

UDC [332.8: 33. 021.8] (477)

**L. M. Matrosova,**  
*Dr. Hab (Economics),*  
*Luhansk Taras Shevchenko's National University*

## THE REFORMATION OF HOUSING AND COMMUNAL SPHERE OF UKRAINE

**Introduction.** The communal sphere of Ukraine in last years is in the state of chronic underfinancing. This negatively affects the degree of depreciation of fixed assets and utilities of different areas (water, heat, gas, etc.). Dramatically worsened the condition of the housing stock of the country. Therefore, the issue of reforming the sector is important in terms of the need to attract resources to upgrade assets and ensure stable operation of the utilities.

**The analysis of the last researches and publications.** Sharp debate on research constantly burning on television and in print. The economic literature on this issue expressed their views with numerous professionals, executives and stakeholders. Thus, the current problems in housing are considered works of N. Gura, I. Kirichenko, V. Logvinenko, N. Lysenko, D. Trepylets and others [1 – 8]. But questions about the flow of investments for reform of communal area, the validity of prices and tariffs unfortunately remain unresolved, and the state of public utilities in general unsatisfactory. Proof of this is the constant threat of man-made disasters and catastrophes that occasionally occur in different regions of Ukraine. Therefore it is necessary for a comprehensive study to ensure the modernization and stable operation of utilities.

It should be noted that the scope of housing is an important segment of the Ukrainian economy. Virtually every citizen of our country somehow related to it. If some citizens working in this field, others are consumers of public services. In Housing of Ukraine is about 15% of the working population. As you know, the current state of the economy is characterized by a constant deterioration. Attempts by the Government to introduce reforms in housing led only to another tariff increase and subsequent decline of this sector of the economy.

On the example of Ukraine's regions, we note that the identified deficiencies have led to a number of accidents and disasters in cities Alchevsk, Dnepropetrovsk, Kiev, Evpatoria.

As for the current state and development of housing, it is accountable for its threatening position is not only a state government that dosy not able to offer the public informed and understand the measures to reform the said area, but local authorities and local communities. Should play an important role as public organizations and

associations of the population. Unfortunately, the latter is very passive in general, and virtually no impact on issues of public utilities.

**The purpose of the article.** The aim of the article is to study the current problems of housing and development of proposals for reform.

**The statement of the main research.** Note that the processes that have occurred in recent years, society and the economy of Ukraine, negatively affected the situation in the housing. Previously, large industrial enterprises had in its structure boilers and other public facilities, but now the situation has changed. In connection with the transition to a market economy and bring the above-mentioned objects of private property under lease or concession, took a single complex fragmentation into separate small units, which in turn led to an increase in the cost of their maintenance, contributed to the opacity of, level of responsibility, methods of calculating rates.

For example, in Luhansk, in the field of water supply and water supply running two businesses – CCE „Miskvodokanal” and LTD „Lugansk water.” Serving homes and provide services to local area cleaning, maintenance of elevators, lighting, buildings, garbage, etc. consistently performed urban utility „Zhylservis” and CE Standard – Luhansk, but it does not affect how the consequences of their work and the quality of services provided. Usually bilshyst discounted to rent services city residents generally not available.

Thus, attempts to overcome the monopoly utilities led only to an increase in the number of intermediaries distance service provided, from the end user and growth of its price. The consequence of the privatization of utilities is careless management, lack of competition from managing companies, lack of financial resources.

Regarding the financing of communal areas, it should be noted that the lack of funds, not only for repairs, but also to support the equipment in good condition. That is why today, the problem of attracting additional financial resources in housing is more than relevant. However, the rates for the maintenance of buildings does not provide a mechanism for returning money to investors.

If the applicable law was made for private investors to leave before it unspent funds until full cost recovery of invested capital (in terms of documentary evidence of

these expenses for purposes of energy saving technologies and overhaul residential building), utilities would be able to obtain additional resources for modernization. But unfortunately this is no legislative provision because municipal area is generally unattractive to investors in the near future should not expect the tide to its considerable financial resources.

Given this situation, it is interesting learning experience of foreign countries to support and finance housing. This is quite important, given the high level of depreciation of fixed assets and the need for immediate repair housing. According to the Institute for Strategic Studies Razumkov approximately 70% of the country's housing stock was built before 1970, so its wear exceeds 60%. Power consumption of services is 2–3 times higher than in European countries. The loss of electricity in the grid reaches 20%, heat and water – 30 to 50%. Equipment of boiler-houses and Thermal Power Stations used since 20–30 – years of XX century. Thus, the Ukrainian communal sphere in comparison with foreign countries is outdated and energy-intensive technologies for improved production infrastructure and system management utilities.

As an example, we note that the common practice in the USA to attract specialized firms in the management of residential property, including multifamily residential complexes. Such firms are divided into different categories by type of activity. Some of them provide services only to accounting, maintenance and repair, but not concerned about commercial sale and rent apartments. The most popular are property management companies that provide full range of high quality services.

In Germany, the common form of property other than apartments and houses – is housing cooperatives, which play a significant role in providing housing for middle – and low income groups. Thus, cooperatives, owned 17% of the housing stock in the eastern part of Germany and 4% – in western part [6]. Another form of Housing Management in Germany as in the USA – a condominiums in which apartment owners create appropriate association tenants.

In France, management of private residential sector together with public management of social housing. The country has a rule whereby every ten years, the homeowner must be in proper condition facade of the house. In Sweden, this rule requires the owner of house hold every decade renovated home at his own expense. Ukraine in comparison with developed countries is extremely poor condition of the housing stock, also the responsibility of repair and maintenance of housing in good condition translates to shoulder most residents.

Note that in almost all developed countries are active organizing social (public) housing movement. The largest

of them are in Germany, where they unite more than 1 million people in Sweden – more than 445 thousand people and 800 people who are working staff at all levels. In Ukraine, the share of companies condominium is not more than 10%.

Interesting is the British experience of the voluntary transfer of housing residents. Most municipalities consider transmission housing or part of its balance sheet to others as a means to provide better service and solving the housing problems of the population. As an example of the growth of quality public services give such a figure in the British rule as a fixed time dialing for dispatching service (30 sec.) And runtime applications for elimination or eradication of disadvantages.

The process of reforming the utilities in their time were different countries. Paying to experience Europe vidilymo following models of housing. Thus, in the Czech privatization was provided only their own apartments. Brownie infrastructure sold by individual owners – legal or natural person who is responsible for keeping the house in good condition. This owner, on the one hand, provides services to the residents of the main building and adjoining areas on the other – is representative of their interests in relations with suppliers of water, heat, gas, electricity. Residents do not have to be full owners of housing with the rights and duties. They are only required to timely pay utilities. All tariffs are those provided by the consent of the authorities.

Another model was introduced in Estonia is. This approach is based on the transition in ownership tenants not only apartments but also the entire house with appropriate opportunities and responsibilities. Therefore, residents should have create oversight committees and appoint managers to deal with problems of building maintenance and protection of their interests in relations with external service providers.

Note that these models have their advantages and disadvantages, but the positive was that they were carried out purposefully, quickly, with a corresponding legal framework.

It should be noted that housing reform in countries such as Russia, Poland, the United Kingdom conducted a long time. For example, in the UK it spent more than 15 years, Russia has planned third phase of housing reform (first launched in 1995, the second – in 2004).

In an attempt to put Ukraine in 2015 year all the houses in partnership with condominium provides overhaul the previous owner. But this is hardly possible, given the high level of depreciation of the housing stock. Thus, the government hopes to shift significant costs to repair homes for their inhabitants. Note that the repair of the housing stock requires considerable resources. According to experts, to

thoroughly renovate 9 – stors building (in Ukraine are more than 70%) should be about 2 – 3 millions UAH. And this amount is growing with the rising cost of building materials. It is clear that these funds tenants of houses and find yourself unable to pay.

According to the profile on the reform of the Ministry of Housing to about 300 billions UAH. Since in practice a significant influx of investment resources in this sector is not observed, the situation remains critical. To raise the necessary funds for the modernization of public utilities should pay attention to the use of such financial instruments as reasonable prices and tariffs, taxes, fees, charges, depreciation, modern forms of payment. All this will improve financial utilities. But now housing represents a kind of black hole, fundraising which does not lead to any positive changes.

It should be noted that the level of utility tariffs are now warranted. This confirms their significant difference in different regions and cities. For example, water tariffs in Crimea almost in 2 times is less than in Luhansk. If we consider the general problem of water in Crimea by the point of view of the logic is difficult to explain. For a more reasonable approach, we note that the basis of tariff differentiation may be only the quality of services rendered, categories of consumers in terms of income, housing status and other factors. Thus, the common practice abroad (Great Britain, France, Chile), when rates are set for a specified period. By the end of their term of independent experts conduct research to rate their adjustment toward increasing or decreasing.

Ukraine has no legislative provisions to establish a list of residential services for different categories of buildings. In addition, a large number of utilities, including a list of the so-called paid rent, never provided. But utilities from one year to increase payments to the public. For example, if you compare the level of tariffs on personal incomes, then the 90 – years, this indicator was 2% and now it is exceeds 40 – 50%. At the same time, municipal institutions constantly pay attention to untimely payment of their services to the public and highly indebted consumers. But in fact, the level of populations calculation (we underline this fact!) Not provided services in last years, growing and reaches 95%. Such figures do not observed even in developed countries of EU. In our view, this indicates an improvement in consumer's financial discipline on the basis of inefficient work of public services. This includes work management companies continued growth rates, lack of competition and increasing monopolization of the industry.

National Energy Regulatory Commission and the National Commission for state regulation of public utilities, in practice, do not perform their regulatory functions. The result is a lack of clear and reasonable state tariff

policy. According to the operating technique with rates include all gross costs are increasing. No examinations on substantiation rates by public institutions is not provided. Therefore, questions about the accuracy of calculation of tariffs. For example, why rates of export smyttya calculated by measuring the area and not by the number of residents, what size of rents depends on the area of the apartment, not on the quality and condition of housing (year of introduction in operation, the level of wear and communication networks, etc.). In addition, the tariff revision procedure takes prymayni six months ago to the adoption of new Tarifa they no longer meet the new cost structure.

Concerning the mechanism for providing subsidies to pay utility services for low-income segments of the population, we note that the list of documents to be collected reaches 15 names. For the time that is required for collection and processing of information, we have not mentioned. If we compare the number of employees per 1000 water supply services consumers, in the USA, the figure is 0,6 persons, and Ukraine – 5,65 persons. In general, the population of Ukraine loses for various permits to 20 billion during the year.

As a positive fact, we note the decision to start of pilot project to reform communal sphere in Alchevsk. As for its expected results, it can show the time only. Ministry responsible as always promises to reform the communal sphere, but positive changes in practice are not observed in reality.

**Conclusions and suggestions.** In our opinion, to bring communal sphere at least satisfactory in comparison with the modern state should implement the following measures.

1. Improving the regulatory framework for the formation of tariffs for communal services.
2. Creating a competitive environment in the sub-housing – housing, lift economy and sound – water supply, current and capital repairs and more.
3. The pricing (of transfer) depending on the quality of services provided. Peredbaty mechanism for payment services only for the fact that they provide.
4. Determination of the amount of rent, depending on the category of housing and real services provided to the residents, which are on the list.
5. Simplification of formalities and the payment of subsidies communal services staff reduction of control structures and institutions by transferring them to new and emerging technologies work.
6. Overseeing the activities of management companies and authorities entitled to establish the tariffs. Raising the role of the local communities and institutions to independent examination methods for calculating payments and utility tariffs.

7. Learning the experience of foreign Reform – Housing sector.

8. The introduction of energy saving technologies in housing.

9. The using of various financial instruments in order to increase the amount involved in the modernization of industry investment resources.

#### References

1. **Гура Н. О.** Система формування тарифів на житлово – 2. **Логвіненко В. І.** Житлово-комунальне господарство: закордонний та вітчизняний досвід його реформування та розвитку / В. І. Логвіненко // Актуальні проблеми державного управління. Зб. наук. Праць Харківського регіонального інституту державного управління Національної академії державного управління при Президентові України. – 2008. – № 2. – С. 37 – 42. 3. **Гура Н. О.** Розвиток діючої системи ціноутворення і розрахунків за послуги в житлово-комунальному господарстві / Н. О. Гура // Реконструкція житла. – 2004. – № 6. – С. 75 – 86. 4. **Кириченко І.** ЖКГ і криза: платити доведеться нам [Електронний ресурс] / І. Кириченко // Дзеркало тижня. – 2009. – № 43. 5. **Лега Ю. Г.** Вдосконалення управління житлово-комунальним комплексом України в сучасних умовах розвитку національної економіки / Ю. Г. Лега, Т. М. Качала, Н. Ф. Чечетова. – Черкаси: ЧДТУ, 2003. – 219 с. 6. **Олійник Н. І.** Зарубіжний досвід управління житловим фондом / Н. І. Олійник // Актуальні проблеми державного управління. Зб. наук. праць Національної академії державного управління при Президентові України. – 2005. – № 1. С. 56 – 62. 7. **Полуянов В.** Комплексна характеристика методів ціноутворення на житлово-комунальні послуги / В. Полуянов, А. Савенко // Економіка. – 2009. – № 9 (100). – С. 40 – 47. 8. **Трепилец Д. А.** Концепція створення

механізму управління фінансовим забезпеченням житлово-комунального комплексу міста / Д. А. Трепилец // Економіка і організація управління. – Вип. 3. – 2008. – С. 159 – 166.

#### **Матросова Л. М. Проблеми реформування житлово-комунального господарства України**

У статті досліджено сучасні проблеми комунальної сфери, проаналізовано досвід зарубіжних країн з підтримки та фінансування ЖКГ, запропоновано заходи щодо модернізації комунальних підприємств.

*Ключові слова:* житлово-комунальне господарство, комунальні тарифи, субсидії, житловий фонд, комунальна сфера.

#### **Матросова Л. Н. Проблемы реформирования жилищно-коммунального хозяйства Украины**

В статье исследованы современные проблемы коммунальной сферы, проанализирован опыт зарубежных стран по поддержке и финансированию ЖКХ, предложены меры по модернизации работы коммунальных предприятий.

*Ключевые слова:* жилищно-коммунальное хозяйство, коммунальные тарифы, субсидии, жилищный фонд, коммунальная сфера.

#### **Matrosova L. M. The Reformation of Housing and Communal Sphere of Ukraine**

The modern problems of communal sphere are investigated in this article, the experience of the foreign countries on support and financing of communal sphere is analysed, measures on modernization of work of communal enterprises are proposed.

*Key words:* housing and communal services, communal tariffs, subsidies, housing fund, communal sphere.

Received by the editors: 20.08.2012  
and final form in 20.11.2012