Social Housing in Russia

According to the Housing Privatisation Law almost 50% of the national housing stock was privatised. The majority of Russians have very few chances to improve their housing conditions in near years. But the most painful position the homeless refuges and forced migrants have.

by Alexander RAKHLIN, member of Europe Net of Housing Research
December 2002

On the threshold of 'Perestroyka'.

Slogan ‘Accessible and Decent Housing for all’ came to Russia from the West in the middle of 1990th. The first part of this slogan, ‘Accessible Housing for all’, was well known beforehand, in the former Soviet Union. The socially oriented Soviet State have strived for it, but didn’t succeed. Only few, particularly party nomenclature, and those, closed to the power, could dream about the high quality, decent dwelling.

The principle of social justice, as it was understood in the USSR, concluded the every family’s right to have a dwelling, not less, than 5 square metres of living space per each person. For example, if a three person family had a 15 sq. m room in the multifamily flat (kommunalnaya kvartira), it seemed to be enough for them. But if the room was 14 sq. m - they received the right to improve their living conditions and were included into the waiting list for the new flat, granted from the State (this people are called ocheredniki). Some ocheredniki have to wait for several years (in Moscow and Leningrad 10 years and even more).

At that, not very long standing time, almost all housing stock in the cities belonged to the State. The state was, who ran, maintained and constructed the houses. Although the year by year increasing of the constructed volume, it was permanent housing shortage, the waiting lists became longer and longer, the corruption and official’s voluntarism prospered. The soviet distributing system have reached to its peak.

Those, who was lucky to get a separate flat, became neither owner, nor renter, but a tenant, who had no tenancy agreement, but only the permission to occupy ‘propiska’. All the housing rights were fixed in the Low - Housing Code. The tenants were not to pay rent, but only the utilities, which were limited and controlled by the State. The housing system was one of the most unmarketable in the Soviet economy, and utility tariffs were far from the real expenditures. Up to 90th the residents paid not more than 10% of the real cost. The rest was the responsibility of the state. It was not too strange, that the permanent financial shortage translated ramshackle of the housing stock, engineering systems and infrastructure. Non adequate payments for the resources tailed irresponsible and ineffective water, electricity, gas and etc. waste.

Denationalisation of the Housing System.

The Perestroika opened new opportunities for the denationalisation and market reforms in all the fields of Russian economy. In the early 90th this reforms touched housing sphere. In 1992 the Federal Housing Privatisation Law was passed by the State Duma. This Law confirmed the private tenants’ ownership upon the flats, they were occupying. While nomenclature and persons, related with power, shared state property in industry, sources, real estate, the common people were given back with something, belonged to them yet – their flats. The dwelling were transfer to everybody, who wanted, by free. But only once, and only according to their ‘propiska’. In the end, one, who lived in 4 rooms apartment in the centre of Moscow, became the owner of this 4 rooms flat, the other, who coopered in the small room in the multifamily flat in Siberia privatised this shelter. The first was granted with the property of 150,000 USD value, the second saved 1000-2000 USD. Naturally, the best and most expensive apartments were gained by nomenclature and shady rich, who had the widest opportunities while Soviet system. Thus, the housing privatisation legalized the fruits of the soviet distributing system, fixed existing significant property distinction, took place in the soviet society, and increased the abyss between the rich and the poor.

According to the Housing Privatisation Law almost 50% of the national housing stock was privatised. It was one of the most significant political actions of the new Russian Government. But it didn’t tail expected economic consequences. Majority of the new flat owners have received new rights (to sell, to gift, to inherit), but were not ready neither to govern their property, non to pay for maintenance and management. The authorities were turned to be forced to continuesubsidising the housing sphere, by limiting the utilities tariff and thus supporting...
both, poor and rich residents. Besides this, the system of personal subsidies for poor is developed: the personal housing subsidies is paid, if the housing expenditure is more, than 18% of the monthly income. This financial load is too heavy for the local budgets. So, the support to the population turns as a significant shortage of funding (in 2000 this shortage reached to 59 billions roubles or 20% of necessary funding). The consequence of this policy is steady tendency to ramshackleness and decreasing reliability of the housing infrastructure. According to the official data of Gosstroj RF (The Ministry of Construction of Russian Federation) 25% of basic funds are too old to be used; during the last decadet the amount of crashes increased in 5 times; the losses in thermal nets reaches 65-80 million tons of conditional fuel per year.

In parallel with housing privatisation, the process of sharing of the managing and maintenance companies and the reforming of the governing system was developed. On the base of former state companies, here appeared municipal and private management and constructing bodies. Currently, the state and local authorities do not constructing housing any more. Private investments and private constructing companies have occupied this sector.

The increasing of the housing conditions

The considerable part of the population is needed to increase their housing conditions. Among them are people, who are to live in the unfit for living dwellings, in narrowness and homeless.

The first group are those, who lives in ramshackle housing stock. Currently, almost 2% of the housing stock, in which 3% of the whole population is living, is officially identified to beramshackle. This dwellings are dangerous for living because of its oldness, bad maintenance, natural or other accidents.

The second are those, who lives in narrowness. This group is the largest one and could be divided into two categories:
- a) having less, than social minimum (5 sq.m of living space per one person).
- b) living in communal (multifamily) flats and hostels;
- c) having more, than social minimum, but not satisfied with the conditions of living and wish to improve it. For example, multichildren families; the families, where children have grown up and wish to live separately; divorced pares; and etc.

The third group are homeless.
- a) those, who have lost their dwelling because of some life circumstances (returning from prison, suffered from crime machination and etc.);
- b) new citizens – migrants, looking for job; refuges and forced migrants; immigrants.

Not more, than 10% of the populationable to solve the housing problems themselves, without any support. They have enough money, to buy apartments on the free market. The housing market is developed enough to offer the high quality dwelling. They can buy any unit they chose from the constructing company, on the secondary market, or buy the land for self-construction.

Other 10%, according to the official data of Gosstroj more than 5,5 million families are ready to join any mortgage system. They have some saved money for the start payment and monthly income, enough to return long-term loan. Unfortunately, the market offers very few mortgage models, because the Housing Code (1982) not allows the eviction of the unconsciousient residents, even those, who doesn’t pay the mortgage payments in time. New Housing Code, which is ready to decide this collision, is not yet passed by the State Dumaduring last 4 years.

Leasing Housing Market

The current legislation proposes three forms of housing rent:

- social tenancy;
- commercial tenancy;
- private rent

Almost 50% of the population, who didn’t use yet their privatisation right, still occupying their apartments on the base of social tenancy (rus. social naim). Still, the period of privatization is not limited, the social tenants’ right to privatise their flat is preserved. Social tenancy is a special kind of housing rent from the state (or local authority), when the tenant (and his family) has the right to occupy the dwelling for all his life, can be evicted only by the Court decision, pay no (or very cheap) rent, but have no right to sell, gift or inherit.
Very rare this apartments become vacant: only when single tenant suddenly dies or have no relatives at all. In other cases, when the person is going to leave the apartment, he privatise it and then sells on the free market.

The social tenancy is the main form of housing provision for those, who included into the waiting list (ocheredniki), but the turn (rus. ochered) moves slowly because of the shortage of vacant municipal flats.

Another kind of municipal housing is commercial tenancy (rus. commercial naim). It is different from social tenancy with following:
- no right to privatise;
- higher, but limited and controlled level of rent

But because of the same reason, shortage of vacant municipal flats, the commercial tenancy market is not developed.

Private rent. Till perestroika, the private housing rent market was illegal and very small. After 1992 it became bigger, but was shadow because of high taxes. Putin’s tax reforms of last two years made this sector much wider and dynamic. Currently, the offer is more than the demand, there are a lot of vacant apartments and the prices decreasing. However, the level of the private rent is not accessible for the majority of needed with low income.

The rights of the leaseholder are not preserved by the law: all conditions must be written in the agreement between the leaseholder and the landlord.

New Citizens

The majority of Russians have very few chances to improve their housing conditions in near years. They are to wait for the on the waiting list, or to save up and wait for new Housing Code. But the most painful position the homeless refugees and forced migrants have.

After the USSR demolished, abolition of propiska and iron curtain, the migration processes were activated. Particularly, the surge of ethnic Russians from the former Soviet republics, where they are pressed by the authorities and inhabitants. Often they are forced to abandon all their property, houses and run to Russia with empty hands. Also, increasing the amount of inner migrants, escaping from the conflicts or looking for job. This last is not too mass, because the russians traditionally (because of years of propiska) are looking for a job near dwelling, but not dwelling near the job. The market reforms changed the economic structure of the country. A lot of plants and factories closed, tailed unemployment and poverty. The new situation forced thousands of people to migrate in and outside of the motherland.

As consequences of all this and other reasons, a lot of new citizens appeared in Russian cities and towns. Majority of them are rather poor people, unemployed and homeless and need help. However, Government still practises a repressive policy against immigration and the housing system is not prepared to meet the needs of the future immigrants.

The perspectives of Social Housing in Russia

It can be affirmed, that Russia currently coming through the stage, when the political discussions about the ways of further development, are still bored to the people. The society needs some specific methods and mechanisms, which would help to use in the proper and best way the advantages of market and democracy, together with the tools of social secure of poor, elderly and another vulnerable groups.

The current situation in housing sphere prevents both: to include market and competition, and to secure the social needs. At least, the legislation must be changed in order to:

a) limit the time of privatisation; this will open the way to develop social and commercial rent;
b) every consumer must pay the full price for the resources and services, he have consumed; this will let the market relations to be included into the housing sphere;
c) the low income and vulnerable groups are to be supported by the state, local authorities, third sector, with:
   - subsidies;
   - different co-operative schemes;
   - different mortgage schemes;
   - training and technical assistance;
d) the social housing sector must be provided with high quality management and maintenance by means of implementation of new schemes and models of residents participation in governing and running of the housing stock;