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Home construction activity in the region: problems and their solving ways

In this article on the basis of the questionnaire data of the population and the building organizations' heads the basic problems interfering the house-building development in the region are presented, the key directions of the house-building volumes' increase are revealed, and the mechanisms for their realization are offered.

Housing problem, house-building, problems of the development, habitation scope's growth.

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For each person dwelling is one of the fundamental vital needs. Providing with domicile is not only a parameter of the nation's material welfare, but it also demonstrates the efficiency of the social policy held by a state. That is why in the Concept of the long-term social and economic development of Russia for the period till 2020 provisioning the population with available and high-quality habitation is considered to be the key factor of the human potential development.

For the decision of the housing problem in Vologda region the priority national project "Available and comfortable habitation for every citizen of Russia" and a number of long-term principal programs are realized. However it is difficult to evaluate the situation in the given sphere as favorable. For January, 1st, 2008 33,4 thousand families were registered as having need for habitation (14,5 thousand of them had need for habitation more than 10 years); the regional authorities also have obligations on habitation provisioning of 2,3 thousand citizens (orphans, veterans, invalids and other categories). The results of the population's survey in the Vologda region, carried out by the VSCC in 2008, showed that 55% of families were not satisfied with their living conditions.

There are two basic problems in the housing sphere. The first problem is the worsening condition of the available domicile, 6% of which by the beginning of 2008 became shabby and wrecking; and the second one is the low rates of house-building.

The quantity of shabby and wrecking domicile (with the level of deterioration more than 70%) in the regional housing is one of the greatest among the similar parameters in North-West Federal District *(fig. 1)*. In the Vologda region the amount of shabby and wrecking housing increased three times for the period 2000 – 2007, having made at the end of 2007 1,8 million sq.m; it four times exceeded the volume of habitation annual input.

The recession of house-building, having taken place at the first stage of the market reforms in Russia, is being overcome extremely slowly. In 2007 the constructing enterprises in Vologda region built only 69% of habitation in comparison with the level of 1990 *(fig. 2)*.

The principal cause of abrupt recession of house-building volumes during the reforms was the reduction of capital investment into house-building combined with the general decrease of investment into fixed capital. At the same time the mechanisms providing off-budget inpayments were not generated. As a result from 1990 till 2007 the share of capital investment into house-building in the total amount of the regional investments decreased more than in four times *(fig. 3)*.

As for the building activity characterized by the volume of habitation implementation per head in 2007, it made 0,39 sq.m for a person in comparison with 0,52 sq.m in 1990 *(tabl. 1)*. According to this parameter the Vologda region steadily ranks forth among

Figure 1. The amount of shabby and wrecking habitation in the North-West Federal District housing, %

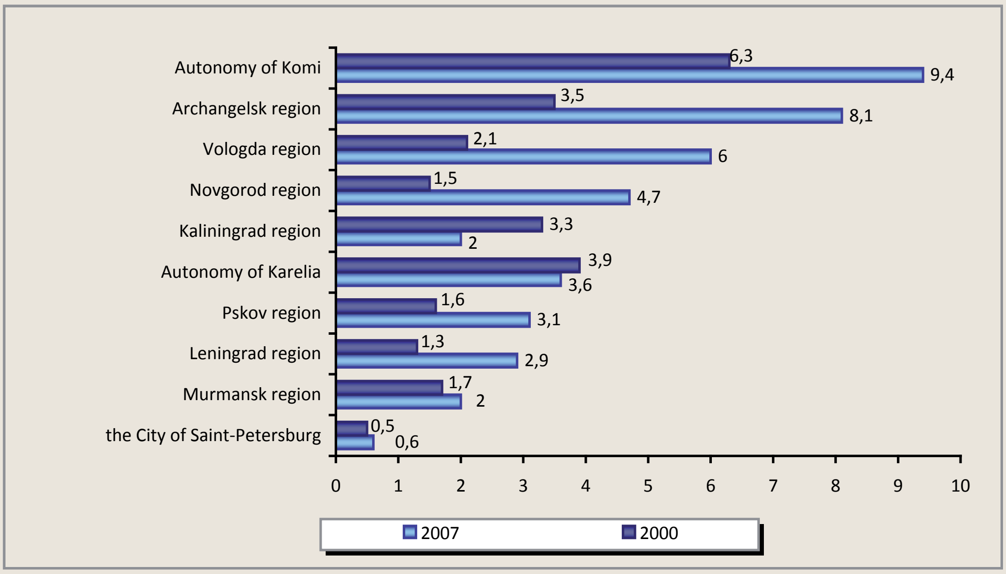


Figure 2. Habitation implementation in Vologda region

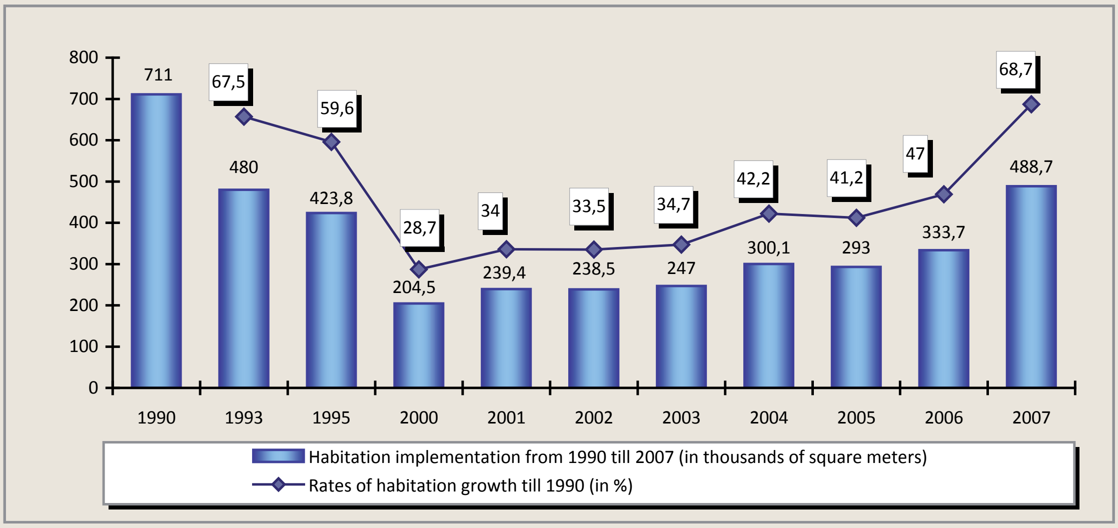


Figure 3. Investments into house-building in Vologda region, to the total amount of investment into fixed capital, in %

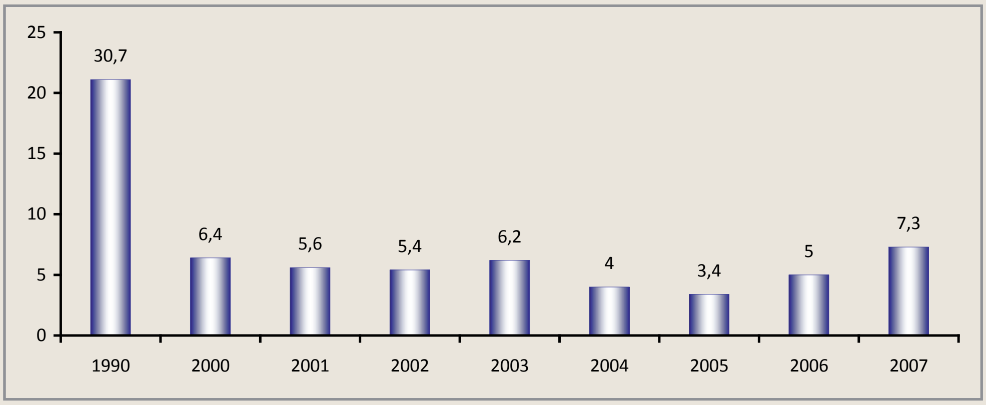


Table 1. Habitation implementation per head in the territories of North-West Federal District, sq. m of the total area

Region / Year	1990	2000	2003	2004	2005	2006	2007	2007	
								To 1990, %	To 2006, %
Kaliningrad region	0,40	0,18	0,24	0,26	0,28	0,54	0,80	200,0	148,1
Saint-Petersburg	0,21	0,23	0,38	0,44	0,50	0,52	0,58	276,2	111,5
Leningrad region	0,48	0,23	0,27	0,31	0,32	0,41	0,52	108,3	126,8
Vologda region	**0,52**	**0,16**	**0,20**	**0,24**	**0,24**	**0,27**	**0,39**	**75,0**	**144,4**
Novgorod region	0,43	0,12	0,16	0,22	0,21	0,25	0,31	72,1	124,0
Autonomy Komi	0,54	0,25	0,16	0,14	0,16	0,18	0,20	37,0	111,1
Autonomy Karelia	0,45	0,09	0,12	0,13	0,13	0,16	0,20	44,4	125,0
Pskov region	0,40	0,10	0,15	0,18	0,14	0,18	0,19	47,5	105,5
Archangelsk region	0,42	0,06	0,07	0,08	0,09	0,15	0,18	42,9	120,0
Murmansk region	0,49	0,03	0,01	0,01	0,01	0,02	0,016	3,3	80,0
NWFD	0,38	0,17	0,23	0,27	0,29	0,34	0,42	110,5	123,5
Russia	0,42	0,21	0,25	0,28	0,30	0,36	0,42	100,0	116,7

the parts of North-West Federal District, and it proves that in this area the more favorable conditions for construction exist, in comparison with the other regions.

However so as to meet the European standards, according to which the building activity has to make 1 sq. m per head, the domicile provisioning, including the replacement of shabby and wrecking habitation, should annually grow for 1,2 – 1,3 sq. m of habitation for a person. Therefore, it is necessary to build about 1,5 million sq. m of habitation in the region annually. In 2000 – 2007 the existing opportunities of the regional constructing complex provided the gain of habitation for 0,5 sq. m per head, but that was not enough for the available housing reproduction. Though in 2007 the achieved volumes of housing construction (489 thousand sq. m) were the most significant thing for the recent 15 years, in recalculation to the social norms they allowed to improve the living conditions of only 2,2% households.

What are the reasons of such situation in the sector of house-building, what factors negatively influence its development?

The analysis of the real situation based on the interrogation results of the heads of the constructing enterprises, allowed to reveal the principal causes, interfering the house-building development.

The first cause is the low demand of the solvent population at the existing ratio among the level of incomes and the prices for habitation (60% of the interrogated chiefs).

According to the public survey, in 2008 only 7,5% families were capable to improve their living conditions due to their own means; 17% families could get habitation after having received the hypothec credit at the rate of deficient means; and other families appeared insolvent at the market of habitation without the state support. So, only 25% households, which have need for improvement of their living conditions, can potentially get habitation due to own and credit means.

The results of calculation of the habitation availability factor which was carried out on the basis of the interrogation concerning the monthly average per head income and the actual average prices at the habitation market, prove the impossibility of purchase by the population even the used habitation of poor quality. The period of money resources accumulation for the purchase of typical apartments makes from 7 to 10 years in the two largest cities of the region and to 12 years in municipal areas *(tabl. 2)*.

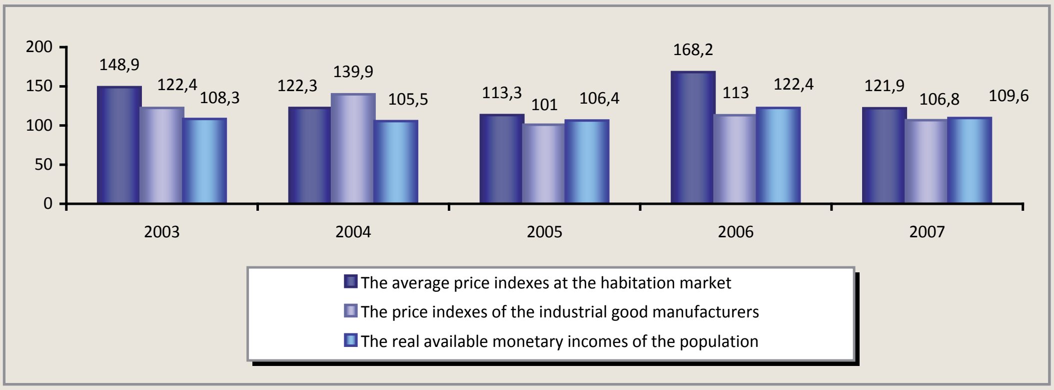
The real prices at the regional habitation market exceeded in 4 times the average inflationary parameters in the other branches of economy for the recent two years and in 3 times the rates of growth of real available monetary incomes of the population. At the same time the market price for new habitation more than twice exceeds the average actual cost of 1 sq. m of construction *(fig. 4)*.

The second cause is the presence of the administrative barriers causing difficulties in getting all necessary sanctions for the construction realization and demanding significant financial charges of builders (50% of chiefs). It is connected with the absence of the elaborated and integral legislative structure in the sphere of construction; all the accepted laws don't only contain self-contradictions, but they also contradict each other that make them hard for their carrying-out. While the Town-Planning Code of the Russian Federation is directed

Table 2. Availability factor of the habitation of various classes for the population of Vologda region in the territory (according to the results of the population interrogation)

Territory	Monthly average per head income, in rubles	Availability factor of habitation of various classes, in years						
		Typical		Improved Planning		Elite		Poor quality
		new	used	new	used	new	used	used
Vologda	6 728	10,6	8,9	11, 6	9,5	16,6	12,4	8,0
Cherepovets	10 552	6,7	5,7	7,4	6,0	10,6	8,0	5,0
Areas	5 794	12,3	10,4	13,5	11,0	19,3	14,4	9,3

Figure 4. The dynamics of the average price indexes at the habitation market, the price indexes of the indus-trial goods manufacturers and the real available monetary incomes of the population in Vologda region from 2003 to 2007



to the decrease of administrative procedures and the reduction of the departments fulfilling them, actually the constructors have to cooperate with 50 or 60 structures. The expenses for getting the ground area occupy about 18% among the expenses for an apartment house construction, and in some cases they can reach 30%. The non-complex character of land tenure management led to the fact that the market of the ground areas set aside for construction is extensively monopolized. The market participants' interests are concentrated on the rent appropriation without taking into account the efficiency of ground resources use and without the parties' positions coordination. For elimination of such practice, according to the Town-Planning Code of the Russian Federation, since October, 1, 2005, the constructors' access to the ground areas is realized at the open auctions only, but nowadays this norm is still far from carrying out. In the conditions of the constant habitation price growth the ground areas are resold under higher prices, creating agiotage at the habitation market and, as a result, the prices rise. Besides, so as to prepare the ground areas for their exhibiting at the auctions, it is necessary for municipalities to have the town-planning documentation, which preparation, as the practice shows, is complicated by the absence of financial re-sources for these purposes at the local budgets.

The third cause is the deficiency of the generated and provided with infrastructure ground areas for house-building (47% chiefs). The amount of the reserve ground areas for house-building in the region makes 7 213 hectares, only 10% of them are provided with the municipal infrastructure. The mentioned problem is connected with the absence of financing mechanisms for the territories' equipment engineering projects. In the advanced countries engineering communications' construction is carried out due to the public funds; in Russia it's carried out due to the constructors; as the local budgets, being granted, have no sufficient mortgaging provisioning for credit resources' attraction for engineering preparation of the ground areas for building. Thus, the expenses for the creation or reconstruction of infrastructure objects, making from 30 to 50% of the habitation cost, are included into the price of the housing project.

The fourth reason is the low level of the credit resources' availability (40% respondents), caused by the high interest rate of credits, by the imperfection of the mortgaging legislation and by the unwillingness of the credit organizations to cooperate with the constructing enterprises under the conditions of the high level of risks. In the situation, when demand exceeds offer at the habitation market, 40% apartment houses at the initial stage of construction and 80%

apartment houses at the final stage are financed due to the means of the population. According to the results of the survey, in 2007 only 55% building organizations used bank crediting, and only half of them received credits at the rate of 15% of their need.

The fifth cause is the rise in prices for building materials, which make up to 50% among the expenses of the constructing enterprises (12% chiefs). For instance, in 2007 the price for the basic materials, details and constructions increased for 30%, and the price for cement increased almost twice *(tabl. 3)*.

Among the primary factors of the prices' increase for building materials the chiefs of the constructing organizations named the following ones:

• The prices' increase for the energy carriers, fuel and transportations (according to the statistical data, in 2007 the gasoline price increased for 12%, the electric power price increased for 6%, the thermal energy price increased for 7%, the gas price increased for 17%, the freight traffic price increased for 5%).

• The high level of monopolization in the industry of building materials (for example, the largest monopolist in the mentioned branch is the company "Euro cement" supervising 45% of all country's capacities on manufacturing cement; at the end of 2007 the release price for cement made 5 296 rubles for a ton; it's almost three times exceeded the expenses for its manufacturing).

• The deficiency of building materials, caused by the increase in demand for build-ing production in connection with the realization of the national habitation project.

The sixth cause is the resource limitation of the building complex (18% respondents). More than a half of the interrogated chiefs estimate the enterprises' security degree with the industrial and financial resources as a satisfactory one. At the same time 38% of the insufficiencies, mentioned by the respondents, are connected with the investment decrease into the building branch *(fig. 5)*.

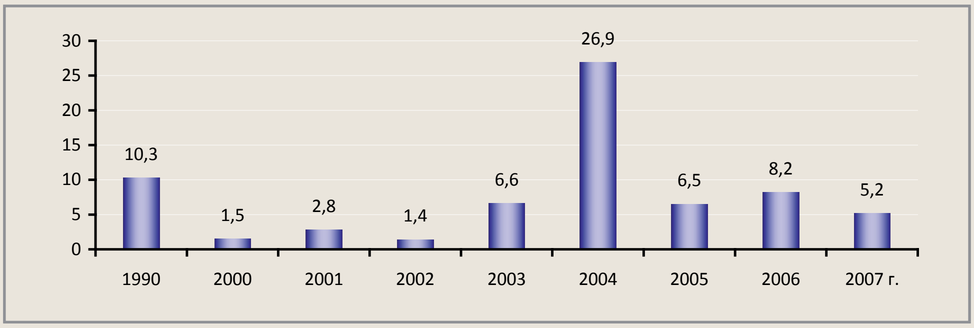
The fundamentally new moment of the investment activity in 2005 – 2007 became the increase of the involved sources into the investment structure, such as bank credits and shareholders' means. And though for the recent years, in connection with the realization of the national project and the principal housing programs, the tendency to increase the share of budgetary resources among the investment sources into construction has been planned, it does not reach the rate of 8% that cannot be compared with the problems *(tabl. 4)* existing in this branch. For instance, in the USA the level of the state support of the housing construction per head surpasses more than one thousand times the level in Russia[1].

Table 3. Price indexes for the basic kinds of materials purchased by the constructing organizations in the Vologda region (in %, December of the current and the previous years)

Parameters	2000	2003	2004	2005	2006	2007.
Summary price index for building materials	129,8	116,3	125,1	116,2	109,2	129,7
Including: Cement	135,1	126,8	110,0	158,0	127,3	193,6
Commodity solution	121,2	134,3	114,9	125,9	121,0	143,0
Blocks of heavy concrete	101,9	115,2	133,4	106,7	108,8	158,8
Commodity concrete	142,6	125,3	120,9	117,7	115,0	136,9
Crushed stone	149,3	99,5	113,0	103,0	109,3	122,9
Silicate brick	140,3	105,7	122,6	119,3	117,3	120,1
Lumber	117,2	102,0	112,9	104,5	122,5	125,7
Ferro-concrete constructions	125,9	129,6	123,4	118,2	126,1	138,8
Asphalt-concrete mix	181,0	112,3	115,2	108,3	110,0	122,7

[1] National projects and Budgetary policy // Sergey Glazjev's Official Server [Electronic resource]. – Access mode: www.glazev.ru

Figure 5. Investments into fixed capital by the building organizations in the Vologda region, to the total amount of investments, in %



The unsatisfactory condition of the material base in the building complex leads to the investment scales' decrease. At the regional constructing enterprises the reduction of machines' fleet continues. In 2006 and 2007 the number machines' fleet was reduced in 1,1 times; the share of machines with the expired service term increased up to 45% – 100% *(tabl. 5)*.

Because of the lack of financial resources for renovation and strengthening the industrial base of the regional constructing sector the general degree of its capital assets' deterioration reached 35% at the end of 2007. Owing to the absence of the opportunity for the timely capital assets elements' replacement, the terms of inefficient machines and equipment' use are prolonged. The deterioration degree of the liquidated machines and vehicles makes 98%; it means that they are liquidated only in the condition of the full impossibility of their further operation.

As 67% of respondents noted, in 2007 it was possible to estimate the financial position of the constructing enterprises as satisfactory. At the same time the situation with the reciprocal

Table 4. Structure of means attraction into the building branch in the Vologda region, %

Sources	2000	2001	2002	2003	2004	2005	2006	2007	2007 to 2000
Own means	98,4	57,0	95,0	95,1	95,1	55,5	40,5	42,1	–56,3
Bank credits	0	5,3	4,2	3,2	3,2	31,4	10,3	31,6	+31,6
Budgetary funds	1,0	21,3	0,3	0,3	0,3	2,4	5,5	7,6	+6,6
Of them the means of the regional consolidated budget	1,0	19,1	0,3	0,3	0,3	2,4	1,2	2,5	+1,5
Means of individual share	0,6	16,4	0,5	1,4	1,4	10,7	33,2	18,6	+18,0

Table 5. Condition of the basic building machines' fleet at the constructing organizations in the Vologda region in 2006 and 2007

The designations of machines	2006		2007		
	Presence, units	Amount of machines with the expired service term, %	Presence, units	2007 to 2006, %	Amount of machines with the expired service term, %
In total	1 398	46	1 235	88,3	50
Including: Dredges	274	43,4	243	88,7	46,5
Crawler cranes	46	76,1	46	100	80,4
Wheel-mounted cranes	8	37,5	9	112,5	55,6
Tower cranes	54	44,4	52	96,3	50,0
Pipe-laying cranes	2	50,0	1	50,0	100,0
Bulldozers	303	65,3	267	88,1	57,3
Motor graders	101	58,4	98	97,0	45,9
Tractors	306	58,5	206	67,3	55,8

payments remains difficult in the constructing branch; it reduces its enterprises competitiveness at the contract tenders, and it also aggravates the tense situation with crediting. On the one hand, for escalating the work amount the constructing organizations require long-term credits; on the other hand, from 2000 to 2007 the accounts payable and the accounts receivable grew from 3,4 to 5 times. The ratio between the accounts payable and the accounts receivable steadily keeps above "one", that proves the insufficiency of the sources of own turnaround means *(tabl. 6)*.

The level of the labor potential is the major factor of the effective activity of the constructing enterprises. Meanwhile, the situation in this sphere is rather uneasy. The disorder in the system of the personnel preparation, existing at the Soviet time, caused the deficiency of the highly skilled workers; 76% chiefs of the constructing organizations confirmed that fact. 40% of them declared about the shortage of experts, and every third announced about the deficiency of the medium unit heads.

Thus, the contemporary condition of the industrial and financial resources at the majority of the constructing enterprises cannot be characterized as corresponding to the problems of the building complex. Hence, on the foreground there are the questions connected not only with the available industrial potential preservation, but with the creation of its escalating opportunities.

The increase of house-building volumes directly depends on the level of supplying with the building materials. However, as the analysis of the current condition in the regional building materials industry showed, in this branch there is the whole complex of problems which in the future can keep back escalating the needs of house-building. First of all, there are problems connected with the technical lag of the constructing industry. One of the main causes of such position is the lack of investments. In 2000 – 2005 the capital investments into the enterprises on manufacturing building materials increased more than twice, but in 2006, with the beginning of the national project realization and with the growth of house–building volumes, the situation changed: for the last two years the volume of investments from all the sources of financing has reduced in 3 times to the level of the year 2005 *(tabl. 7)*. It can be explained by the capital intensity of the constructing industry characterized by the expensive projects and by the high cost of the industrial equipment, that doesn't make this branch attractive for the investors.

The basic investment sources into the fixed capital of the house-building enterprises are their own means, that make 85,2%, the share of bank credits makes about 15%. The state actually doesn't participate in the regulation in the house-building branch; the absence of the budgetary support of this branch from 2002 to 2007 proves that.

Table 6. Reciprocal payments' condition at the construction enterprises in the Vologda region in 2003 – 2007

Parameters	2000	2003	2004	2005	2006	2007	2007 to 2000
The accounts payable, in million rubles	1 463	1 599	4 078	3 738	4 561	7 518	5,1 rub.
The accounts receivable, in million rubles	1 155	1 315	1 929	2 561	2 964	3 918	3,4 rub.
Excess of the accounts payable above the accounts receivable	1,3	1,2	2,1	1,5	1,5	1,9	1,5 rub.

Table 7. Investments into the industry of the building materials in the Vologda region

Investments	2000	2001	2002	2003	2004	2005	2006	2007
Sum total, million rub.	321,0	391,6	451,6	551,1	779,1	1 375,0	948,7	459,9
%, to the previous year	In 2 times	122,0	115,3	122,0	141,4	176,5	69,0	48,5
%, to the total amount of investments	3,7	3,8	3,7	3,5	2,0	2,5	1,7	0,7

The investment volumes' reduction into the industry of the building materials resulted in the change of qualitative and quantitative characteristics of its fixed capital. As a result, the majority of enterprises are incapable to provide the simple reproduction of the fixed capital, which deterioration at the end of 2007 reached the rate of 40%, and the degree of renovation made only 3,1% to 31,4 % in 2006. In the conditions of the distinctly revealed tendency of the demand growth for the house-building industry production such low norm of renovations of the fixed capital leads to the danger of building materials deficiency occurrence, as the respondents noticed. The insufficient rates of modernization in building materials manufacturing are connected with the reforms' lag in the sphere of technical regulation, especially with the slow development of the technical rules and standards promoting the development of modern highly effective materials' manufacturing. The Government of the Vologda Region planned doubling of house-building volumes by 2012, but it will demand the double increase of the house-building industrial base by the leading-in new working capacities and the modernizations of the existing ones by means of the considerable state support.

Within the interrogation frameworks it was offered to the constructing enterprises' heads to estimate (according to the tenpoint scale) the work productivity of the various governmental levels in solving the building complex' problems. The average estimations of the state bodies' actions given by the respondents (the Government of the Russian Federation – 5,3 points, the Governments of the Vologda Region – 5,1 points, the municipal administration – 4,25 points) testify to the absence of the complex approach in management of the development and functioning of the building branch and specify the necessity of attracting attention to the decision of building business problems.

So, the available complex of problems in the house-building branch testifies to this sector's insufficient opportunities coordination with the problems of annual volume of habitation leading-in increase to 650 thousand sq. m by 2012 in comparison with 489 sq. m in 2007[2]. These problems are of a global character. The main condition of their decision is the development, the adopting and the realization of the long-term strategy of the house-building development by the Government of the Russian Federation; the strategy will become the base document according to which the mechanisms of the building market development will be improved and the normative-legal base on its regulation will be formed.

While discussing the ways of the house-building volumes' increase in the region, the constructing enterprises' heads gave the most significant role to the elimination of corruption and bureaucratism in the management system on granting the ground areas, getting the sanctions for construction, and providing the procedures of coordination between building and land tenure *(tabl. 8*).

Taking into account the offers of the building enterprises' heads on the house-building volumes' increase, we consider it possible to formulate the basic directions of its development and to give a number of recommendations for their realization which would be useful for carrying out at the regional level.

The first basic direction is formation of the regional town-planning policy as the bases for the building complex development. The realization of this direction includes the town-planning documentation development and the territorial planning documents in all munici-palities, in view of the new town-planning policy; the development of the dwelling environment' standards and prohibition of the building, worsening it; the support and study-ing of the new types of settlements which have already appeared in Russia, for instance, ecological dwellings. The territorial development corporations can become the optimum circuit for the new territories' development. Such companies (both state and municipal) develop the strategy, elaborate the territorial

[2] About the actions on the realization of the Vologda Region Governor's plan for 2007 – 2012: the Decision of the Government of the Vologda region from 30.10.2007 № 1452 // Informational searching system "ConsultantPlus".

Table 8. Directions of house-building volumes' increase (in % to the number of the respondents)

Directions	%
1. The elimination of corruption and bureaucratism in the management system on granting ground areas, getting sanctions for construction, providing the clear procedures of the coordination between building and land tenure	76,5
2. The increase of the level of the state support on house-building, co-financing of the ground areas/' arrangements with the municipal infrastructure	60,0
3. The decrease of the expenses for rent and purchase of the ground areas for construction, and the payments to the natural monopolies' services on connection to the engineering networks	60,0
4. Elaborating the general plans of the territorial development, elaborating the order of the ground areas' usage	41,0
5. The development of the local base of building materials	41,0
6. The perfection of the town-planning legislation	23,0
7. The creation of the system of state expert bodies controlling the design documentation	23,0
8. The struggle against the habitation abroachment, the introduction of the differentiated taxation for the second and subsequent habitation, the withdrawal of the value-added tax for profits on apartment resale and on the rights for them	23,0
9. The modernization of the building manufacturing	23,0
10.The formation of the open competitions of builders	18,0
11. The development of competition at the building services' market	18,0
12. Giving the state guarantees to constructors for the credits received for financing the construction of the municipal infrastructure objects, and subsidizing such credits' interests	18,0
13. The amplification of the antimonopoly control over the building industry	12,0
14. The state regulation of the measures on the restoration of old capacities and the leading-in of the new ones	6,0

master-plan of the future settlement, bring the services. Such circuit successfully works in Europe, China and in the Middle East.

The second basic direction is elimination of the administrative barriers while getting the areas for house-building; it will allow three times reducing of the habitation price. For the decision of this problem it is necessary to introduce the compulsory procedure of the ground auctions; to hold the audit of the city grounds already set aside for building; to hold the audit of the agricultural grounds with the purpose of their returning to the state of the unused grounds; to make the intensive work on the federal grounds use through the Federal Fund of Assistance to the house-building development.

The third basic direction is elimination of the ground areas' deficiency as another condition of the habitation prices' reduction. In these purposes the following mechanisms can be used: introduction of the ground mortgage on the land usage for the socially significant projects (it is practiced in Sverdlovsk and Tyumen areas); application of the expenses exception circuit for the infrastructure off the habitation cost price, the mentioned circuit will allow to lower the habitation cost price to 20 – 30% (it is practiced in Bashkiriya); development of the program of the individual house-building crediting; establishment of the differentiated payment for the ground (it is used in the Perm territory).

The fourth basic direction is the accelerated development of mass house-building for providing with habitation different groups of population. One of the effective variants of the mentioned direction's realization is *the complex building up of territories*. It is considered expedient to build one- and two-room apartments in the mass order, without attaching importance to the elite and individual habitation. In the areas of complex building it is not necessary to erect the houses of the deluxe accommodation; and it will essentially reduce the habitation price. The second basic mechanism of the accelerated house-building is the few-storeyed house-building in two perspective directions, as the few-storeyed high density building and the construction of one-apartment houses. Taking into account, that the few-storeyed houses' cost is higher than the multi-storeyed houses' cost, for the few-storeyed houses' development it is necessary to solve the problems of granting and registration of the ground areas at the level of the Government of the Vologda Region. Besides it is necessary to have the differentiated approach to the few-storeyed construction depending on the peculiarities of the environment: to erect the economic-class houses in the rural settlements; and to build elite cottage settlements in the suburbs. The steps for the support of the few-storeyed constructions can be the direct investments into the construction of the social, municipal and road infrastructure, and the infrastructure redemption from the builder, allowing to attract investors and to make the contracts on fixing of the sale price for a square meter of habitation. The third mechanism of the habitation quantity growth can become the development and the realization of *the complex program of reconstruction of the buildings erected in 50s–60s of the XX century*. The reconstructed available housing can be used for the decision of the social problems, including free-of-charge habitation.

The fifth basic direction is the diversity of the house-building financing systems, first of all the substantial growth of the budgetary support of the building complex for carrying out the legislatively fixed functions on the improvement of the living conditions of separate categories of citizens (the habitation construction for social using), and the development of the housing-and-municipal infrastructure of the ground areas set aside for house-building. Also a very important task is the expansion of the credit mechanisms' role, the creation of the conditions for the increase of reliability and appeal of the building business crediting, the transition to the system of the long-term house-building financing by means of the federal budget purposeful indemnifications of the interest rate to the commercial banks and the subsidizing of the builders' first payments on credits. The perspective sources of the house-building financing can be the institutional investors' means, such as private pension funds, insurance companies, funds of the collective private investors (such practice has successfully been tested in the Khanty-Mansiysk autonomy).

The sixth basic direction is the increase of competition at the building market as the result of carrying out the enterprises' institutional transformations, the support of the small-scale business, and the development of the integrated structures. The competition in construction will appear when the regional authority will guarantee the transparency of the pricing system, the builders' legitimacy with the control of their activity from the beginning up to the end. The state support measures, directed on the increase of the building production competitiveness, can include the following steps: the assistance to the introduction of the production quality standards; the formation of institutional and legislative conditions for the scale development of progressive technologies and manufacturing hi-tech products; the creation of the favorable conditions (for example, the tax amnesty, the system of privileges and preferences) for the development of the hi-tech directions, the elaboration of the new generations of the competitive technical equipment; the activation of the innovational steps such as the formation of the vertically-integrated building corporations, which are carrying out the unified process of works' design, manufacturing building materials, fulfilling in-vestment operations, construction and sale of the fixed property objects. The creation of such structures, besides the ones mentioned above, will allow to lower the construction cost price, to use effectively the labor force and the means of production, to reduce the transaction costs, and to raise the manufacturing competitiveness of.

The seventh basic direction is the Vologda Region Government's assistance to the development of the building materials' industry. The perspective development of the regional building industry's bases coordinates with the rational use of the local raw materials and the replacement of 20 – 30% of the natural mineral raw materials with the industrial and house-hold waste products while manufacturing some kinds of building materials with the considerable cost decrease. It can be expedient to elaborate the regional investment program of the development of the building complex industrial base in the Vologda region for a medium-term project with subprojects, such as "Development of the mineral and raw-material base of the building industry" and "Waste products' use manufacturing building materials"; to provide the building materials' enterprises with the energy-effective and import-replacing production techniques of the building materials and the promotion of their production to the markets; also to carry out the state competitive selection of the perspective technologies and to support them through the system of grants; to involve investments on the realization of the important investment projects, the modernization of the obsolete manufacturing, the un-charged capacities' type modification.

Certainly, while deciding the housing problem each indicator is significant in its own way. The growth of the house-building volumes is the most important among them, it de-termines the general success. If there is a lot of apartment, all the subsequent problems of the prices, of the habitation lack, of the habitation availability will disappear. That is why in "Basic directions of activity of the Russian Federation Government for the period till 2012" the central problem of the housing policy is the increase in construction volumes of high-quality and reasonable habitation from 61 million sq. m in 2007 up to 100 million sq. m in 2012.

In the Vologda region in 2007 and 2008 for the realization the housing policy the complex of housing programs is accepted; among them the main direction is the stable development of mass habitation construction and doubling of its volumes by 2012. For achieving these aims the consolidation of efforts of all participants of the housing relations will be necessary, the housing policy will be coordinated with the purposes of the social and economic development of the region.

The crisis which burst in 2008 at the international financial markets, caused a rather uneasy and inconsistent situation in the sphere of house-building, characterized by the bank system liquidity falling, by the difficulty of access of the population and builders to bank credits, by the reduction of the building companies' financial stability and by the considerable reduction of the volumes of the lead-in habitation. According to the results of 2008, the growth rates of house-building in the region made 8% to 46% in 2007.

The crisis situation in the building complex will cause the necessity of the prognosis parameters updating of the lead-in habitation volumes as the attempts to reach the mentioned volumes of house-building at an existing condition of the resource base will lead to the strict limitations. It is necessary to develop measures which will help to lower the crisis phenomena influence on the branch. The further perspectives of the house-building market development depend on the timely reorientation of the housing policy towards the state financial resources' investment into the building branch as the regional economy's bases, and on the efficiency of the preventive measures on stabilization of the situation in the housing sector. The measures on the housing market liquidity support should become prime by means of budgetary financing for the state purchase of apartments in new buildings; introduction of the tax privileges, the ground payments; the decrease of the payment for connection to services; for the crisis period to stop the natural monopolies tariffs; registration of the government works on the construction of social habitation; attraction of the long-term pension funds' into the system of house-building financing.

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