, districts territories, land lots of the owners, etc. Increase of low-rise housing construction. Accelerating municipal infrastructure development, differentiating between the functions of housing stock management and maintenance with a transfer to contractual relations and growth of competition.

3. Increase in housing construction volume with ensured commissioning

of 43-45 mln sq.meters in 1996, 46-50 mln. sq.meters in 1997 and 65-80 sq.meters in 2000, allowing to reach and exceed the highest figures of housing commissioning in the history of Russia (see Annex).

This task is planned to be fulfilled with the funds of private developers and combined forms of property entities, with the attraction to housing construction funds of banks, commercial structures, foreign investors; by reducing the number of unfinished housing construction projects, auctioning part of completed housing; by holding tenders and competitive bids.

4. Further modifications in the housing stock structure according to the type of property and according to funding sources in housing construction

It is supposed to bring the share of privatized apartments in state and municipal housing stock up to 60-65% with 35-40% of apartments retained for leasing.

It is supposed to develop non-budget funding of housing construction and apartments purchasing with gradual reduction of the amount of non-budget funds allocated for this purpose and most expedient utilization of these funds to provide housing for low-income and other groups of population under the law.

5. Introducing efficient systems of targeted support to population in need of housing conditions improvement in the process of housing construction and purchasing apartments.

For this purpose it is necessary to improve and introduce in practice the following: giving subsidies for housing construction and apartments purchasing; giving housing loans, especially mortgage loans; issuing and circulating securities; establishing registered cumulative housing bank accounts; rendering every possible support to population in independent transactions on purchasing, granting and exchanging apartments; utilization of housing construction funds, etc. With respective federal laws available the use of these kinds of support in package becomes one of the most important lines in regional and local authorities activities. Special attention must be given to providing housing to military servicemen, forced migrants, people who suffered from emergencies or natural disasters and other groups of population subject to housing provision in compliance with the federal programs.

6. Further municipal economy switch-over to the mode of operation without losses simultaneously providing social protection to low-income groups of population.

It is supposed that the authorities of the subjects of the Russian Federation establish terms and conditions for the transfer to the new system of payment for housing and municipal services with the stringent observance of the effective system of subsidies to low-income citizens; that

the payment should incorporate compensation for capital repairs expenditures and investments, the transfer to the new system to be completed in all the regions of the Russian Federation by the year of 2005.

7. Active condominiums formation both in the existing housing stock and in the course of new housing design development and construction. foundation of housing owners partnerships included.

Common property in a part of real estate in condominiums must become a substantial addition to the private property in apartments, this will let the owners to establish jointly the procedure and terms of a corresponding building or housing cluster maintenance and to choose servicing companies required; it will also help to resolve judiciously the town-building problem and to streamline real estate transactions in general.

8. Further improvement of architecture and engineering characteristics of housing in the interests of the society, consumers and investors.

It is planned to develop architectural and construction systems with the account of the specific features of regions, types and structure of housing. Radical reduction in energy consumption in the process of housing construction and usage shall be provided due to architectural, structural and engineering factors both in newly built and in the existing housing stock.

It is a highly important task to ensure the existing housing stock preservation and renovation at the expense of capital repairs, upgrading and reconstruction, especially totally prefabricated houses of early mass construction series, that will allow to reduce heat wastage, to save space and, in some cases such as attic floors adding, to get additional space.

9. Restructuring and upgrading the production of the main types of building materials, items and structures for housing construction and construction work organization.

Envisaged is reconstruction of integrated house-building plants and large-panel construction enterprises with the use for enclosures sandwich structures manufactured on the basis of effective heat insulators. Development of the manufacture of effective brick, roofing materials, autonomous infrastructure systems for apartment buildings, sanitary equipment, small mechanisms. Development of the industrial base for low-rise housing construction, especially from timber structures. Reducing the weight of the buildings. Improving operation of all types of construction organizations - from big joint stock companies in large cities to networks of small mobile private firms using new technologies and ensuring a reduction in capital expenditures on power and resources consumption in construction work.

These are the main lines, objectives and actions of the National Plan of Actions to Implement a New Stage in the Housing Reform which is of paramount importance for human settlements development in the Russian Federation. More detailed description of these lines and

objectives is given in the previous parts of the present Report. Organization and monitoring of the implementation of the National Plan of Actions is of great importance.

In the process of the National Report preparation and in compliance with the Urban and Housing Indicators Program developed by the World Bank UNCHS (Habitat) monitoring according to key indicators was carried out in five Russian cities - Moscow, Nizhny Novgorod, Ryazan, Kostroma, Novgorod (see: Part F, Annex 2, Housing and Urban Indicators Program).

As it has already been emphasized, the housing problem solution belongs to top priority objectives of the economic reform carried out in Russia; it is the issue of constant observation and permanent control on the part of the President of the Russian Federation and the Government of the Russian Federation, that charged the Ministry of Construction of the Russian Federation with the responsibility for the federal housing policy development and adjustment and participation of its implementation. This is the Ministry that holds all the functions in housing construction and municipal economy management at the federal level, drafts legal and statutory acts related to the Housing Reform and town-building.

Whereas all subjects of the Russian Federation and many governmental bodies are interested in judicious housing reform implementation, then, alongside with the activities of the Ministry of Construction, of great importance is the work of the Interministerial Committee for the Implementation of the State Targeted Program "Housing" and the Interministerial Council on Construction, Architecture and Municipal Economy.

At the federal level the federal housing policy shall be adapted in coherence with actions taken under economic reform in the fields of taxation, price formation, lending policy, incomes regulation, etc.; the housing reform progress shall be kept under control, major laws and resolutions related to housing and human settlements development shall be developed and adopted, federal budget funds allocation shall be envisaged, assistance provided to eliminate especially hazardous situations arising in certain regions.

All other tasks shall be fulfilled at the level of the subjects of the Russian Federation authorities and local self-government bodies whose role and powers in the housing reform implementation and human settlements development will substantially grow.

Therewith both at the federal and the local levels it becomes very important to work directly with the population, to bring the main ideas, sense and targets of the housing reform to every family; to take into account the opinion of the citizens, to reach public consent in the implementation of particular actions.

PART D. INTERNATIONAL COOPERATION

Russia is an active participant of international cooperation in human settlements development. Within the frame work of regional cooperation under the UN Center on Human Settlements the Russian Federation participates regularly in the meetings of Construction Ministers from European countries of transitional economy (Warsaw, February 1992; Bucharest, March 1993; Moscow, June, 1994) which have played an important part in forming national housing policies of those countries. The Moscow Meeting was attended by the Ministers from 18 countries including representatives of Hungary, Germany, Poland, Rumania, Chekhia. The Meeting adopted the Moscow Declaration on Human Settlements in Transitional Economy Countries which marked that all countries of transitional economy have similar problems, in particular the problem of human settlements restructuring and development. This fact, as it was emphasized by the Ministers, should be taken into consideration when organizing regional and multilateral cooperation with the UN Center on Human Settlements.

The participants of the Moscow Meeting of Ministers in charge of human settlements development in transitional economy countries addressed the HABITAT administration the proposal to assign to the Moscow HABITAT Executive Bureau the functions of the HABITAT Regional Bureau and, respectively, change its legal status. The Moscow Bureau was also charged with the task to provide for co-ordination of the CIS countries cooperation with the UN Center on Human Settlements in order to prepare their participation in HABITAT II.

Russia took part in the activities of the Preparatory Session of the Human Settlements and the Environment Committee under ECE, UNO (Geneva, 1994) within the framework of HABITAT II preparation and deems it expedient to increase the role of the above Committee in regional cooperation.

The Russian Federation delegation took an active part in the XV-th Session of the Human Settlements Committee and in the II-nd Session of the Preparatory Committee for the UN Conference on Human Settlements (Nairobi, April 25 - May 1, 1995).

The delegation of the Russian Federation:

stated that among the important factors encouraging the new housing policy development and implementation there are the following: increased assistance to transitional economy countries rendered by international organizations under UNO, the UN Center on Human Settlements, in the fields of legislation, transfer to new economically safe and power-saving technologies; national housing management personnel training (according to relevant training courses under HABITAT programs); international expert evaluation of large national town-building projects; proposed to upgrade the very concept of the UN Center on Human Settlements activities in global housing strategy and policy before the year of 2000, to specify these activities and direct them to rendering practical assistance at national and regional levels; gave positive evaluation of the report on the participation of women in human settlements development and also to the HABITAT proposal on forming a strategy to ensure the right to housing as set forth in documents HS/C/15/2/Add.2 and HS/C/15/Inf.7. Information of document HS/C/15/2/Add.5 referring to environmentally and health hazardous use of certain building materials was also qualified as useful; proposed to include into the UN Center on

Human Settlements work program for 1996-97 a special section dedicated to the UN Center on Human Settlements international cooperation with transitional economy countries. This section should be financed not only at the expense of donations into HABITAT Fund but also through financial support of the UNDP, the World Bank, Item 24 of the UNO Regular Budget and other financial institutions and foundations; declared that more active involvement of Russian representatives into preparatory actions could have helped to specify more precisely the transitional economy countries interests in the field of international cooperation and also to mobilize for this purpose additional financial, scientific and engineering resources;

emphasized the interest of the Russian party in further international cooperation in human settlements development; supported the activity of HABITAT and its administration. The above-described approach of the Russian Federation remains unchanged to date. Priority in international cooperation and assistance rendering is given to the following actions: - developing recommendations on drawing up legal documents and standards for housing construction, including legal instruments for the Housing Reform, housing sector demonopolization, increase of the non-state share in investments, improving mechanisms for non-budget financing and long-term lending;

- implementing proposals on the use of upgraded technologies in large-scale production of building materials, technologies with industrial waste utilization included;

- developing recommendations on state control over the environment protection during human settlements construction and rehabilitation, first of all in the territories affected by Chernobyl damage and in the districts located within the Caspian Sea and the Aral Sea basins; considering issues related to environmental aspects of urbanization and restoration of the housing stock damaged in the course of hostilities and natural disasters;

- preparing proposals on providing the largest cities with transportation required for their steady development and also providing these cities with municipal infrastructure;

- forming trans-national transportation passages;

- providing cities and territories with engineering protection from extreme effects;

- utilization of non-traditional power resources for heating, hot water supply and air conditioning systems in dwelling houses;

- creating environmentally safe construction technologies and equipment, developing new resources and power-saving technologies, efficiently utilizing non-traditional power resources.

The priority list of national projects made by the Russian Federation for 1996-97 as the basis for research and engineering cooperation and for the UN Center on Human Settlements assistance includes the following projects:

1. Development of a further stage of the State Targeted Program "Housing".
2. Mechanisms to implement the new housing policy of the Russian Federation.
3. Ecological homes - power-consumption efficient, provided with autonomous engineering infrastructure systems - for different climatic zones of Russia.

4. Steady human settlements development in Oka river basin (Ryazan Oblast of Russia used as a model).
5. Assistance to the population of the Russian Federation regions subjected to radiation.
6. Publishing the book "House and Market. Foreign Experience".
7. Establishing a non-governmental Center for housing in the city of Samara.
8. Evaluation of Russian urban population housing standards in accordance with the international system of urban and housing indicators.
9. Social housing concept in Siberia region of Russia.
10. Development and experimental testing of technologies for low-cost building materials production for large-scale housing construction in Russia and transfer of such technologies to developing countries.
11. International specialized project "Housing" for transitional economy countries.
12. Establishing an audio-visual and information Center of HABITAT Executive Bureau in Moscow.

It is a matter of vital interest for Russia to join efforts of transitional economy countries in the field of housing reforms implementation along the following lines: - to organize regular exchange of information on legal, economic, financial and other issues of mutual interest with the outlook for harmonizing norms, regulations and standards in human settlements development;

- to raise the efficiency of information exchange on the issues of housing reforms in transitional economy countries, in particular to provide for the issuance of an international bulletin on housing reforms problems with the assistance of the UN Center on Human Settlements;

- to pursue a coordinated policy in resolving human settlements development problems, infrastructure improvement, historical city centers and architectural monuments preservation and restoration; - to carry out joint research in construction and architecture, to elaborate the theoretical platform for the problem "man-environment-architecture".

HABITAT practical activities should cover issues most important for housing construction development in transitional economy countries, and corresponding international projects could be implemented in the territory of Russia and other interested countries. Within the framework of such projects town-building and other organizations and agencies related to housing should be provided in the period of economic reforms with regular assistance and consulting on most efficient use of advanced foreign experience.

Another line of international organizations assistance could include support in attracting investors both from among hard currency lending institutions such as the World Bank and from among private banks and companies. Funds thus obtained could be channeled to pre-investment projects implemented by HABITAT, projects located in the Russian territory included. It should be taken into consideration that the Government of the Russian Federation

is taking vigorous practical actions to attract foreign investments and to provide guarantees for foreign investments.

HABITAT could also render technical and financial assistance to Russia in creating a system for accumulation and analysis of urban and housing indicators (HABITAT methods adaptation, specialized studies, preparation of amendments to the state statistics reporting system, computerization, personnel training, etc.).

Interaction with CIS countries is a special aspect of international cooperation for Russia in 1994-95. Meetings of the Coordinative Council of CIS countries state-governing bodies in construction and architecture were held on a regular basis. The Coordinative Council has initiated the Intergovernmental Agreement on Cooperation in Construction aimed at CIS countries interaction in interstate investment programs and joint projects development and implementation, in pursuing coordinated engineering policy. The Intergovernmental Council for Cooperation in Construction has been formed. Committees for housing policy and town-building established under this Council provide at the stage of joint implementation of the State Targeted Program "Housing" additional opportunities to resolve a new set of problems connected with CIS countries efforts coordination and forming legal, statutory basis, architectural and engineering policy in housing, in ensuring the CIS countries citizens the right to housing and coordinating actions in connection with the CIS countries participation in international organizations activities in the field of housing construction.

There are examples of efficient international cooperation in the housing sector of Russia and in international projects implementation.

Construction of settlements for the families of military officers who served in the units previously deployed in the territory of Germany is being completed at the expense of CIS countries funds. The American Grant funds are used to carry out construction in 19 Oblasts or to buy 5,000 apartments for military servicemen transferred to the reserve. Russia maintains active cooperation with the United States Agency for International Development and with the Urban Institute (Washington). Bilateral agreements are extensively practiced in the fields of housing and foreign companies attraction with the Russian Federation Government participation and guarantees.

The World Bank, the United States Agency for International Development and the Government of the Russian Federation have carried out a set of actions in connection with the World Bank Loan to the Russian Federation Government given for actual reforms implementation in the housing sector. To learn the situation the World Bank and the United States Agency for International Development funded a series of preliminary studies in 7 Russian cities.

Those studies included:

- survey of random choice families with the purpose to learn their financial position, housing conditions and plans to improve them;
- collection of statistic data on housing sales;
- gathering information about certain indicators of the housing sector condition in each of those cities.

As a result an extensive database on the Russian housing sector condition has been formed.

By the present time the above-mentioned World Bank Loan (\$ 400 mln.) for the Russian Housing Project implementation has been obtained. This is a small amount for Russia yet it is the largest loan given to support a housing reform. This Project includes three key lines: engineering infrastructure development in the land allocated by the cities, the Borrower being the municipalities; housing construction financing channeled through Russian commercial banks; building or upgrading enterprises to manufacture new-technologies-based materials and structures. Part of the Loan has been channeled to engineering infrastructure development in the cities of Barnaul (Solnechnaya Polyana site), Nizhny Novgorod (Delovaya site), Saint Petersburg (Kolomagi and Kamenka sites), Tver (Yuzhny site). It is planned to provide with apartments more than 30,000 families. Provisions are made not only for apartment buildings construction but also for assistance to the cities in resolving a whole series of problems including the issues of the use of land, property right registration, statutory acts development. The term of the World Bank Loan to the Russian Federation is 17 years.

Under the World Bank Loan a demonstration project of a small site development is being implemented in Moscow; it will be provided with the infrastructure, new type residential houses will be built according to new technologies. Moscow participates in the World Bank Housing Project line of building materials industry upgrading and in the line of construction financing, first of all financing unfinished buildings construction.

In all the cities participating in the Project the World Bank offices have been established. Loan repayment will begin after auctioning of the sites with developed infrastructure.

The World Bank Loan will be sufficiently inexpensive in the Borrowers' opinion as its standard interest varies at about 7% plus 1.5 to 2.5 margin of the Russian Government that undertakes a number of obligations to guarantee the Loan. Thus, the cost of housing built with the World Bank funds may prove to be significantly lower than the cost of housing built with the Russian banks loans. From 1995 the European Union entered into cooperation with Russia in the field of housing reforms (TACIS program).

The first project in the housing sector, pursuing the development of partnership with West European countries and expansion of mutually beneficial cooperation, is related to technical assistance to Russia in the implementation of pilot projects in the cities of Naberezhniye Chelny (Republic of Tatarstan) and Novocherkassk (Rostov Oblast) to create conditions for housing market.

Russia, invigorating its participation in international organizations, is ready to facilitate their activities by means of providing them with all information required, most experienced specialists, sites to implement pilot projects. Among the lines of Russian assistance to other countries the most significant might be the following:

- raising the standards of training personnel in architecture, town-building and engineering for the countries of Asia, Africa, Latin America and CIS including students and post-graduates training, refresher courses for specialists at universities and other educational establishments of Russia;
- providing assistance to particular cities in the countries of Asia, Africa, Latin America and CIS in arranging and conducting fundamental and applied researches related to the housing

sector by means of sending there Russian highly qualified scientists and educators from the leading research centers;

- developing feasibility studies, practical proposals and recommendations on the methods to create new types of low-cost housing and to introduce economically efficient local building materials into practical utilization and profitable manufacture for the cities steady development; assisting in the development of prospective layout planning and architectural arrangement concepts, rational structural design of apartment buildings and apartment buildings clusters for cities and rural settlements in the countries of Asia, Africa, Latin America and CIS.

PART E. CONCLUSION

The existing housing stock makes the basis of many families property. In the period of social and economic structure transformation of the society the housing sector needs not only the transformation but also state support and protection. The main problem here is the gap between the income of families and the cost of housing which has become in the recent years an insurmountable barrier even for the majority of the middle-class representatives.

Human settlements, especially cities, are the most durable and vivid manifestation of long-term tendencies in economic and social development. The historical population distribution artificially ruined is to be restored, the traditional appearance of the cities rehabilitated and the foundation is to be laid for the future of the XXI-st century Russian cities.

In compliance with the Global housing strategy up to year 2,000 and with the XXI-st century agenda the Government of the Russian Federation has worked out the national housing strategy, the housing sector is being privatized, the reform in payment for housing has been commenced, subsidies have been introduced for low-income families, historical city centers are being rehabilitated. Formation of corresponding institutional structures is going on, human settlements infrastructures are maintained and developed, legal platform and stimuli for market mechanisms development are worked out, effective encouraging measures to mobilize the housing sector financing are under development.

The Russian Federation confirms its constant adherence to the targets of the Global housing strategy up to year 2,000 implementation;

takes into consideration the great potential of encouraging strategies in the field of housing;

intends to continue revealing and studying tendencies that mould the housing sector as well as its interconnection with economic and social development on the whole;

acknowledges the importance of the pace already gained in the national housing reform implementation;

Industrial recession in Russia has played a dual role in the reduction of discharges of hazardous substances into the environment of residential communities. On the one hand, the discharge of pollutants into the atmosphere has decreased by 13% compared to 1992 and totalled 22 million tons for the entire industry of the Russian Federation. On the other hand, the cities continue to suffer from motor transport exhausts (accounting for 64.5% of the overall hazardous waste discharges), while the number of cars and trucks keeps growing.

The cities with one-industry economies which are sustained by one or two processing, light or defence industry enterprises have been the hardest hit by the crisis. In a number of such cities ecologically hazardous works are the sole source of their sustenance. A critical ecological situation has developed in the cities of Angarsk, Dzerzhinsk, Karabash, Kirovo-Chepetsk, Kamensk-Uralsky, Mednogorsk, Novochoerkassk, Cherepovets, Chapayevsk and others. A government ecological inspection of the situation in Kamensk-Uralsky has concluded that it

can only be described as an emergency. Several special federal programmes have been worked out for the cities of Bratsk, Nizhny Tagil and Chapayevsk.

In 43 small and medium-sized cities (in 11% of their overall number) there are power engineering, metallurgical, chemical, mining and other industrial works which contaminate the water and air environment. Twelve cities are characterized by an extra-high level of pollution which is due to the operation of big heavy-industry enterprises (Klin, Serpukhov, Arzamas, Balakhna, Achinsk, Petrovsk-Zabaikalsky, Nikolayevsk-on-Amur, Solikamsk, Usolye-Sibirskoye and Tyrnauz). One should also qualified as unhealthy the ecological situation in the cities which have been affected by the radioactive fallout following the Chernobyl and Yuzhnouralsk disasters.

Special attention should obviously be given to the ecological problems of the historical cities of Russia. Approximately 80% of such cities are relatively safe, but because of the absence of adequate sewage treatment facilities there, this group of communities are a substantial source of water pollution.

Dangerous engineering-geological processes have been registered in 66% of the cities. A number of historical cities and communities around the Volga and Kama reservoir cascades have been listed as being in the zone of social and ecological disaster, because of the increasing water-logging of considerable parts of development territories, farmland, pastures and roads there.

The need for the implementation of programmes of decentralization and restoration of small and medium-sized cities has not been fully recognized in society yet. The new master plans for big and medium-sized cities proceed from the need to develop the suburbs.

The population of the cities is the country's principal asset. The high level of education, the younger age compared to the rural population, economic and social activity and the drive for harmonizing the relations with the environment are the main factors accounting for the key role of the cities in the implementation of the Concept of Stable Development of Russia. The mechanism of its implementation must be based on the system of local self-administration.

The principles of government organization in the cities are sealed in the Constitution of the Russian Federation, in a whole number of federal laws and in laws of the Federation's subjects. There are also approved principles of the distribution of functions between the central government bodies and local authorities and the list of questions of local importance which can be tackled by the local authorities at their own discretion. At the same time, civil rights are often violated at the local level and so is the legislation on local self-administration, not infrequently by the Federation's subjects themselves.

The Federal Programme of State Support for Local Self-Administration, approved by Resolution 1251 of the Government of the Russian Federation of December 27, 1996 finally confirms the need of:

delimitation of the jurisdiction between the federal government bodies, the bodies of state power of the subjects of the Russian Federation and the local authorities;

formation of municipal property and legislative confirmation of the local authorities' right to dispose of it at their own discretion;

confirmation of the right of local authorities to lands in municipal ownership, in the ownership of the Russian Federation and its subjects, and of citizens;

confirmation of the right of local authorities to judicial protection.

Thanks to their scientific and industrial potential the cities can tackle ecological problems not only on their own territory, but in the adjoining rural areas, too. The development of residential communities not only in the suburbs but also in more remote areas from the cities will help gradually overcome the population disproportions which have formed as a result of urbanization. Over the past few years a considerable share of ecological programmes and projects have been financed mostly with non-federal funds, including the funds of the cities and of the enterprises operating on their territory.

The improvement of the urban environment which continues under the federal and departmental programmes such as "Home", "Wastes", "Public Health in Russia", "Resurrection of the Volga" and others calls for due regard for the interests of different groups of the population and for the interaction between natural ecosystems, functional zones and infrastructure elements. The amelioration of the urban environment and the enhancement of its stability by specific industries or sectors of the economy is impossible.

Stable development of the cities is possible only under the condition of their effective inclusion in such programmes with a clear delineation of measures and sources of financing in the "city-region-Federation" system.

It is imperative to define ways of stable development of the cities and the environment as an integral system. Nature conservation and protection of the urban environment must meet such basic needs of the populace as health, material well-being and healthy reproduction of the population, and spiritual and intellectual advancement. The development of urban conglomerates must consist in their conversion from cities as producers into cultural, scientific, trade and financial centres with research-intensive, balanced and materials-saving economies, where social, economic and ecological development is an inseparable notion. Amelioration of the urban environment must be based on the development of the process started at Rio de Janeiro and on the ideology of the Charter of Stable Development of European Cities. Not surprisingly, the UN conference in Istanbul is dedicated to the quality of urban life. The development prospects of the cities are closely tied to the general improvement of the ecological situation in the regions.

The main problem faced by industrial cities today is a dedicated transition to a new kind of relations and the evolvement of economic and related alternatives to the existing pattern of concentrated industrial production and population. will proceed in consistent housing reform implementation intensifying its social purpose under market conditions and anticipated increase in investment activity;

the delegation of the Russian Federation suggests that HABITAT plan of nearest activities should include a study of Russian experience in transition to market housing sector;

believes that experience exchange in the field of housing reforms implementation will serve the noble purpose of resolving major housing problems in transitional economy countries;

calls to give greater support to transitional economy countries in integration of these countries into the world economic system.

Housing and Urban Indicators

I

Outline of the Population Distribution in the Territory of the Russian Federation

1. Territorial variations in population distribution
2. Population distribution pattern
3. Forced migration of the population
4. Critical environmental situations
5. The Northern Zone

II

Housing in the Russian Federation

6. The Russian Federation housing stock (as of the beginning of 1995)
7. Individual houses commissioning in large regions of Russia (1991 and 1994)
8. The average area of commissioned units and individual houses (1990-1994)
9. Commissioned apartment buildings total area in the subjects of the Russian Federation (1992-1995)
10. Municipal services cost in dynamics (1991-1995)
11. Transfer to the new terms of payments for housing and municipal services in certain regions and cities of the Russian Federation

III

National Plan of Actions in Housing

12. Major lines of Russian housing policy
13. Housing space total commissioned in the Russian Federation at the expense of all funding sources
14. Housing space total commissioned by enterprises, all types of entities and individual developers (1993-2000)

TERRITORIAL VARIATIONS IN POPULATION DISTRIBUTION

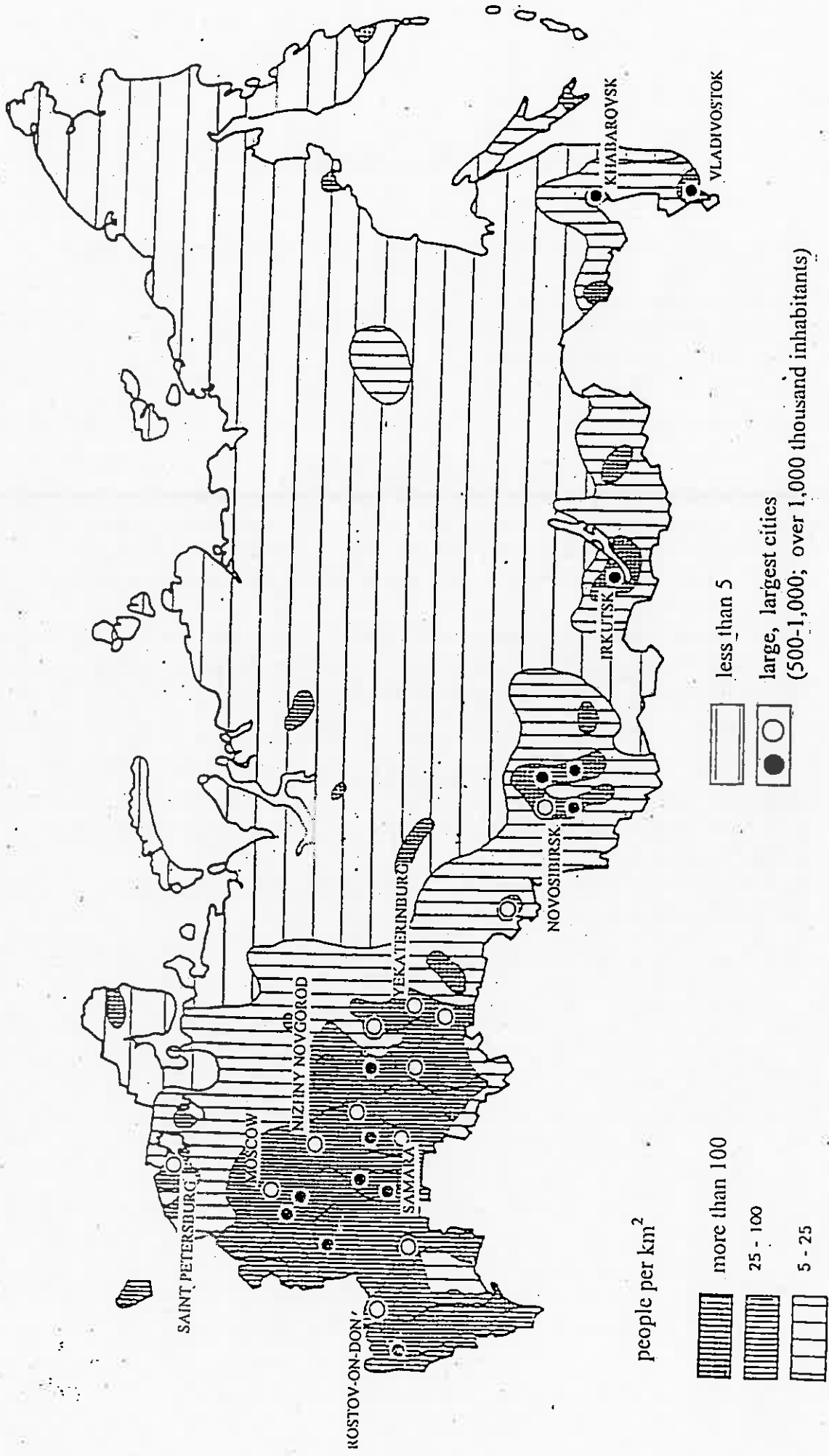
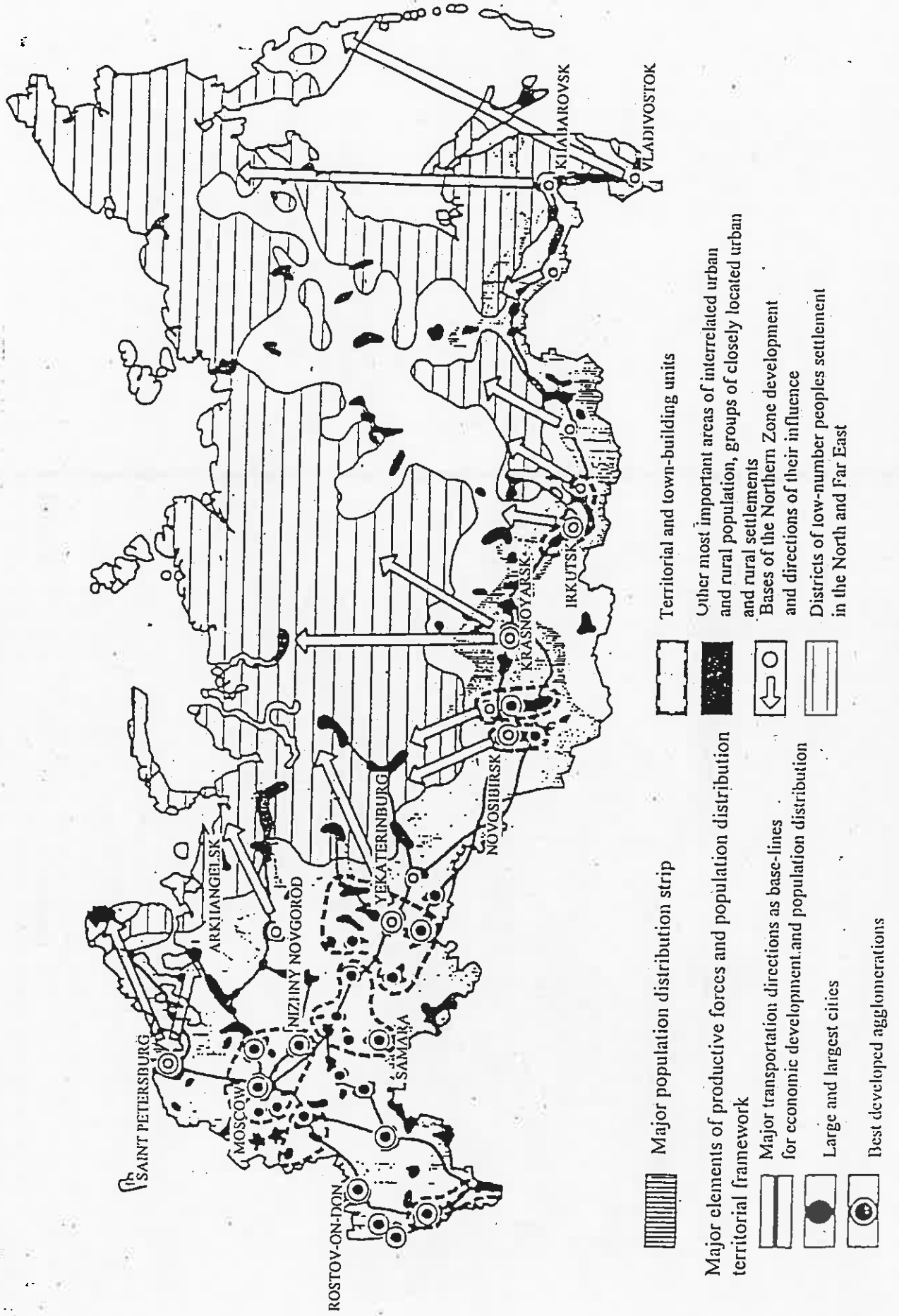


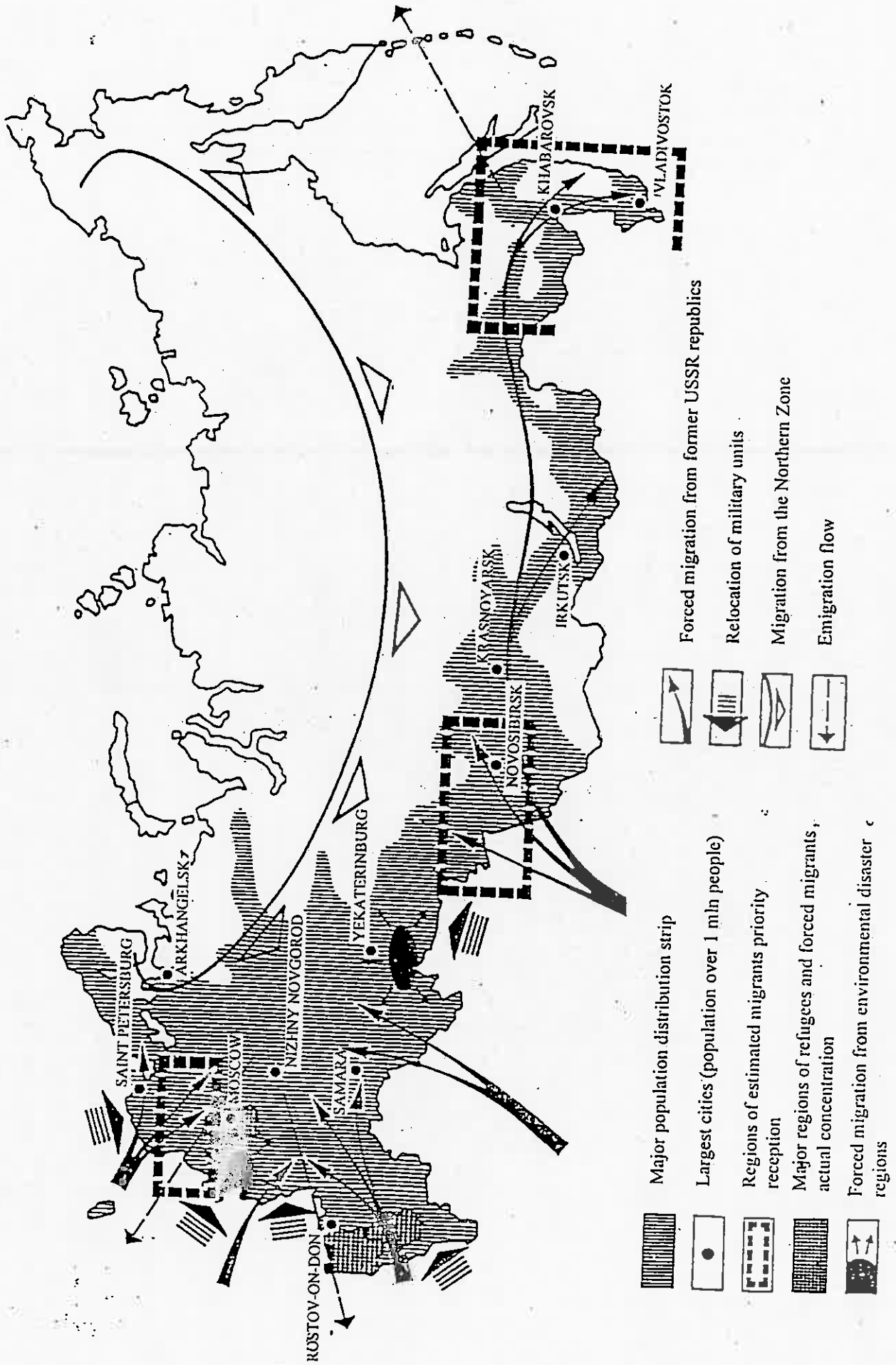
Table 2

POPULATION DISTRIBUTION PATTERN



FORCED MIGRATION OF THE POPULATION

Table 3



CRITICAL ENVIRONMENTAL SITUATIONS

Table 4

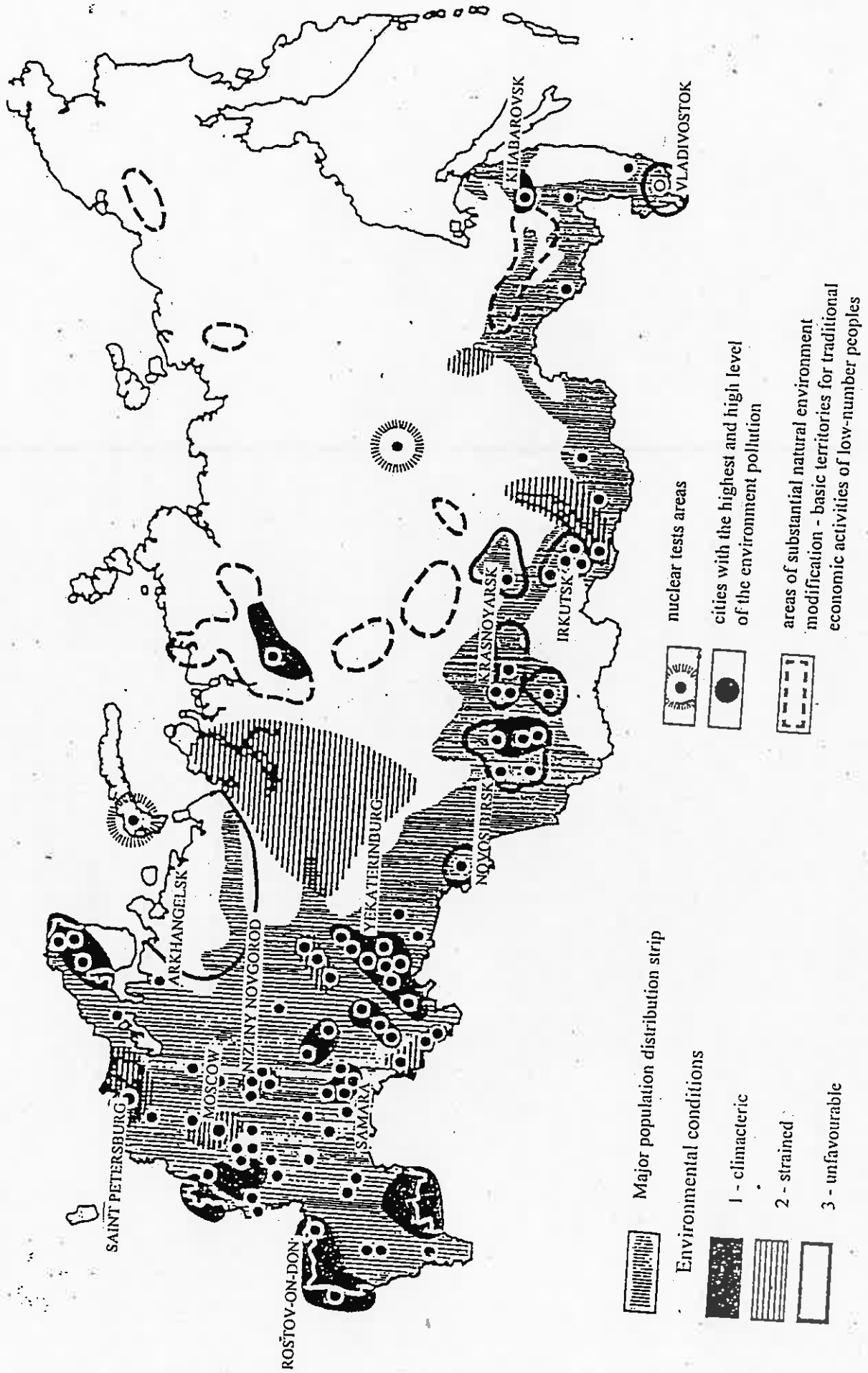
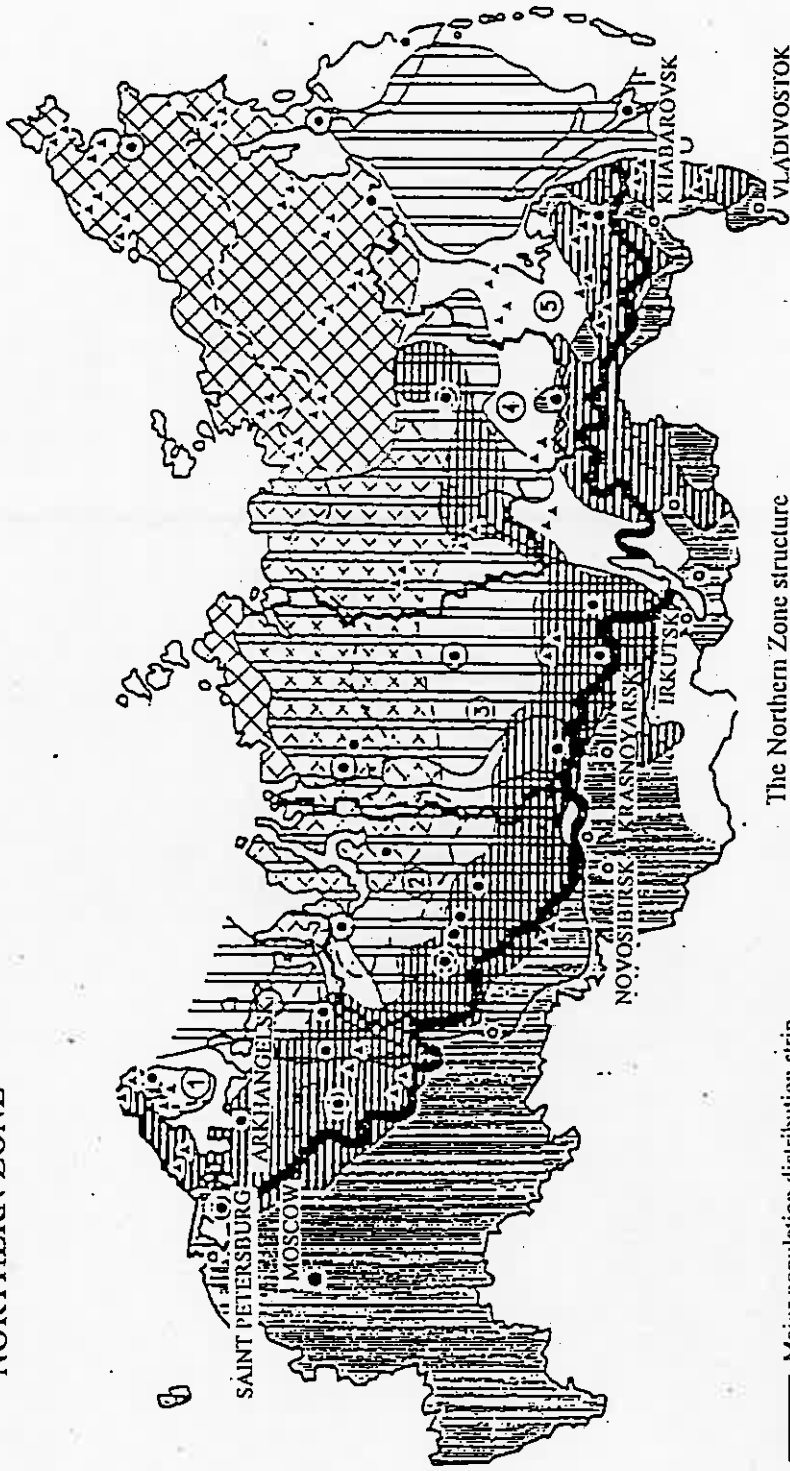


Table 5

NORTHERN ZONE



Major population distribution strip

Boundaries of the Northern Zone

Natural resources and raw materials of special value

timber forests

fuel and power resources (deposits, prospective areas)

oil, gas, coal

major deposits of ore and non-ore raw materials

zone non-expedient for permanent residence of the population from other climatic zones

Basic centers of productive forces and population distribution territorial pattern

centers of national-and-state, national-and-territorial formations

bases

support bases

The Northern Zone structure

Arctic zone

European Northern zone

West Siberia Northern zone

East Siberia Northern zone

Far East Northern zone

North-East

Housing resources in the Russian Federation
(beginning of 1995)

Table 6

| | Total | | Including | | | |
|--|---------------------------|---------------------------------|----------------------|--------------------------------|----------------|--------------------------------|
| | Total area (mln. sq.m) | Share in the total resources | In urban settlements | | In rural areas | |
| | | | mln.sq.m | share in total resources | mln.sq.m | share in total resources |
| HOUSING RESOURCES OF RUSSIA, total, including : | 2608.2 | 100 | 1882.3 | 72.17 | 725.9 | 27.83 |
| PRIVATE, including : | 1312.2 | 50.3 | 725.7 | 27.8 | 586.5 | 22.5 |
| INDIVIDUAL | 1077.6 | 41.3 | 575.6 | 22.1 | 502.0 | 19.2 |
| COOPERATIVE | 98.3 | 3.77 | 97.8 | 3.75 | 0.5 | 0.02 |
| STATE | 349.6 | 13.4 | 277.5 | 10.6 | 72.1 | 2.8 |
| MUNICIPAL | 732.4 | 28.1 | 697.1 | 26.8 | 35.3 | 1.3 |
| PUBLIC | 2.6 | 0.1 | 1.7 | 0.07 | 0.9 | 0.03 |
| COLLECTIVE (mixed form of property) | 211.4 | 8.1 | 180.3 | 6.9 | 31.1 | 1.2 |
| AVERAGE PROVISION (sq. m per person) | 17.7 *) | - | 17.5 | - | 18.4 | - |

*) expected provision for the beginning of 1996 is 18 sq.m per person

Table 7

Individual houses commissioned in the regions of Russia

| Economic regions | 1991 | | 1994 | |
|-------------------------|-------------------------------------|------|-------------------------------------|------|
| | Total area, thousands of sq.m | % | Total area, thousands of sq.m | % |
| Russia in total | 5406 | 100 | 7004 | 100 |
| Northern | 138.9 | 2.6 | 153.1 | 2.4 |
| North-Western | 44.8 | 0.8 | 128.1 | 1.8 |
| Central | 341.4 | 6.3 | 816.0 | 11.7 |
| including Moscow region | 131.4 | 2.4 | 467.3 | 6.7 |
| Volgo-Vyatsky | 370.6 | 6.8 | 401.0 | 5.7 |
| Central-Chernozyom | 336.1 | 6.2 | 376.7 | 5.4 |
| Povolzhsky | 563.4 | 10.4 | 752.7 | 10.7 |
| North-Caucasus | 2028 | 37.5 | 1794.6 | 25.6 |
| Ural | 787.7 | 14.5 | 1198.1 | 17.1 |
| Western-Siberian | 385.3 | 7.1 | 409.3 | 5.8 |
| Eastern-Siberian | 153.1 | 2.8 | 169.2 | 2.4 |
| Far East | 251.9 | 4.7 | 368.4 | 5.7 |
| Kaliningrad region | 3.6 | 4.0 | - | - |

Table 8

Average area of commissioned units and individual houses (sq.m)

| | 1990 | 1991 | 1992 | 1993 | 1994 |
|---|------|------|------|------|------|
| Average area of units commissioned at the expense of the state, enterprises, organizations and housing cooperatives | 59.1 | 59.7 | 60.8 | 61.5 | 61.9 |
| Average area of units at individual houses commissioned at the expense of individual developers in rural areas | 76.1 | 77.4 | 80.1 | 85.0 | 94.6 |
| Average area of units at individual houses commissioned at the expense of individual developers in cities | - | - | 85.0 | 80.0 | 103 |

Table 9

TOTAL HOUSING AREA COMMISSIONED IN SUBJECTS OF RUSSIAN FEDERATION

| Name of territory | 1992 | 1993 | 1994 | 1995 |
|----------------------------|---------|---------|---------|---------|
| 1 | 2 | 3 | 4 | 5 |
| Russian Federation (total) | 41518.3 | 41808.2 | 39224.3 | 42800.0 |
| Northern area | 2052.8 | 1803.8 | 1397.4 | |
| Republic of Karelia | 237.0 | 183.7 | 158.8 | 167.8 |
| Republic of Komi | 451.5 | 490.5 | 342.6 | 352.4 |
| Arkhangelsk region | 477.7 | 346.9 | 316.2 | 185.4 |
| Vologda region | 492.2 | 480.0 | 449.2 | 426.0 |
| Murmansk region | 394.4 | 302.7 | 130.6 | 77.1 |
| North-Western area | 1382.9 | 1573.8 | 1752.6 | |
| St. Petersburg | 636.4 | 765.6 | 902.0 | 1018.1 |
| Leningrad region | 390.8 | 433.4 | 483.4 | 388.9 |
| Novgorod region | 148.7 | 188.4 | 168.5 | 126.8 |
| Pskov region | 207.0 | 186.4 | 198.7 | 198.0 |
| Central area | 8142.0 | 7876.9 | 8120.6 | |
| Bryansk region | 572.5 | 409.6 | 401.0 | 65.2 |
| Vladimir region | 451.1 | 519.8 | 440.1 | 332.3 |
| Ivanovo region | 231.5 | 278.7 | 285.7 | 198.6 |
| Kaluga region | 414.2 | 283.6 | 362.1 | 277.9 |
| Kostroma region | 201.5 | 250.0 | 187.7 | 152.1 |
| Moscow | 2480.5 | 2173.2 | 2474.4 | 2548.4 |
| Moscow region | 1618.4 | 1905.1 | 1970.1 | 2134.6 |
| Oryol region | 233.2 | 228.2 | 244.4 | 205.9 |
| Ryazan region | 285.8 | 357.0 | 367.7 | 69.9 |

| | | | | |
|----------------------|--------|--------|--------|-------|
| Smolensk region | 344.5 | 297.5 | 295.5 | 300.0 |
| Tver region | 323.2 | 357.4 | 434.8 | 372.3 |
| Tula region | 505.7 | 363.2 | 303.5 | 252.9 |
| Yaroslavl region | 479.9 | 454.6 | 353.6 | 288.0 |
| Volgovyatsky area | 2461.0 | 2624.1 | 2313.0 | |
| Mari El Republic | 282.7 | 304.7 | 317.1 | 202.7 |
| Republic of Mordovia | 238.2 | 288.0 | 189.5 | 144.9 |
| Chuvash Republic | 426.9 | 434.8 | 445.3 | 469.7 |
| Kirov region | 544.5 | 531.3 | 449.6 | 401.9 |
| Nizhegorod region | 968.7 | 1065.3 | 911.5 | 812.7 |

| | 1 | 2 | 3 | 4 | 5 |
|------------------------|---|--------|--------|--------|--------|
| Central Chernozym area | | 2216.7 | 2250.2 | 2252.2 | |
| Belgorod region | | 537.8 | 541.4 | 599.2 | 794.6 |
| Voronezh region | | 676.3 | 653.9 | 552.6 | 657.9 |
| Kursk region | | 321.2 | 267.8 | 369.9 | 292.4 |
| Lipetsk region | | 371.0 | 442.2 | 444.9 | 333.1 |
| Tambov region | | 310.4 | 344.9 | 285.5 | 326.0 |
| Povolzhsky area | | 4936.6 | 4940.0 | 4469.5 | |
| Republic of Kalmykia | | 62.4 | 50.0 | 49.4 | 45.9 |
| Republic of Tatarstan | | 1452.5 | 1295.7 | 1227.3 | 1301.8 |
| Astrakhan region | | 198.4 | 225.9 | 243.6 | 334.7 |
| Volgograd region | | 531.3 | 660.8 | 612.6 | 691.9 |
| Penza region | | 463.6 | 450.7 | 424.8 | 282.3 |
| Samara region | | 1068.7 | 1081.8 | 879.2 | 648.7 |

| | | | | |
|----------------------------|--------|--------|--------|--------|
| Saratov region | 739.2 | 674.5 | 647.4 | 581.1 |
| Ulyanovsk region | 420.5 | 500.6 | 385.2 | 310.3 |
| North Caucasus area | 3519.9 | 3647.9 | 4342.9 | |
| Republic of Adygeya | 84.3 | 105.5 | 85.7 | 91.6 |
| Republic of Dagestan | 307.7 | 345.2 | 370.1 | 271.2 |
| Ingush Republic | - | - | 62.1 | 26.5 |
| Kabardin-Balkar Republic | 88.0 | 74.8 | 169.1 | 72.3 |
| Karachay-Cherkess Republic | 105.6 | 98.2 | 102.6 | 114.1 |
| Republic of North Osetia | 208.6 | 113.8 | 78.7 | 38.7 |
| Chechen Republic | 123.4 | 18.7 | - | - |
| Krasnodar Territory | 1025.9 | 1158.7 | 1508.8 | 1365.8 |
| Stavropol Territory | 820.8 | 886.8 | 978.9 | 1000.5 |
| Rostov region | 755.6 | 845.3 | 986.9 | 999.6 |
| Ural area | 6884.9 | 6748.3 | 6023.7 | |
| Republic of Bashkiria | 1748.7 | 1762.4 | 1679.3 | 1680.2 |
| Udmurt Republic | 700.4 | 628.9 | 460.5 | 359.9 |
| Kurgan region | 297.5 | 316.1 | 275.4 | 225.6 |
| Orenburg region | 579.2 | 619.6 | 490.6 | 441.8 |
| Perm region | 914.4 | 835.7 | 881.6 | 600.4 |
| Sverdlovsk region | 1488.8 | 1559.3 | 1238.1 | 1070.0 |
| Chelyabinsk region | 1155.9 | 1026.3 | 998.1 | 863.4 |

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
|--|---|---|---|---|---|

| | | | | | |
|--------------------|--------|--------|--------|--|--|
| West-Siberian area | 4659.0 | 4399.4 | 4025.7 | | |
|--------------------|--------|--------|--------|--|--|

| | | | | | |
|-------------------|------|------|------|------|--|
| Republic of Altai | 70.7 | 68.7 | 54.8 | 33.6 | |
|-------------------|------|------|------|------|--|

| | | | | |
|------------------------------|--------|--------|--------|-------|
| Altai territory | 857.6 | 770.0 | 555.3 | 591.6 |
| Kemerovo region | 855.0 | 781.2 | 563.1 | 636.3 |
| Novosibirsk region | 623.3 | 549.1 | 690.1 | 530.8 |
| Omsk region | 640.7 | 508.4 | 505.1 | 447.4 |
| Tomsk region | 328.6 | 367.1 | 362.7 | 366.7 |
| Tyumen region | 1283.1 | 1354.9 | 1294.2 | 430.9 |
| East Siberian area | 2787.5 | 2491.2 | 2157.0 | |
| Republic of Buryatia | 271.4 | 303.5 | 232.6 | 218.4 |
| Republic of Tuva | 74.0 | 37.2 | 26.4 | 13.0 |
| Republic of Khakassia | 167.5 | 134.6 | 158.9 | 83.7 |
| Krasnoyarsk Territory | 934.7 | 890.7 | 848.2 | 860.9 |
| Irkutsk region | 931.9 | 847.8 | 613.0 | 514.7 |
| Chita region | 408.0 | 277.4 | 277.9 | 197.2 |
| Far East area | 2284.1 | 2259.0 | 2079.4 | |
| Republic of Sakha (Yakutia) | 553.4 | 552.7 | 607.3 | 626.7 |
| Jewish Autonomous region | 56.5 | 47.5 | 38.8 | 31.8 |
| Chukotka Autonomous district | 36.6 | 30.8 | 19.1 | 4.2 |
| Primorsky territory | 533.3 | 484.3 | 461.3 | 319.6 |
| Khabarovsk territory | 412.3 | 438.6 | 350.5 | 303.9 |
| Amur region | 333.6 | 336.1 | 350.2 | 53.4 |
| Kamchatka region | 103.5 | 113.8 | 71.5 | 43.1 |
| Magadan region | 166.9 | 63.4 | 31.8 | 15.8 |
| Sakhalin region | 188.0 | 191.8 | 148.9 | 123.1 |
| Kaliningrad region | 190.9 | 332.0 | 289.9 | 247.8 |

Table 10

Cost dynamics for housing amenities

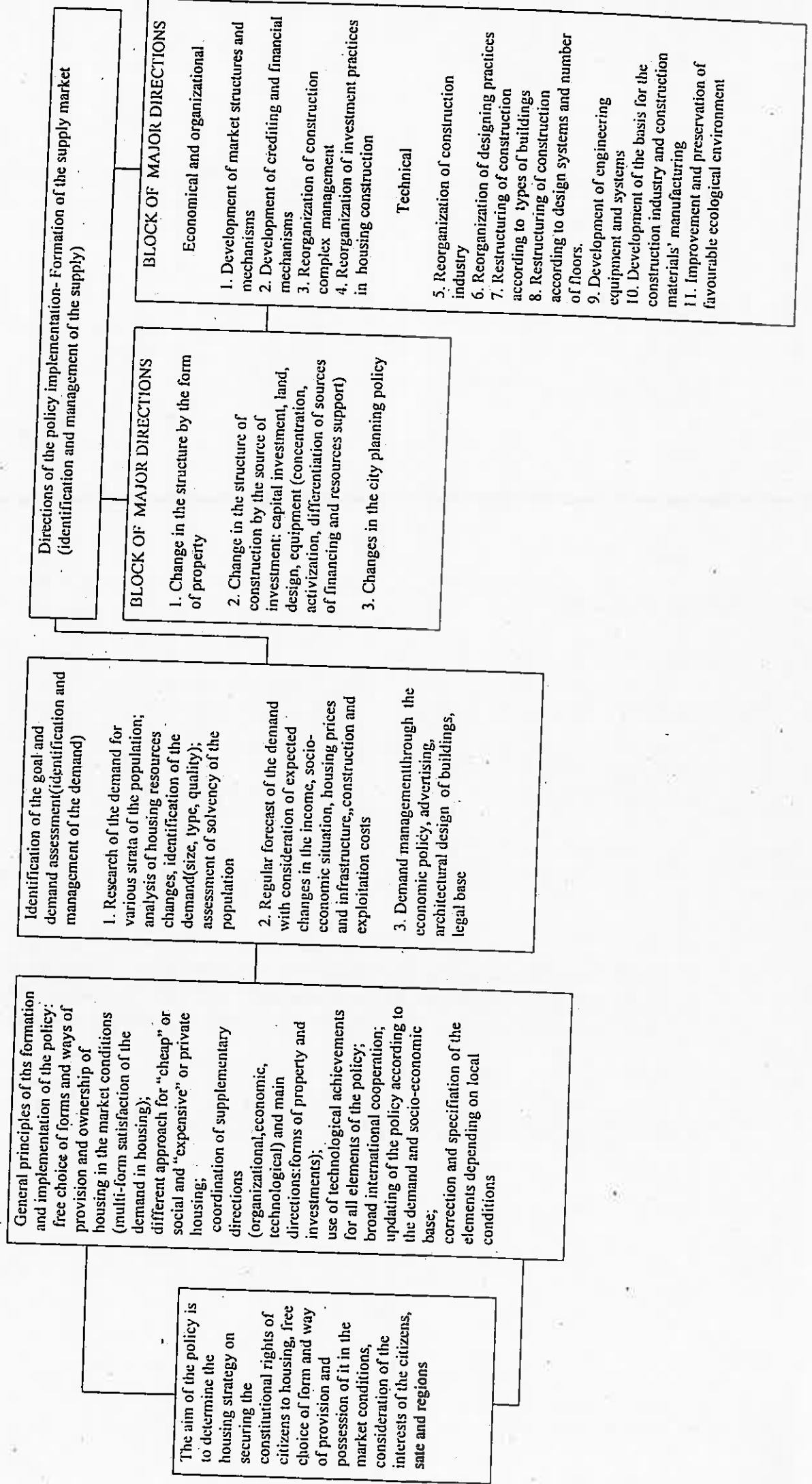
| | Periods | | | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 01.01.91 | | 01.01.93 | | 01.01.93 (before Act #935) | | 01.01.94 | | 01.01.95 | | 01.01.96 | |
| | Rbl/ m2 of total area | % of real expenditure | Rbl/ m2 of total area | % of real expenditure | Rbl/ m2 of total area | % of real expenditure | Rbl/ m2 of total area | % of real expenditure | Rbl/ m2 of total area | % of real expenditure | Rbl/ m2 of total area | % of real expenditure |
| Total cost of housing amenities (according to economically substantiated tariffs), including housing maintenance communal amenities | 2.1 | x | 146 | x | 520 | x | 1071 | x | 3800 | x | 5470 | x |
| level of payment for amenities by the population including maintenance services and communal amenities | 0.38 | 18.1 | 5.32 | 3.64 | 25.62 | 4.9 | 32.82 | 3.1 | 494 | 13 | 1586 | 29 |
| | 0.12 | 12.0 | 0.12 | 0.3 | 0.12 | 0.1 | 0.12 | 0.05 | 169 | 26 | 280 | 38 |
| | 0.26 | 23.6 | 5.2 | 5.0 | 25.5 | 6.5 | 32.7 | 3.94 | 325 | 10.3 | 1306 | 28 |

Table 11

TRANSITION TO A NEW SYSTEM OF PAYMENT FOR HOUSING AND COMMUNAL AMENITIES IN SOME AREAS AND CITIES OF RUSSIAN FEDERATION

| NN pp | Distribution of areas by the costs of housing maintenance | | Cities restricting increase of housing and amenities payment | | Cities encouraging increase of housing and amenities payment | |
|----------|---|--|--|--|--|---|
| | level of cost | name of area | average monthly expenses in thousands of roubles | cities | average monthly expenses in thousands of roubles | cities |
| 1 | Areas with relatively low costs | Central - Chernozym Povolzhsky North Caucasus | 20 - 40 | Kursk Tambov Kazan Ulyanovsk Penza Makhachkala | 60 - 80 | Astrakhan Elista Krasnodar Rostov-on-Don |
| 2 | Areas with medium costs | North-Western Central Volgovyatsky | 20 - 40 | Bryansk Oryol Tula Saransk Cheboksary Nizhny-Novgorod | 70 - 90 | Kaliningrad Novgorod Vladimir Moscow Tver Kirov |
| 3 | Areas with high costs | Northern Ural Western Siberia Eastern Siberia Far East | 50 - 70 | Syktvkar Ufa Anadyr Chita Magadan | 85 - 160 | Murmansk Naryan-Mar Tyumen Norilsk Khabarovsk Vladivostok Petropavlovsk-Kamchatsky Yuzhno-Sakhalinsk etc. |

STRUCTURAL SCHEME OF THE MAJOR TRENDS IN THE HOUSING POLICY OF RUSSIA



Directions of the policy implementation- Formation of the supply market (identification and management of the supply)

BLOCK OF MAJOR DIRECTIONS

1. Change in the structure of property
2. Change in the structure of construction by the source of investment: capital investment, land, design, equipment (concentration, activation, differentiation of sources of financing and resources support)
3. Changes in the city planning policy

BLOCK OF MAJOR DIRECTIONS

Economic and organizational

1. Development of market structures and mechanisms
2. Development of crediting and financial mechanisms
3. Reorganization of construction complex management
4. Reorganization of investment practices in housing construction

Technical

5. Reorganization of construction industry
6. Reorganization of designing practices according to types of buildings
7. Restructuring of construction according to design systems and number of floors.
9. Development of engineering equipment and systems
10. Development of the basis for the construction industry and construction materials' manufacturing
11. Improvement and preservation of favourable ecological environment

Identification of the goal and demand assessment (identification and management of the demand)

1. Research of the demand for various strata of the population; analysis of housing resources changes, identification of the demand (size, type, quality); assessment of solvency of the population
2. Regular forecast of the demand with consideration of expected changes in the income, socio-economic situation, housing prices and infrastructure, construction and exploitation costs
3. Demand management through the economic policy, advertising, architectural design of buildings, legal base

General principles of this formation and implementation of the policy: free choice of forms and ways of provision and ownership of housing in the market conditions (multi-form satisfaction of the demand in housing); different approach for "cheap" or social and "expensive" or private housing; coordination of supplementary directions (organizational, economic, technological) and main directions: forms of property and investments); use of technological achievements for all elements of the policy; broad international cooperation; updating of the policy according to the demand and socio-economic base; correction and specification of the elements depending on local conditions

The aim of the policy is to determine the housing strategy on securing the constitutional rights of citizens to housing, free choice of form and way of provision and possession of it in the market conditions, consideration of the interests of the citizens, state and regions

Table 13

COMMISSIONING OF TOTAL HOUSING AREA IN THE RUSSIAN FEDERATION AT
THE EXPENSE OF ALL SOURCES OF FINANCING (1991-2000), millions of sq mts

| | |
|--|------------------------------|
| 1991 | 49.4 |
| 1992 | 41.5 |
| <hr/> | |
| Total 1991-1992 | 90.9 |
| 1993 | 41.8 |
| 1994 | 39.2 |
| 1995 | 42.8 |
| <hr/> | |
| Total 1993-1995 | 123.8 |
| 1996 | 43.0 - 45.0 |
| 1997 | 46.0 - 50.0 |
| <hr/> | |
| Total 1996 - 2000 including in 2000 | 259.0 - 294.0 65.0 - 80.0 |

Footnote: Maximum indicators of expected commissioned area consider allocation of necessary means by the federal and local budgets to subsidize housing construction or purchase, greater use of mortgage and other extra-budget sources or financing.

1991-1995 figures based on facts, 1996-2000 based on forecasts.

Table 14
COMMISSIONING OF HOUSING AREA BY COMPANIES OF ALL FORMS OF PROPERTY AND INDIVIDUAL DEVELOPERS 1993-2000

| | 1993 (report) | | 1994 (report) | | 1995 (jan-dec) | | 1996 (forecast) | | 1997 (forecast) | | 2000 (forecast) | |
|--|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | commiss- ioned area mln m2 | share in total area % | commiss- ioned area mln m2 | share in total area % | commiss- ioned area mln m2 | share in total area % | commiss- ioned area mln m2 | share in total area % | commiss- ioned area mln m2 | share in total area % | commiss- ioned area mln m2 | share in total area % |
| Companies of all forms of property including | 41.8 | 100 | 39.2 | 100 | 42.8 | 100 | 43.0 45.0 | 100 | 46.0 50.0 | 100 | 65.0 80.0 | 100 |
| State property including | 15.0 | 36 | 10.0 | 25.5 | 9.8 | 22.9 | 5.2 5.4 | 12.1 | 5.3 5.8 | 11.5 | 6.9 8.6 | 10.7 |
| Federal property | 11.7 | 28.1 | 7.8 | 19.9 | 7.4 | 17.4 | 3.0 3.1 | 7.0 | 3.0 3.3 | 6.5 | 2.8 3.5 | 4.3 |
| Property of federation subjects | 3.3 | 7.9 | 2.2 | 5.6 | 2.4 | 5.5 | 2.2 2.3 | 5.1 | 2.3 2.5 | 5.0 | 4.1 5.1 | 6.4 |
| Municipal property | 7.0 | 16.6 | 4.3 | 11.0 | 4.2 | 9.8 | 4.3 4.5 | 10.0 | 4.6 5.0 | 10.0 | 7.4 9.1 | 11.4 |
| Property of public associations | 0.1 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.4 | 0.2 | 0.4 | 0.3 | 0.4 |
| Private property including | 10.2 | 24.5 | 11.8 | 30.1 | 15.3 | 35.9 | 15.9 16.7 | 37.0 | 16.9 18.4 | 36.8 | 23.3 28.6 | 35.8 |
| Individual developers | 5.6 | 13.3 | 7.1 | 18.2 | 9.9 | 23.2 | 10.0 11.5 | 23.3 | 12.0 13.5 | 26.1 | 18.6 22.9 | 28.6 |
| Mixed Russian property (without foreign participation) | 9.5 | 22.7 | 13.0 | 33.2 | 13.4 | 31.3 | 17.4 18.2 | 40.5 | 19.0 20.6 | 41.3 | 27.1 33.4 | 41.7 |

The denominator shows expected commissioning figures if the federal and local budgets provide needed means to subsidize construction or purchasing of housing, greater use of and other extra-budget sources of financing.