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**PROGRAM "HOUSING STEP" AS AN ALTERNATIVE
TO HOUSING MORTGAGE**

The article describes the essence of the program "Housing step" which allows purchasing real estate in an alternative way, namely, through the cumulative mechanism and the mechanism of "civilized rent". The advantages of the mechanism of this program in comparison with the mortgage mechanism are estimated. The key steps in the practical implementation of the alternative program are presented.

Keywords: real estate purchaser; lessee; civilized rent; cumulative mechanism.

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**ПРОГРАМА «ЖИТЛОВИЙ КРОК» – АЛЬТЕРНАТИВА
ІПОТЕЧНОМУ ЖИТЛОВОМУ КРЕДИТУВАННЮ**

У статті викладено сутність програми «Житловий крок», яка дозволяє придбати особисте житло альтернативним іпотеці способом, зокрема за допомогою накопичувального механізму та механізму цивілізованої оренди. Виявлено переваги механізму цієї програми в порівнянні з механізмом програм іпотечного житлового кредитування. Викладено основні етапи практичної реалізації альтернативної програми. Ключові слова: покупець житла, орендар житла, цивілізована оренда, накопичувальний механізм.

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**ПРОГРАММА «ЖИЛИЩНЫЙ ШАГ» – АЛЬТЕРНАТИВА
ИПОТЕЧНОМУ ЖИЛИЩНОМУ КРЕДИТОВАНИЮ**

В статье рассмотрена сущность российской программы «Жилищный шаг», позволяющей приобрести собственное жилье альтернативным ипотеке способом, а именно с помощью накопительного механизма и механизма цивилизованной аренды. Выявлены преимущества механизма этой программы по сравнению с механизмом программ ипотечного жилищного кредитования. Изложены основные этапы практической реализации альтернативной программы.

Ключевые слова: покупатель жилья, арендатор жилья, цивилизованная аренда, накопительный механизм.

Introduction. During the present decade the governments of former Soviet republics have been trying to solve the problem of providing the citizens of former Soviet republics with affordable housing through the mechanism of mortgages. In Russia and Ukraine, for example, a number of mortgage programs are being implemented. Among them there are housing mortgage programs implemented for a certain category of people (young people, public employees and so on) with the participation of budget funds. However, the practice of the realization of these programs in Russia and Ukraine shows that it is impossible to solve the housing problem quickly and effectively only through the mechanism of residential mortgage. At the moment

of the economic development of post-Soviet republics for the effective development of their home mortgages there are serious limitations: a high level of housing prices, an extremely low level of income (potential mortgage borrowers) and the resulting imbalance between their desire and ability to buy a house on credit, limited amounts of budget funds and the lack of the guarantee of their timely and full providing for the implementation of the state revenue for mortgage programs, limited amounts of credit, especially "long-term" resources of banks, high interest rates for mortgages and the consequent unavailability of independent mortgage house purchasing through bank facilities for citizens that need it, the corruption of bureaucratic apparatus etc.

The formulation of the problem. Therefore, in recent years, more and more professionals involved in the solution of the housing problem have raised the issue of the introduction of the housing mortgage alternative mechanisms for solving the housing problem, namely, a long-term civilized (that is, a non-profit) rent (leasing) of housing.

Renting means a different mechanism of implementing of the leased home ownership to potential buyers, not buying a house on credit. These problems have numerous researchers.

Analysis of the research and publications. Many scientific works of Ukrainian and Russian scientists are devoted to mortgage lending. These are the works of G.O. Lutij (2009), V.I. Savich (2004, 2005, 2009), O.M. Kalivoshko (2009), I. Lys. (2007), N.S. Kruchok (2010), P. Matiyash (2005), I.G. Mihalina (2006), V. Mishchenko (2006), I.V. Osadchenko (2006), Palyvoda K.V. (2004, 2006), A.A. Pogoreltseva (2007), N. Revutskaya (2008), S.V. Rumyantseva (2009), A. Serdyuk (2006) and many others.

Alternative ways to purchase housing are the subject of numerous works of Ukrainian and Russian scientists and practitioners. These are the works of S.N. Glazunova and V.S. Samoshina (2006), E. Reznichenko (2011), K. Ivanova (2008), M. Orlova (2011), N. Zaderei (2011), O. Kochevyh (2011), O. Noskova (2012) and others (A. Savinov, 2012, A. Nepomnyashiy, 2009, T. Altynov, 2012). However, some of these papers (mainly scientific papers) are fragmented: they briefly describe the models of residential mortgages or rents existing in international practice, analyze only certain problems of housing mortgages and rental housing, and detect only some differences of mechanisms of residential mortgage from the mechanisms of rent. The articles are too short and it leads to the forced brevity of the presentation of their specific research questions and the brevity of the main results of their research.

The unsolved parts of the overall problem. The above and other scientific works of the problem on home mortgages and rental housing are unfortunately scattered: they do not provide answers to the questions such as: if it is possible to provide citizens of Russia and Ukraine with affordable housing with the help of leasing housing, whether rent and mortgage can be optimally combined with each other, what the optimal proportions of their compatibility are, whether alternative ways of purchase housing in the low level of economic development of Ukraine can accelerate the housing problem. To form a clear answer to these and many other questions concerning the mechanisms of residential mortgage and rental housing, there must be further careful study. In this connection the study of foreign especially of Russian experience of the mechanism of long-term rent can play an invaluable role in the solution of this problem.

The aim of research. The purpose of this paper is to present the essence of the new housing program of Russia "Housing step" that uses a mechanism involving the accumulation of funds for housing and a mechanism of long-term civilized rent in studying the mechanism of its implementation, benefits of rent mechanism compared with the mechanism of home mortgages in the study of the possibility of using Russian experience of the civilized rent in socioeconomic and legal environment of Ukraine.

The methods of research are systematic and comparative analysis of scientific literature.

The main results of the study. Today, tremendous rise of house prices relatively to the income of the population cuts off more and more potential buyers from the housing market.

The purpose of the program "Housing step" is to make housing more affordable for the part of the population that has low income, that can not buy a house on their own and at once or by home mortgages, but they save money for its purchase. In most cases, the audience is focused on the purchase of apartments in middle-class category (Savinov, 2012).

The program "Housing step" offers such people first to rent and then to acquire a house as their property. The project allows participants to find partners for joint acquisition of real estate and for solving housing problems on their own.

The procedure for selecting and combining the interests of participants is not difficult. Parties clear up their goals and preferences, and eventually make a contract, which defines the percentage of the money invested, the order of calculations and property rights, as well as an escape mechanism from the program.

The program "Housing step" offers participants an effective mechanism for the purchase and house rent, allows the simultaneous solution of the housing problem, fixing the price of the apartment, protecting home buyers by means of inflation and creating more favorable conditions for the accumulation of funds for the purchase of an apartment.

Two participants of the program join forces. One of them, having, for example, 50% of the purchase of the apartment serves as the buyer. The remaining amount is added by a tenant if he stays in the apartment during the whole period of the paying of the rent by the buyer. Thus, putting together 50% + 50% or 60% + 40% of the value a buyer and a tenant purchase a flat (Figures 1, 2). The buyer, according to the contract, has no right to live in the apartment purchased until he pays up. He returns the sum provided by the tenant without interest and taking into account his financial possibilities. During this period of time the tenant lives in the purchased apartment.

Mutual interests of a buyer and a seller are thus satisfied.

But in practice, clients and tenants do not always have the full amount of money needed to purchase an apartment. Therefore, for the realization of the purchase, the program "Housing step" provides participants with the remaining amount on the condition of getting an income of 10% per year on the amount given to a buyer.

Thus, the program "Housing step" and a tenant give the buyer the missing money to buy an apartment. The buyer gradually returns the amount of funds to provide programs without interest, mandatory fixed charges and terms. During this period of time the tenant lives in an apartment and pays the program "Housing step" 10% per

year on the amount of money given to the buyer by the program. Typically, this conditional "rent" is times below the market value of the rent equivalent (Savinov, 2012; Kochevyh, 2011). After the buyer returns the whole borrowed amount to the tenant and to the program, he drives into the apartment and becomes its rightful owner.

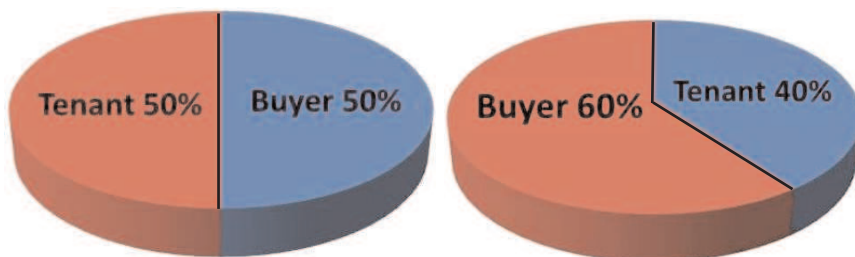


Figure 1. Variants of forming of the total value of houses to buy (without cash of the program), based on A. Savinov (2012)

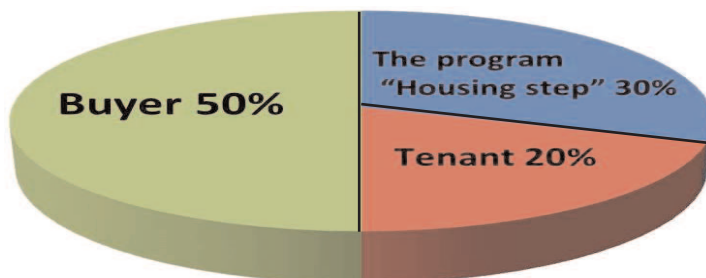


Figure 2. Variant of forming of the total value of houses to buy (with the cash of the program), based on A. Savinov (2012)

The lessee has an opportunity to live in an apartment (rent civilized) for a long time, which gives stability and confidence in the future. Savings in rent and storage mechanism of the program allow saving money more efficiently buying their own apartment.

Price for the Program "Housing step" is much smaller than the mortgage payments. Where the monthly mortgage would be equal to 1,300 USD, rent will cost 200 USD. The difference in the amounts is too large, and therefore risks are reduced. Thus, the rent is much less risky than the mortgage. The crisis of 2008–2009 showed that if the income of the tenant fell down the tenant wasn't frightened very much that in case of non-payment of a rent he would be asked to leave the apartment. The tenant lived quietly, as he could pay the required amount of the program loan for housing.

One may be a lessee in the program if he has saved 20% of the price of a flat, which allows to use the available resources more efficiently and to solve the housing problem simultaneously. Favorable rent at this stage allows saving money more effectively which allows becoming a buyer of an apartment in future.

As a guarantee, the tenant gets bail on buying an apartment.

It is possible to become a buyer in the program "Housing step" if you have accumulated 50% of the price or more. The housing problem of the buyer at the moment of the payment for the apartment should be solved.

Since the conclusion of the contract, the apartment becomes the buyer's property, which guarantees the protection of his interests.

The program "Housing step" creates a system in which it is profitable to rent a house and helps gradually to save enough money for buying. This solves the difficulties of those who can not buy their own homes at once.

The program "Housing step" provides the next stages:

1. The accumulation of funds (Store mechanism).
2. Favorable civilized long leases.
3. Direct buying of apartment in installments without interest.

The program "Housing step" brings together the interests of buyers who have solved the problem of the residence during the period of time when they pay for flats and tenants who do not have their own homes today and forced to rent an apartment at the housing market. The program offers the opportunity of the stable civilized rent and the ability to collect money effectively to buy one's own homes.

Combining interests of buyers and renters to buy a house, the program "Housing step" considers renting and buying an apartment, not as separate elements, but as a holistic mechanism. Attempts to consider the system in terms of only one of the participants lead to misunderstanding of the essence of its application.

The program "Housing step" is the organizer and guarantor. All payments under the contract are made directly between the parties themselves. Before and after the property purchase funds are only under the control of the participants (Savinov, 2012).

Since the objectives of the Program participants are quite closely related, each of them may act as a tenant and as a buyer.

Conclusions. These experiments allow drawing the following conclusions to prove the feasibility and cost-effectiveness of the Russian program "Housing step". Effectiveness of the program "Housing step" provides the mechanism for serious advantages compared with the mechanism of mortgage lending.

The advantages of the mechanism of rent compared to the mechanism of home mortgages are:

1. The program "Housing step" offers participants an effective mechanism of the purchase and house rent, which allows the simultaneous solution of the housing problem, allows fixing a price of an apartment, protecting money from inflation and creating more favorable conditions for the accumulation of funds for the purchase of an apartment.

2. Store mechanisms protect the money of citizens from the rising cost of square meters of housing and provides an approach to participation in the program as a lessee or buyer program "Housing step" significantly shortening the accumulation of funds for the purchase of houses.

3. Lease in the program "Housing step" is at least three times cheaper than in the market.

4. The financing fund of the program, the buyer and the tenant are the participants of the Program.

5. The program "Housing step" allows potential tenants and customers to take part in it at any stage, depending on the financial situation of the parties and their goals.

6. Financing the buyer program is a free interest loan of the financing fund programs without hard deadlines and allows buying an apartment at the lowest market price without interest and various committees.

7. The program "Housing step" thus eliminates the need for mortgage loan and avoids its weaknesses (high interest rates, commissions, fees, notaries and expensive insurance at registration documents for mortgage lending).

8. Taking into account the similarity of the historical experience of solving the housing problem in Russia and in Ukraine and the presence of certain legislative and the regulatory framework for housing mortgage lending and rental housing in both countries, we find it useful to study the nature and assessment of this housing program in Russia to improve the practice of solving the housing problem in Ukraine.

Identifying the benefits of the mechanism of the Russian program "Housing step" in comparison with the mechanism of mortgage lending is an element of scientific novelty of this article.

Substantial reserves to improve the mechanism of rent and subsequent purchase of housing by the program as an alternative means of providing citizens of Russia and Ukraine with affordable housing can be found in further research and practical implementation of the consolidation of the Russian Federation under the program "Housing step".

In this regard, it remains important to continue studying the mechanism of the implementation of rental residential property.

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