

**THE PROCESSES OF INTEGRATION OF ECONOMIC AND SOCIAL INTERESTS
IN THE HOUSING POLICY OF THE STATE**

Annotation

The directions of complex solution of the housing problem, taking into account various aspects, are defined. The mechanisms of the system of financing housing at the current stage of socioeconomic development are grounded.

Keywords: *aspect, housing policy, financing housing, mechanisms, directions, system, territorial differentiation.*

Анотація

Визначено напрями комплексного вирішення житлової проблеми з врахуванням різноманітних аспектів. Обґрунтовано механізми системи житлового фінансування на сучасному етапі соціально-економічного розвитку країни.

Ключові слова: *аспект, житлова політика, житлове фінансування, механізми, система, територіальна диференціація.*

Аннотация

Определены направления комплексного решения жилищной проблемы с учетом различных аспектов. Обоснованы механизмы системы жилищного финансирования на современном этапе социально-экономического развития страны.

Ключевые слова: *аспект, жилищная политика, жилищное финансирование, система, территорияльная дифференциация.*

Introduction

Contemporary Ukrainian housing policy is formed under the influence of three key factors. Firstly, new problems – homelessness and poverty have appeared in Ukrainian society. On the other hand, modern Ukraine meets the problem of social polarization, the concentration of poverty and wealth. Private houses construction for sale is developing rapidly, while market prices for housing and maintenance of old housing stock are rather high. As a result, access to housing becomes problematic for the population that can not afford to buy it.

Secondly, local authorities play an important role in the development and implementation of housing policy. It is believed that this opens up opportunities for more significant institutional changes, increases democratization and the degree of involvement of civil society. Today local authorities are responsible for delivering a range of services to the population. But they have a problem of execution of the duties, which have increased.

Thirdly, the transfer of housing burden from the state to the person and the family reflects the shift in provision of social services towards market vision of social policy.

The relative role of private and state sectors is changing: the private sector replaces the state one more and more. Promotion of market principles became a defining factor in the development of housing sector.

However, the important role of the state remains in determining the policy, implementing regulatory mechanisms and in developing the institutional structure to support socially unprotected citizens. That is why the question of integration of economic and social aspects of housing policy arises particularly acute.

Analysis of recent research

Theoretical and applied aspects of social policy of the state to secure Ukraine's population with housing are investigated in the scientific works of S. Asknaziya, S. Bratus, Y. Basin, I. Biryukov, I. Vishnevskaya, P. Dyatlova, O. Dzery, V. Zolotar, O. Krasavchykova, G. Kovalenko, I. Kucherenko, V. Lytovkina, T. Lisnychenko, I. Martkovycha, V. Maslova, I. Prokopchka, V. Surkova, P. Seduhina, V. Chyhyra, K. Chorna and others.

Statement of research objectives

– to identify directions of complex solution of problems of housing taking into account various aspects;

– to justify mechanisms of the system of financing housing at the present stage of social and economic development of the state.

Results

As a rule there are several problems when considering social policy, including such issues worth mentioning as:

- equality / inequality;
- availability of (financial, geographical, physical) and social integration;
- support of socially unprotected population groups, which traditionally include the elderly, disabled, orphaned children, women, youth, large families, persons returning from places of confinement, immigrants, homeless people.

In implementing the housing policy it is necessary to relate its objectives with actually achieved results. It is important to evaluate whether the measures imposed by the state, lead to improved position of socially unprotected population groups.

Housing remains a limited resource that is uneven in quality, which or is distributed on request or on the ability to pay; it will bring greater benefits to one compared to other.

As a system of different institutions in resource allocation housing system actively affects social inequality and contributes to the process of its systemic structuring. In some cases it plays an important role in maintaining inequality by income, status, employment that exist in modern society. The problem is that defined population groups are systematically more likely to have worse housing that is located in the worst areas (lack of infrastructure). At the same time housing conditions determine access not only to the roof over your head but also to a wider range of other services. Thus, housing policy can contribute to overcoming poverty and social disintegration.

Territorial differentiation of the population is also associated with housing problems. It is felt most acutely in rural areas and in large cities, where often internal ghettos are formed. Isolated neighborhoods are formed in large cities based on self sufficiency [3, p. 1295].

One of the major constraints of access to housing in present conditions is a financial one. Although the construction of housing for sale is growing quite rapidly, but market prices for new housing and repair of old buildings are quite expensive.

The main issues that affected households are sharp decline in government subsidies; sharp

increase in housing prices; decline in public housing construction. The result is the decrease in affordable housing for poor citizens and even families with average incomes. There is a need to address the problem of «poor on housing», which concerns a growing number of Ukrainians [2, p. 315].

Today there is a real problem of determination of «poor on housing» in the field of housing policy. Firstly, the poverty indicators that are used in the country, traditionally measure poverty by income. Secondly, during the Soviet era the distribution of housing took place not only according to the revenue, but also according to other criteria. That is why it is likely that low-income families have better housing conditions, or conversely, a relatively wealthy people can live in poor housing conditions.

In our opinion, the definition of «poor on housing» should include the following criteria:

- overpopulation – more than one household lives in one residential building;
- low quality of housing – old buildings, lack of hot water, gas, electricity, etc.;
- inability to pay the rent and communal services;
- lack of housing (homelessness) – situation in which a person has no home at all.

The consideration of private property on housing as the main form has been the main trend in the housing policy in Ukraine since the early 90-ies. As the first wave of privatization of housing was free of charge, the large number of people – regardless of their incomes – privatized their housing, especially in large cities. At that time most people did not think of such problems as support of housing stock, payments for the apartment, etc. As a result, the problem of poor homeowners, who can not pay housing and communal services and maintain housing stock, appeared after a large-scale privatization free of charge.

Another important issue that emerged in the period of transition to a market economy is the issue of homelessness.

Homelessness is social position of a person caused by the lack of residential premise (houses, apartments, rooms, etc.), which he or she could use to live/stay and where he or she could be registered [5].

It should be noted that homelessness is a relevant problem for almost all large cities. The problem of homeless citizens in Ukraine distorts social environment; destroys the

physical, mental and spiritual health of people; reduces their vital, social and creative activity; affects moral condition, creates social tension in society.

The reasons for this situation were sharp decline in incomes and living standards of population due to structural changes in the spheres of economy, unprofitableness of many companies of production sphere, imperfections of financial and credit mechanisms, sharp increase in existing and hidden unemployment, unwillingness of educational and social institutions, law enforcement bodies to work with such categories of the population in market conditions.

Today there are no accurate data on the number of homeless citizens in Ukraine. According to expert assessments there are about 30 thousand homeless people in the country, including in the capital – 3.5 thousand. However, there is a reason to assume that this figure is underestimated, because according to some reports in Odessa there are about 20 thousand of homeless people, in Lugansk – 15 thousand. Most of them are of working and reproductive age, a third of homeless people – women [4].

In this regard it is important how the state treats homeless people. The relationship between housing policy and tackling homelessness is not clear. On the one hand, it is recognized that homelessness is a problem rather social and not just residential. Homeless people need not only the place of residence, but also means for life, assistance regarding their return to a normal lifestyle. That is why important is the relationship between different departments, such as health, social security, internal affairs, employment and housing policy.

In the overall context of housing reform in Ukraine, the question of selection of priorities arises sharply. Today they are primarily of financial and economic nature – transition from subsidizing housing to subsidizing people with the establishment of a system of protection of socially unprotected categories of population. Yet, practice shows that not only income support, but also other strategies are needed to address housing provision.

When determining the strategy of formation of state housing policy and when choosing the optimal scenario for the development of real estate market, in our opinion, the following features of the housing sphere should be taken into account:

– this sphere is an important segment of the economy, in which government, private business and population interact on the basis of market

mechanisms, and the real estate market in volumes constitutes a substantial part of the GDP;

– construction of housing carries out a direct and significant impact on the development of compatible with it industrial sectors (construction of objects of housing and communal sector, objects of engineering infrastructure, construction of materials, etc.), which provides a significant increase in industrial production as far as production is increased in the sphere of residential construction;

– this sphere is directly related to the solution of priority social problem.

Till the early 90's residential area developed within the framework of administrative-command system of management mainly from budgetary funds without active participation of the population – the consumer of construction and housing and communal services. Setting goals, objectives, scenario of development and its resources support were in the hands of the state.

For instance, the problem of provision of housing was mainly solved by building two-, three-storey buildings of the simplest architectural forms from local building materials and structures in the post-war period at the end of 40-50s during the reconstruction of destroyed cities, towns, industries and whole national economy of Ukraine. Speeding and ongoing methods of residential construction received further development and mass implementation in the next period.

Such buildings have preserved to our time in most large and small cities. They occupy usually prestigious adjacent to the city center areas with convenient and reliable transport links and a full staff of objects of engineering and social infrastructure. At the same time density of building of these areas is in 2,5-3,0 times higher than modern standards. Physical condition of constructive and engineering systems of these buildings in most cases requires sanitation.

Five storey buildings of the first mass typical series of brick and in large panel and large block implementation of various storeys were built with the development of industrial methods of housing construction in the early 60's and 70's in towns and cities of the country. The number of such buildings in our time is 10-39% of the total housing stock of cities of Ukraine. Building of cities with five storied buildings was carried out with line-speed methods in the form of blocks and neighborhoods on the free territories. Density of building of these areas was in 2,0-2,5 times higher than modern standards. Indicated housing stock,

which is predominantly up to 80 % of large panel, large block and brick buildings with the so-called small apartments, is designed for settling families. Currently, major drawbacks of architectural and urban planning solutions for five storey buildings and constructions, which no longer sufficiently meet the life ensuring qualities of buildings, are obvious. Accordingly, five storey residential area blocks and micro districts of cities require complex reconstruction of residential buildings and infrastructure in the areas of existing urban development.

Policy of intensive housing construction in the 1970 to 1980 years was aimed at meeting the immediate needs of the population, namely providing needy in residential areas by provisions in square meters of housing per person. It brought to life industrial methods, appropriate structural systems and modern technologies of construction of residential buildings. Cities were built with 9-s, 12 s, and more storeys large panel houses on free, remote from the city center areas.

Multi-residential buildings that were built during this period and are still being built to date, differ from the five storeys in greater comfort, but still have many shortcomings [1].

Inefficiency of such management system in the long term required a significant change in approaches to the development of residential sphere.

But in the 90s the state, legislatively ensuring the existence of housing market, almost completely ceased budget financing of housing construction, giving citizens an opportunity to independently interact with privatized and created private construction companies.

This abrupt withdrawal of the state of residential sphere could not help but lead to the deformation of the market considering the lack of formation of its financial (lack of capitalization of the banking system) and construction (no institute of development) infrastructures, and the weakness of local government, and significantly affect the amount of housing that are put into operation, namely the reduction of them.

This led to the emergence of administrative barriers that often have a corrupt nature, in relation to land plots for housing and terms of processing permissive documentation for construction.

Relationships between citizens and builders began to be based on equity schemes that in many cases were financial pyramids on the construction market, which grew further to the issue of «investor deceived.»

All of this requires selecting the optimal scenario of the housing market and optimal system of public administration.

In its framework the advantages of a market economy based on the maximum development of competitive relations must be combined with the active participation of the state in those segments that are currently unattractive for private sector, which is oriented to obtain maximum profits.

In our opinion, principle of separation of tasks of state administration of residential sphere and professional participation of the state in market activities should be laid down as a foundation of state housing policy under this scenario.

Restricting its function as a professional market participant, the state should increase the effectiveness of state regulation of the housing market, directing it to improve service quality and reduce public spending, associated with construction activities, provision and maintenance of housing.

Thus, the optimal strategy of the state in the housing market lies in creating and promoting most favorable conditions of life for socially and economically active segments of the population, facilitating the formation of the middle class, while maintaining socially unprotected segments of population, i.e. the reduction of poverty.

This policy is implemented through the implementation of normative and legal regulations, program development and monitoring of the effectiveness of the measures of government support.

In our opinion, the success of state housing policy essentially depends on how people perceive its aims and objectives, whether they feel that it is aimed at improving the living standards of all not only the most wealthy segments of society, how declining property imbalances are.

At the same time the most important part of the state housing policy is a social housing policy that provides mechanisms for implementing the right to housing of citizens who need help from the state.

From our perspective, the social housing policy should include measures of state support that are differentiated depending on the material situation of citizens, who can be divided into two categories:

– Categories of citizens who need social protection. It includes low-income citizens, who are recognized as such under the provisions of housing legislation and other categories and who are recognized as being in need of residential premises in accordance with the established grounds by the

law. In addition, citizens, whose incomes do not allow them building and buying housing even on condition of state support, must be also assigned to this category. This category of citizens needs to be provided with housing on social contract of employment or contract of free use through measures of social protection. State authorities or local governments are proposed to create a particular type of contract within their competence depending on the property status of citizens.

– The category of citizens, who need social support. These include people with family incomes greater than in the previous category, but not able to build, buy or rent housing using their own income, savings or loans without certain support from the state. Citizens of this category should be given assistance or in housing provided under the terms of hiring with the fees charged by the state (non-commercial hire), or in acquisition or construction of housing using various financial instruments.

Implementation of strategic objectives and principles of state housing policy is impossible without forming a coherent effective housing finance system, which provides introduction, implementation and operation of housing.

It should be aimed at solving the following problems:

– providing real increase of affordable housing, adequately equipped housing of sufficient size and of normal quality for all categories of citizens regardless of their incomes with taking into account all obligations of the state;

– development of market mechanisms in the housing sector.

Mechanisms that form the basis of such a system and combine the use of state (municipal) funds with private investments should focus on attracting financial resources in the amounts and on terms that are necessary for solving problems of social housing policy, as well as on dynamic balance increase in proposals on the market of housing and of solvent demand for it.

Housing funding should be based mainly on the private investors, including financial means of the population. State and municipal finances serve just catalysts of market processes, which stimulate their accelerated development. They are also used as co-investments, including in the form of public-private partnership, on social protection and social support for those categories of citizens, who are unable to resolve their housing problems themselves.

The range of mechanisms of financing housing should allow each category of citizens solving their housing problems according to their capabilities without going beyond economically feasible opportunities of state, regional and local budgets.

The system of financing housing should include such mechanisms at the present stage of social and economic development as:

– creation and maintenance of the fund of social housing;

– resettlement of citizens from emergency housing and repair of existing housing stock;

– creation of sector of rental housing;

– residential mortgage lending;

– social support of citizens in the form of targeted housing subsidies;

– accumulation of funds for construction and purchase of housing by citizens;

– creation of engineering, transport and social infrastructure;

– funding of housing construction;

– development of base of building industry.

Therefore, the main tasks of public housing policy may include:

– ensure compliance of amounts of housing stock with the needs of the population and affordable housing for all citizens of Ukraine;

– attraction of extra-budgetary financial resources to all components of residential sphere;

– creation of a set of mechanisms of financing housing, which allows each category of citizens solving their housing problems according to their capabilities and adequately formed needs;

– provision of mass housing construction through:

a) removal of legal and administrative barriers in the work of construction, provision and maintenance of housing;

b) development of personnel potential in the sphere of construction and housing management; c) organization of spatial planning and the re-alization of the effective city planning policy that ensures balanced development of new and previously built-up areas by providing construction of

engineering, social and transport infrastructure; d) introduction of innovations in the housing market, the most effective technologies of construction, management and maintenance of housing;

e) control of compliance with competition rules and conditions for non-discriminatory access to infrastructure and land resources;

f) effective tariff and pricing policy in the housing sector;

- creating conditions for the purchase of own dwellings by broad population strata (using different ways to reduce costs, or subsidizing the purchase of housing for certain categories of citizens);
- development of social housing sector;
- development of sector of rental units;
- increasing comfort of living of the population in residential sector;
- ensure the availability of cost of exploitation of housing;
- expansion of sphere of private-public partnership in the housing sector;
- introduction of mechanisms of self-regulation of construction activity and housing management;
- development of mechanisms of insurance in the housing sector;
- improvement of legal framework of construction, provision and operation of housing;

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– increasing the effectiveness of the control and supervision in the construction and housing and communal sector by improving legal framework for functioning of control system for the establishment of requirements for housing, construction of materials;

– development of the system of residential lending.

Conclusions

Thus, the relevance of solving housing problems is determined by the presence of a number of contradictions and complications of current problems in the housing practice. Necessity of introduction of new and integrated approaches to planning, development and implementation of housing policy; strengthening control over the process of implementation of programs of housing construction and realization of housing by the government is evident in this situation to provide population with adequate and high quality housing.

