

# *Chapter IV*

## ***INSTITUTIONAL FRAMEWORK***

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### **Introduction**

During the drafting of this chapter the institutional framework of the Russian Federation's housing sector underwent some major changes, in particular with regard to the institutional responsibilities of the federal Government. The analysis in this chapter is based primarily on the institutional set-up as it existed until March 2004, but will also give an account of the changes effected since then.

#### **A. Institutions involved in housing policy implementation**

There are three levels of government in the Russian Federation, each its own with competencies.

##### ***Federal institutions***

The federal institutions are responsible for the State's unity and Constitution, its sovereignty and territorial integrity. State power is exercised by the President, the Federal Assembly (the Federation Council and the State Duma), the federal Government and the federal courts.

The State Duma does not have a separate housing committee. Its key housing-related units are the Committee on Industry, Construction and Technology and the Committee on Civil, Arbitrage and Process Law. Depending on the topic, the Committees on Property, on Social Policy, on Economic Policy or on Local Self-government may be involved in the discussions.

The Government of the Russian Federation consists of 14 ministries, 34 federal services and 28 federal agencies (March 2004). Ministries develop policy and regulatory documents. Federal services provide control functions. Federal agencies are the real "executive" bodies. The Government prepares and submits bills for federal legislation and the federal budget to the State Duma and ensures implementation of the budget by submitting relevant reports. The federal Government plays an important role in generating

financial resources through taxation, especially through the federal distribution of taxes, which are collected locally and distributed among the three levels of government either in accordance with rules laid down by legislation or regulated through negotiations. The federal Government has also created a system of tariffs for housing and utility services that are to be followed by local authorities when charging households for the relevant services.

The key federal institution for the housing sector until March 2004 was the State Committee for Construction, Housing and Municipal Economy (*Gosstroy*). Since 9 March 2004, it has been the Federal Agency "Gosstroy" under the Ministry of Industry and Energy. The Federal Agency has executive authority for inter-industrial regulation in construction, architecture, urban planning, housing policy and public housing.

The responsibilities of the State Committee for Construction, Housing and Municipal Economy were complex, covering all major aspects of planning and construction, but also of the built environment.

The State Committee had about 450 full-time specialists employed in the head office. In addition, it had under its authority a system of about 52,000 organizations all over the country and at all levels of government. There were about 50 institutions for research and development, and also about 40 institutions for education and training, consultancy and licensing, as well as a specialized State library on construction and architecture, a museum of architecture, exhibition halls, etc.

The State Committee was the initiator and the main responsible body for the major housing-related and federally targeted programmes without, however, having any vertical power on housing issues. The State Committee did not have the authority to command from top to bottom and support these commands with relevant funding. The State Committee's competence was only 'collaborative' or 'recommendatory' in particular with regard to the heads of regional

administrations. The State Committee established the Central Council of State Housing Inspections – a system of inspectorates to monitor locally the quality of housing construction and utility services. To date, State housing inspectorates have been created by 82 regional administrations (“subjects of the Federation”), but only 40 of them are administratively independent. The others are still part of the local housing management structures. The national housing reform generally aims to devolve the major responsibility for implementing federal housing policy from the federal to the lower levels of government.

The changes in government structure effected in March 2004 were still evolving at the time of finalizing this study. It was therefore not possible here to say with certainty what the new institutional set-up would look like or to judge what impact this would have on housing policy design.

### ***Regional institutions***

Executive power in most regions is exercised personally by the highest elected official called head of administration, governor, president or sometimes chairman of the government. The structure and the role of the regional governments are similar to those of the federal level in particular with regard to the distribution of resources and the execution of power. The competence of the regional governments includes duties that cannot be performed by municipal governments, such as developing infrastructure, but also regional housing programmes. The regional government approves the budget proposals of the municipalities, which in the case of new public housing construction is broken down into every single project. In many cases different ministries (or committees or departments) deal with construction and housing within the regional governments.

### ***Local self-government institutions***

Local self-governments, which are the municipal entities, represent a rather new component in the country’s power structure. According to the 1993 Constitution, their institutions are not institutions of State power and should act independently and be answerable to the local population. The underlying idea is that the local self-governments

may be organized independently without any interference from the higher authorities. However, this does not mean that the State completely abstains from regulating their structure and competence. The Constitution recognizes and guarantees their rights, but also establishes some basic responsibilities for them. Currently, there are 13,383 local self-governments, of which about 1,300 are urban.

Local authorities are the main executive agencies that provide housing and utility services. About 8,500 municipalities have their own housing stock and are thus responsible for its management and maintenance. The major competencies of the municipalities in housing are:

- Administering, maintaining and operating municipal housing and non-residential premises;
- Planning and developing the municipal territories;
- Creating the conditions for developing dwellings and buildings of public importance;
- Organizing, administering and developing the municipal electricity, gas, heating, water and sewage utility companies;
- Providing heating fuel to residents and municipal institutions (oil, coal, timber, etc.);
- Building and maintaining municipal roads;
- Operating emergency fire services.

In the foreseeable future municipalities are expected to continue to play a predominant role in housing. They are the major bodies for operating and maintaining the housing stock, and for providing the most important utilities through their local service companies. Although municipalities allocate about 40-60% of their annual budgets to housing, their financial and operational autonomy in housing is quite limited. They do receive considerable support from the budgets of higher levels.

The federal legislation and institutional guidelines tightly regulate the major processes in housing. The federal authorities set the legal framework

and decide on housing reform. Each municipality has to implement the housing reform locally. The law gives local self-governments the authority to determine the most suitable administrative structure for managing their local housing and utility service provisions within the budgetary limits and the targets set.

Within the administrative structure of the local self-governments, the city council typically sets the housing management guidelines for the local government administration, where the deputy head – due to the importance of housing for the local policy and budget – is quite commonly responsible for housing matters. The administration has to cover three major issues:

- Developing new public housing and public buildings, incl. major repair of existing buildings;
- Management and maintenance of the existing housing stock, and administering the waiting lists;
- Providing utility services for the city (e.g. electricity, water, sewage, heating, etc.) and managing and maintaining public facilities on the territory of the municipality (schools, saunas, public buildings, etc.).

Municipalities also have departments of architecture, land committees; so-called bureaux of technical inventory and sometimes also branches of the State housing inspectorate.

### **B. Civil society**

It is vital for households to get information and advice on access to the services that they require to meet their housing needs. There should be help desks and advisers to answer residents' questions about their homes, but also to advertise other sources of information. At present NGOs play a predominant role in raising awareness about housing issues and about the roles of different institutions.

Due to the enormous size of the country, the list of its non-governmental housing-related institutions can never be exhaustive, but based on their mission and membership they may be classified into six major groups:

- Professional associations and trade unions;
- Federations of commercial companies acting on the housing market;
- Associations of municipalities;
- Research and educational organizations;
- Housing movements;
- Homeowners' associations.

#### ***Professional and commercial associations***

Housing-related professional associations and trade unions unite specialists to defend their professional rights, as well as to influence the sphere of their professional activity – housing policy, architecture and design, land administration, and real-estate transactions. Some examples with long traditions are: the Russian National Urban Society, the Union of Architects of Russia, the Union of Designers of Russia and the Russian Society of Civil Engineers. Among the trade unions, the Trade Union of Workers of Local Industry and Municipal Enterprises should be mentioned.

As the housing market has become commercial, the companies involved in it are interested in protecting their business interests and creating fair rules for business. The Builders of Russia Union (founded in 1990) incorporates over 360 organizations from nearly every region of the Russian Federation. At the same time there are also about 25 associations, unions and societies for construction companies working locally in the different regions of the country. These institutions are active not only in developing the issues that are directly related to the construction sector, but they have also been involved in tackling customers' debts, mortgage lending, organizing tenders and contracting, and issues related to licensing. The National Union of Housing and Municipal Enterprises, the Russian Guild of Realtors, the Russian Society of Appraisers, the Association of Russian Banks and the Association of Mortgage Banks pursue similar aims.

#### ***Associations of municipalities***

It is important for the country's federal structure that local self-governments can promote and

protect their joint interests both federally and regionally. Consequently, municipal entities have created organizations that operate throughout the country, within a single region or within several regions that share economic interests. Most of these organizations are fairly new and they all suffer from limited financial and professional resources.

The most important of the national level organizations are:

- The Union of Russian Cities: established in 1991; incorporates the 90 biggest cities, mainly regional capitals (excluding Moscow and St Petersburg);
- The Union of Small Towns of Russia: established in 1991; membership consists of the heads of administration of the cities with fewer than 200,000 inhabitants;
- The Association of Siberian and Far-Eastern Cities.

To merge the efforts of local self-governments, 52 of their unions founded a nationwide association, the Congress of Municipal Entities of the Russian Federation, which was registered in 1998. Today the Congress is the most important national association for Russian local authorities and is seen as the key actor in their future developments. Only the regional associations or unions of local governments, not the local authorities themselves, are members of the Congress. The Congress has a special standing commission to promote housing and municipal reform and it organizes discussions, conferences, training courses and exhibitions in close cooperation with many research institutes and private and municipal utilities and maintenance companies. A major discussion forum with some 300 participants about best practices in local government housing reform took place in spring 2003.

#### ***Research/ educational institutions and organizations for public information***

Housing has become a professional field of activities requiring research and development, but also training. Those who want to be educated in built-environment-related professions can choose amongst more than 100 universities and colleges for higher education, some 300 specialized

training centres for professionals and more than 500 schools for skilled workers. Most of these educational institutions are publicly run. Moscow State University of Civil Engineering, founded in 1921, is the leader in civil engineering and built environment. There is also the Moscow Institute for Advanced Professional Training in the Housing and Municipal Economy. Specialized higher educational institutions in all the larger cities and in the regions provide education for engineering, real-estate issues and public management.

There are no public educational institutions specialized in condominium management. However, during the past two or three years several training centres in Moscow, Novosibirsk, Novgorod, Khabarovsk, Ulan-Ude, etc. have started new condominium management training schemes supported by Western donors, especially the United States Agency for International Development (USAID). Some housing NGOs also provide training in this field – e.g. the Housing Chamber of Moscow, ‘Domouprav’, the Institute of the Non-governmental Sector in Novosibirsk, but also in other cities.

One of the major media outlets for professionals is the monthly ZKH (Housing and Municipal Economy), which has been published by Gosstroy since 1998. Each monthly edition consists of two volumes, one with discussion papers and advertising, and another with official documents and reviews.

Moscow’s weekly housing bulletin Chain of Apartments is hugely popular. Though officially a Moscow-based paper, it highlights the major housing problems in the country and has sections for official documents, housing reform, homeowners’ associations, etc. Its Web edition is also widely read.

One of the best well known research bodies is the Institute for Urban Economics created in 1995. Its main goals are to develop and introduce new approaches to housing problems. Some of its most important activities are :

- Research into the social and economic problems of urban areas;

- Contribute to the drafting of legal and regulatory documents on housing reform;
- Assisting to the preparation of strategic concepts, practical approaches and implementation schemes for pilot programmes to reform the urban economy;
- Providing methodological and technical assistance to different institutions for drawing up and implementing urban economy programmes;
- Training government officials, staff of banks and private companies;
- Disseminating experience and recommendations through the media and publications.

Its ‘Transition to Smart Growth: Improved Local Governance and Economic Development’ programme aims to:

- Strengthen local self-government in the Russian Federation;
- Strengthen local government capacity to develop and manage municipal resources;
- Encourage local governments to operate in a sustained partnership with their communities;
- Increase the policy development skills of local and national officials and community leaders.

Two other institutions in this category should be mentioned:

- The Leontief Centre (St Petersburg) is an international centre for social and economic research; and
- The EUROGRAD Institute (St Petersburg) aims to provide wide theoretical and practical assistance to local authorities in an effort to foster the potential development of their towns and to implement municipal reforms.

### *Housing movements*

Housing movements represent and defend the rights of different social groups in the housing sphere. In the Russian Federation, housing movements are a new social phenomenon, reflecting the dramatic and rapid changes in the country’s social, economic and political climate. The first officially recognized Soviet neighborhood organizations resembling grass-roots community groups were called ‘committees of social self-management’. They appeared in Moscow in 1988. Their activities included direct social assistance and the distribution of Western humanitarian aid, greater control over the actions of local authorities and over the delivery of services in the neighbourhood, representation of local interests at municipal agencies, defence of citizens’ rights in relation to housing, and organizing collective voluntary work to improve living conditions.

In the new social and political climate, different housing problems are superimposed on the old housing concerns mainly related to poor services. A lack of information, coupled with uncertainty, has contributed to the mushrooming of different movements highlighting particular housing problems. For example, in recent years, some 20 local community groups and hundreds of other grass-roots groups have been created in Moscow alone. They have been strongly involved in different community activities, including the defence of housing rights of different social groups, such as people with poor housing conditions, the homeless, applicants for free municipal flats, members of housing cooperatives, etc. These activities have changed their character from protest organizations to real movements attempting to work constructively in cooperation with the authorities on different levels.

Given the country’s size and diversity, different regions may have completely different problems to tackle. Therefore, not all movements that are crucial to some have a central body on the national level. Table 14 includes only a small selection of movements with very different backgrounds.

**Table 14. Housing movements**

Movement	Activities
Forum of Migrants	<ul style="list-style-type: none"> <li>• Provides support to migrants returning to the Russian Federation and to homeless people.</li> <li>• Is the largest of its kind.</li> <li>• Has representatives in 53 regions.</li> <li>• Provides publications, advice and training.</li> </ul>
National Forum for Affordable and Decent Housing, founded in 1991.	<ul style="list-style-type: none"> <li>• Advocates partnerships in housing.</li> <li>• Experts provide consultancy throughout the country on housing finance, residents' self-management, collaboration with maintenance companies, defense of housing rights. Umbrella organization for inexperienced, but active housing partnerships in Moscow.</li> </ul> <p>Provides training courses and high-quality publications about housing.</p>
Inter-regional Union of Tenants and Flat Owners, registered in 2002 (former Union of Owners of Flats in Municipal, Cooperative and Industrial Housing Stock, created in 1994) Public Council on Housing Policy, set up in 1994	<ul style="list-style-type: none"> <li>• Developed a wide network of associations of flat owners in many Russian cities. Actively resists housing and utility service monopolies.</li> <li>• Raises awareness about the problems in the housing sector through seminars and workshops.</li> </ul> <ul style="list-style-type: none"> <li>• Created with the support of the Moscow City Duma.</li> <li>• Part of a representing body housing NGOs in Moscow.</li> <li>• Has great public influence as its activities are supported by several housing-related professionals.</li> </ul>
<u>Nochlyezhka</u> (Night Shelter) in St Petersburg	<ul style="list-style-type: none"> <li>• Charitable foundation to help the homeless.</li> <li>• Provides consultancy and surveys.</li> <li>• Supplies food for people in need.</li> </ul>
Russian Union of Youth Housing Cooperatives	<ul style="list-style-type: none"> <li>• Forum for discussing the housing problems of youth and young families.</li> <li>• Has been active for about 30 years.</li> <li>• Has several policy makers as active members.</li> <li>• Initiators of the special housing programme for young families in the Russian Federation.</li> </ul>

Source: The Russian Statistical Annual Edition 2003, Goskomstat, p. 201.

In recent years, several housing committees, and “staircase” councils have been formed in municipally managed apartment blocks due to the fear of terrorism, vandalism and concern about the deterioration of common areas. These voluntary organizations are good examples of residents – either owner-occupiers or tenants in municipal flats – joining forces to tackle common problems. These housing committees include a great variety of voluntary associations, partly inherited from the Soviet period but adjusted to today’s realities, and partly created as a reaction to radical changes in housing policy, social structure and tenure structure.

The immediate motivation was the series of bomb blasts in several apartment buildings in Russian cities in the autumn of 1999. It became clear that the common spaces of the shared buildings and the yards were ownerless. On the local level (‘one block, one house’), staircase associations and housing committees, but also street, micro-region and community self-management committees have been formed to improve the quality of housing maintenance and living conditions.

### ***Homeowners’ associations***

With the transfer of ownership title to a large number of tenants, new forms of organization for the privatized property became necessary, as the new owners had to take over the management and maintenance of the housing stock. Housing reform policies foresee an increasing role for homeowners’ association. They are expected to be the main institutional form of housing organization and management for privatized apartment blocks (for further information on homeowners’ and condominium associations, see chapter VII.).

### **C. International organizations**

The United Nations Development Programme has been active in the Russian Federation since 1993.

Its three most important project areas are the environment, governance, and sustainable livelihoods and economic development. All are contributing to developing human capabilities and improving the standard of living.

USAID has operated in the Russian Federation since 1992. USAID/Russia’s goal has been to support the establishment of a market-oriented and socially responsible democracy through the adoption and use of democratic norms. Of special concern have been the activities related to local governance, focusing on improving the responsiveness of local governments.

The World Bank is one of the Russian Federation’s largest sources of development assistance. About 70 projects are either currently running or have recently ended. These projects have targeted different aspects of energy saving or building renovation – thus either directly or indirectly improving living conditions.

UN-Habitat Executive Bureau in Moscow has been active through a number of projects such as the round table for assuring the sustainable development of Russian cities in 2002. It has also run projects in different regions to raise public awareness about sustainable development.

The international organizations active in the Russian Federation do not, as a general rule, provide direct help to municipalities and households for individual housing improvement projects. Their projects are targeted more at generating a suitable environment where the responsible institutions and actors can implement their housing strategies. The international organizations also aim at providing education, training and know-how.

