

Chapter II

EXISTING HOUSING STOCK AND NEW CONSTRUCTION

A. Existing housing stock

The housing sector, including housing construction, maintenance, financing and infrastructure development, is regulated by the State Housing Policy, the National Housing Programme, the Housing Code of Belarus and a number of other normative documents. The State Housing Policy also regulates social and affordable housing. The Housing Code covers all aspects of the housing sector and has been in force since 1999. A major part of the Code addresses social and affordable housing issues in addition to forms of State support to citizens who require improvement of their living conditions. The Code also deals with private sector issues, housing maintenance and, housing rights.

With the end of the former Soviet Union, most housing stock in Belarus was privatized; as of 1 January 2008, 84 per cent was in private hands. The remaining 16 per cent is in public ownership and belongs to the State (National Housing Fund) or the municipalities (Municipal Housing Fund).

Dwellings built in the period 1995–2007 by the private sector form a comparatively high proportion (33.5 million m²) when compared to those built by the State (9.3 million m²). As of 1 January 2008, the total housing stock consisted of 1,612,022 houses with 222.7 million m² (table 4).

Table 4. Housing stock in Belarus

Type of ownership	Number of houses	Floor space [10 ³ m ²]	Percentage
State:	101,846	35,800	14.8
Republic	17,228	5,296	15.2
Municipal (communal)	84,618	29,503	84.8
Private:	1,510,097	187,844	76.6
Physical persons	1,423,214	169,444	90.2
Non-State juridical entities	72,598	14,948	8.0
Joint ownership	14,285	3,452	1.8
Foreign	79	10	0.0
Total housing stock	1,612,022 ^a	222,654	100

^a) Includes 3,856 hostels.

Source: Ministry of Statistics (accessed 1 January, 2008).

The housing stock provides possibilities to different categories of citizens to access adequate living conditions and accommodation. For

While the urban housing stock has grown rapidly (comprising 66.2 per cent of total housing stock as of 1 January 2008), rural housing development is very small in volume. Most important development takes place in the capital city and Minsk oblast. In some other regions, housing estates are developing quite rapidly (e.g. Brest and Gomel oblasts). Floor space per inhabitant also differs according to the urban-rural split. While the average across the country is 23 m² per inhabitant, low density and the types of housing in rural settlements allow for a larger floor space (29.2 m² per person). In general, the average floor space per inhabitant has grown considerably over the years, which indicates a rising quality in living conditions. It should be mentioned that foreign ownership is comparatively low in urban areas (only 15.7 per cent), which contrasts with the situation experienced in other post-Soviet countries, where there is a very high demand for foreign investment in big cities, especially in the capitals.

The State Programme of Development of Regions and Small and Medium Towns for 2007–2010 also covers housing issues. It was developed to revitalize urban centres across the country. In general, the acquisition of a house or flat is more convenient in small- and medium-sized cities because of lower prices and a shorter waiting period for access to subsidized housing.

example, in the total housing fund the share of hostels is 3.7 per cent (as of 1 January 2008); these are mostly located in urban areas and belong to

State and municipal organizations. The State and the municipalities also own a social housing fund, which is available for needy citizens.¹² Investments in housing by the State, however, had declined from 26.1 per cent in 2000 to 17.0 per cent in 2007.

Renovation activities are periodically carried out in the country, including urban renewal and housing renovation. For example, a campaign to reconstruct mass housing has taken place in the last few years to enlarge and redesign housing estates. In total, 1,700 houses belong to the so-called *khrushchovka* (first-generation mass housing constructed in the late 1950s and early 1960s).¹³ In contrast with some post-Soviet countries (i.e. the Russian Federation), in Belarus the renovation of this type of housing is less expensive than demolishing and building anew. Also, some cities have very old and damaged settlements that are under reconstruction (or are foreseen to be in the near future). Because of adequate maintenance, existing housing stock does not generally need capital reconstruction, especially from a technical point of view. However, some very old and partly demolished houses (those with one or two storeys) are slated for demolition or renovation.

In terms of safety, construction and maintenance, the condition of existing housing stock in Belarus is quite good.

B. New housing construction

After the collapse of the Soviet Union, construction activities declined in most CIS countries (including Belarus), but they picked up again after 2000. According to the available statistical information, in total 28,406,776 m² were constructed after 2000 – of which 67.8 per cent were in urban areas – totalling 315,112 flats (units). This additional amount of flats per 1,000 inhabitants equals 5.5, with a surface of 481 m².¹⁴

It should be mentioned that State financing of new construction declined from 10.2 per cent in 2001 to 5.1 per cent in 2007. Fifty-one per cent of the costs were covered directly by citizens' own means, and bank credits accounted for 40.1 per cent of the total financial costs of new construction.

Newly constructed dwellings are divided between State and private ownership, of which private units' share was 84.6 per cent in 2007. Of State-owned new construction, 22.4 per cent was built by the national authorities, with the remainder carried out by local (communal) government. This makes it easier to manage the housing stock.

While the typical Soviet period flat is characterized by a very small size and poor planning, after 1990 flats became bigger and more comfortable. The average size of apartments has risen; by 2007 it had reached 87.8 m² of total floor space. Forty-one per cent of the demand with respect to new construction is for apartments of three rooms, which is estimated for medium-sized families (three to four persons).

There is still a lack of foreign investment in the housing sector, although recently a number of private Russian firms have become interested in housing construction in the city of Minsk. In the Minsk region, the oblast government annually constructs about 20 per cent of the total new housing.

The structure of the housing stock is broken down by type and building size according to recommendations given by the National Spatial Development Plan regarding new construction in urban settlements (see table 4).

¹² This was widespread in the Soviet era and is known as the "cooperative housing fund".

¹³ Prefabricated panel houses, constructed for 25–30 years of use.

¹⁴ The rationale for these increases is set out in Presidential Decree No. 291 of 3 July 2008 and the Resolution of the Council of Ministers of Belarus No. 531 of 8 April 2008.

Table 5. Structure of new housing by type and building size recommended for new construction in urban settlements

Urban settlements ranked by population (pop.)	Single-unit	Multi-unit	
	1-2 storeys	2-4 storeys	≥5 storeys
Largest cities (pop. > 1,000,000)	≤5	20-30	75-65
Major cities (pop. 250,000-1,000,000)	10	30	60
Large cities (pop. 100,000-250,000)	20	30	50
Medium-sized cities (pop. 20,000-100,000)	25	35	40
Small cities and urban-type settlements (pop. ≤20,000)	≥30	35	≤35

Note: Share of housing units, classified by number of storeys, is shown in percentage.

Since the sector is highly controlled by the State (both construction companies and the building materials industry), a significant percentage of construction activities is carried out by State-owned companies. In 2004, a total of 121 enterprises in the building materials industry produced an output of 2.066 trillion roubles.

The labour market is dominated by construction companies, and an estimated 53,000 people work in the building materials industry. This industry can be described as fully self-sustaining, with almost all materials being produced locally. Building materials production includes cement, prefabricated ferroconcrete structures, bricks, roof and ceiling materials, lime and enamelled tiles. Construction companies face certain problems due to the considerable volume of construction and the lack of appropriate resources. There is a bottleneck in the production of building materials because of the construction boom in the last three years.

Houses are mostly constructed from bricks and ferroconcrete units. Prefabricated panels are also used. In every district of the Minsk oblast, there are design and production, architectural and planning offices – as well as more than 10 design institutes – which are owned by the oblast government. Every year, 900,000 m² of residential housing is built in the oblast.

For the private sector, it is difficult to compete with large State construction companies. The private sector in construction is not as active as in other post-Soviet countries. This is related in part to the issuance of construction permits, a burdensome process under the current circumstances. For the private sector, the paramount obstacle is the purchase of free land – although housing construction is free of value added tax (VAT), which should encourage growth

in the sector. In some cases, land auctions facilitate the purchase of land on equal terms. The lack of transparency in the allocation of land and associated bureaucratic procedures are factors that may further discourage private sector development.

Current prices for new flats are as follows: 1 m² in State construction costs about \$800¹⁵, and 1 m² constructed by the private sector costs about \$2,000.

The State owns design and research institutions that study urban development, housing, construction, utilities and similar areas. Private research and design organizations cannot compete, because most of the State demand goes to State-owned companies.

Licensing is a very important component of architectural-construction activities in the country. As mentioned above, every five years each architect has to request a renewal of his or her license. Licenses are mandatory for construction companies.

The country has not experienced significant illegal settlement or illegal construction, even though the penalties for illegal construction are not severe. In most cases, problems can be resolved through legalization, provided that the construction in question can be integrated with the surrounding area and meets certain standards.

Concerning the technical aspects of the legal framework, documents based on those of the Soviet era still remain in force, with amendments made to meet modern requirements (e.g. reduction in heat consumption, measuring instruments, and

¹⁵ The profit margin is regulated when companies build housing for needy families.

control and regulation of heat supply). In the post-Soviet era, new technical codes on building regulations were adopted, including the Residential Buildings Code (1996). In addition, in 2004 the following guidelines and standards were adopted and have since come into force: Basic State Standards 1154-99, Housing Fundamentals; Basic State Standards 1589-2005, Social Housing, Fundamentals; manuals on the construction of mansards and P1-99 for Basic State Standards 3.02.04-03; and Design and Construction of Mansards (2000).

Forecasts predict a rise in both housing financing and volume, despite the decline in commercial construction development. Minsk city alone plans to construct 1,229,000 m² of new housing space in 2008.

The results of the first six months of 2008 have shown that the construction cost of pre-fabricated dwellings for the citizens registered as needy ranges from 813,000 roubles per m² in Gomel oblast to 913,000–1.13 million roubles per m² in Minsk oblast. The variation is due to the cost increases in building materials and energy resources.

Housing for needy households is built with prefabricated concrete panels, bricks and gas silicate blocks. The price of dwellings built of bricks and gas silicate blocks is 15–20 per cent higher than that of dwellings built of prefabricated concrete panels.

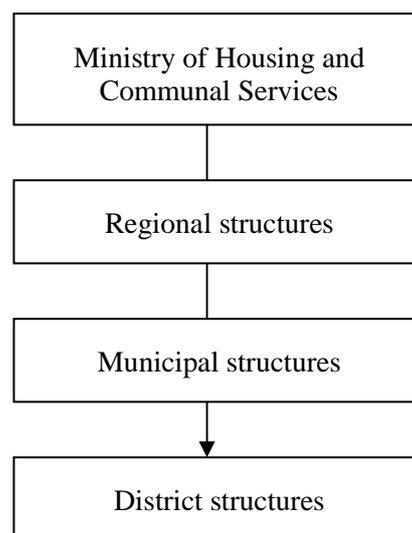
Currently, the economic situation in Belarus is stable. Since the National Bank has controlled the rate of inflation, the population has had the opportunity to build housing of standard quality, and in some cases of high consumer quality. Since 2000, new housing output has increased steadily. During the last five-year period, housing output has been 16 million m², whereas in the current five-year period (2006–2010), an output of 26 million m² is expected. According to data for September 2008, the secondary market price per m² of housing in Minsk city is \$1,885.

Any citizen, even if registered as part in needy household, has the possibility to build housing of any floor space at her or his expense. In Minsk, the waiting period for needy households is about 20 years.

C. Maintenance and management

Maintenance of existing housing stock is carried out with the very active participation of the State. Overall policy is established by the Ministry of Housing and Communal Services. The State administration structure with respect to housing maintenance is strictly hierarchical (figure VI).

Figure VI. Hierarchical structure of housing management



Technical services and maintenance are implemented by several organizations, including State housing companies, homeowners' associations, housing construction cooperatives (ZhSK), citizens, non-State entities and public-private entities.

There are 4,564 housing construction cooperatives and 566 housing associations in Belarus. Only 15 non-government enterprises were involved in housing maintenance as of 1 January 2008.

Design institutions, industrial companies, elevator service companies and research-industry cooperatives are also in State hands. All other service units are in municipal (communal) ownership, namely service enterprises (the so-called JKKH organizations). There are about 600 municipal service companies across the country.

While the Ministry of Housing and Communal Services defines policy, the execution and financing of housing maintenance is organized

at the municipal level. Tariffs on housing and public utilities are established by the Ministry of Housing and the Ministry of the Economy. Only about 40 per cent of maintenance activities costs are financed by fees, with the rest being heavily subsidized by the State.

Housing maintenance policy can be described as well developed and comprehensive. Twice a year (in the spring and autumn), responsible structures of local government check the technical conditions of the whole housing stock to start preparations for the winter period. After the inspections, a list of repairs and required physical capital reconstruction is drafted.

Housing maintenance activities were very low during the period 1995–1998. It should be noted that housing maintenance includes repair of all building structures; for example, the facades of 436 houses were repaired in 2005. In total, facades of 1,618 houses were renovated during 2001–2005, and 10.6 million m² of roof space was repaired during 2003–2007. Maintenance also covers the entrance spaces of multi-flat houses and all the technical components of buildings such as water-supply infrastructure, electrical wiring, heating, replacement of boilers and energy efficiency work. In Minsk alone, 3 million m² were repaired in the period 2003–2007. In 2008, a total of 5,776 houses were listed as needing repairs and retrofitting for the winter period in the city of Minsk.

Housing construction cooperatives (ZhSK) are created by inhabitants to construct, maintain and manage their estates. At present, they own 8.7 million m² of housing stock. In Minsk, 936 ZhSK are currently in operation. Housing associations are a less popular way of housing management. These are mostly established in new, privately constructed multi-family estates. They own more than 3 million m² of floor space. In the city of Minsk, 278 housing associations are currently registered.

In Minsk oblast, 29 million m² of housing is serviced annually. Services are differentiated into waste management, cleaning and cable TV connection. All housing stock is served by 125 housing service offices. These companies serve only multi-flat estates, and provide only waste disposal for private houses. In 2007, 160,000 m² of inner yards and roads were reconstructed. Annually, 10 per cent of the maintenance work is roof repairs.

Although the main actor in housing maintenance is the municipality, taxes are paid by the city's inhabitants. The most important tax is for "Technical Service of the House", comes to 264 roubles per m². The second most important, "Savings for Capital Repair", amounts to the same. These service taxes are to be paid by all owners and tenants. Nonetheless, the amount collected is not sufficient to fully cover maintenance costs. The tax revenue amounts to less than 40 per cent of the total cost of service, and the difference is subsidized by the Government.

A mechanism of partial compensation of user fees related to maintenance and utility services (and savings for capital repairs, among other non-cash housing subsidies) has been developed and is already functioning in the country. It was endorsed by Presidential Decree No. 638 of 14 December 2007 "On Measures to Provide State Support to the Population". Non-cash housing subsidies are allotted to families (citizens), provided that their payments for utilities and living space use, as well as its maintenance and savings for capital repairs within the limit of 20 m² per inhabitant, are in excess of 20 per cent of the average family income in cities or urban settlements, or 15 per cent of the average family income in rural settlements.

In Minsk oblast, 19,500 people work in housing maintenance through local governmental structures. They also deal with roads and surrounding territories. About 11 per cent of the budget of Minsk oblast is spent on housing maintenance.

An energy efficiency programme has been enacted by the President. According to the Presidential Directive No. 3, by 2007 all the houses that do not comply with energy efficiency norms should be identified. In 2007, 286,900 m² of housing stock was renovated for thermal energy efficiency with several technical and construction means (e.g. perimeter walls, windows and engineering systems). The comprehensive Programme on Energy Asset Modernization, Energy Efficiency, and Use of Local Fuels for 2006–2010 (approved by the Presidential Decree No. 399 of 25 August 2005) aims at economic and rational use of energy in the construction sector.

D. Affordable housing

The main task for the State in the housing sector is still the social component of housing, which is undertaken by regional and local

governments. The State Housing Policy stipulates the State's role with respect to assisting citizens in improving their living conditions. The Housing Code defines in detail the allocation of social and affordable housing. The State Housing Policy provides for a differentiated approach to helping citizens acquire housing, based on their social status and incomes. Citizens can improve their housing conditions and find appropriate accommodation in several ways. The most widespread means is constructing housing at their own expense (for citizens with access to bank loans, including soft loans). There are also hostels across the country to accommodate disabled and poor people lacking proper dwellings.

Social housing

Social housing falls within the responsibility of municipalities and is meant only for certain categories of citizens. The procedure for distributing social dwellings and a list of categories of citizens eligible for it are set forth in the Provision on the Procedure for Registering Citizens in Need of Improving Living Conditions, and for Distributing Living Space from State Housing Stock, approved by Presidential Decree No. 565 of 29 November 2005.

The dwellings in social housing cannot be privatized, but tenants pay communal fees. Most of these fees are subsidized by the State (municipality). Social housing complexes are built with additional social infrastructure. Since 1999, the State is no longer building rental social housing.

Subsidiary housing

The main policy instrument in the housing sector is subsidized housing through loans (soft loans). According to Presidential Decree No. 185 of 14 April 2000, soft loans on housing construction cover 90 per cent of the total cost of construction. Citizens can have these loans at 5 per cent interest for 20 years. For families with many children living and working in small settlements of up to 20,000 inhabitants, conditions for soft loans are even more favourable: 3 per cent interest for 40 years, covering 95 per cent of construction costs.

Construction of multi-flat houses falls mostly under the supervision of the Ministry of Architecture and Construction. Soft loans are given to citizens classified as "needy" who are, accordingly, eligible to receive the loans. Among

the different categories of needy people, certain groups have the right to receive loans prior to others.

As of 1 January 2008, 717,500 families in the country were registered as in need of improvement of living conditions (table 6).

The demand for subsidized housing is increasing notably in the city of Minsk and Minsk oblast. In rural settlements, the number of needy families is increasing as well. This is a result of the village development policy, according to which village inhabitants are more privileged to receive soft loans. According to State policy, in each village not less than five houses should be built annually. Those families in need of improved living conditions can receive the land for free if they are natives of a certain region or village. For newcomers, the land is sold through auction.

The average waiting period for the citizens registered on the list of those in need of improving their living conditions is 18–20 years, while in villages one has to wait three or five years maximum. Because of the long waiting periods for housing renewal, the waiting list mechanism is of very limited practical use. Only families with three or more children have the right to receive a soft loan within one year of registration.

Coordination of allocation of credit resources for providing soft loans to the population for construction (reconstruction and acquisition) of housing is performed by the National Bank.

The main State financial organization participating in the housing sector is Belarusbank, which is mostly focused providing soft loans. In 2007, about 1.5486 billion roubles were spent on soft loans. Belarusbank is trying to improve the terms for loans to the population for the construction and acquisition of dwellings. Loans are provided for up to 15 years in Belarusian roubles and cover up to 75 per cent of the cost of construction (or reconstruction) or acquisition of housing (up to 90 per cent of the cost if the loan is denominated in foreign currency). The interest rate for rouble-denominated loans provided to citizens in need of improving their living conditions is set at 14 per cent per annum. The interest rate for United States dollar-denominated loans is set at 12 per cent per annum and for Euro-denominated loans at 11 per cent per annum. Interest is paid back in equal instalments.

Table 6. Number of families registered for improving their housing conditions

	2000	2001	2002	2003	2004	2005	2006	2007
Families (10 ³):								
Republic of Belarus	568.78	558.84	555.89	522.19	525.04	564.78	623.08	717.53
Minsk city	158.91	163.32	157.09	151.86	155.99	171.21	205.05	241.26
Minsk oblast	50.1	48.52	58.57	56.09	52.49	57.4	69.09	84.12
Citizens (10 ³):								
Urban settlements	543.42	535.29	526.11	494.63	494.15	528.76	576.56	659.62
Rural settlements	25.36	23.55	29.78	27.56	30.89	36.02	46.52	57.91

Interest rates for the citizens who permanently live and work in rural settlements and who take out loans on a common basis are lower by 1 percentage point.

Belarusbank also provides ordinary credit (normal loans) with a 15–16 per cent interest rate in Belarusian roubles and a 13 per cent interest rate in United States dollars. The maturity period for normal loans is usually 10 years. Soft-term financing of housing construction in rural areas is conducted by Belagroprombank. (It only issues credit to agricultural organizations).

Decisions on allocations of soft loans are taken by the local executive committees (local government). The local government has a list of needy persons. The determined amount from the soft loan goes directly to the construction company building the house. Usually these are State-owned construction companies.

According to the forecast on social housing up to 2010, investment in subsidized housing is expected to double.

E. Utilities

Utilities policy is developed by the Ministry of Housing and Communal Services. One of the major normative documents regulating the sector is the Development Programme for the Housing and Utilities Sector of the Republic of Belarus for 2006–2010, adopted by the Council of Ministers on 7 June 2006.

According to the programme, in the period 2000–2005 the cost of housing and utilities for the population was growing at a rate exceeding the rate of inflation. From January 2000 to June 2005, tariffs on housing and public utilities grew 50 times, a large amount compared to the overall increase in consumer prices (six times). Increases

in the cost of heating, housing maintenance and electricity have been the highest.

As a result of these trends, the proportion of maintenance and utility costs covered by the population (calculated for a standard two-room apartment), excluding electricity and gas grew, from 12 per cent in 2000 to 42.4 per cent in 2005. Simultaneously, housing and utility costs have also grown relative to household consumer expenditures, from 3 per cent in 2000 to 7.4 per cent in 2007.¹⁶

Public support for the housing and utilities sector in 2004 represented 5.3 per cent of the total government budget expenditures (or 2.4 per cent of GDP). A big percentage of communal services is subsidized by the State. After 1990, the size of water supply and sewage systems expanded by three times and the heating system by five times across the country. According to the Ministry of Statistics and Analysis, as of 1 January 2008, 69.2 per cent of total housing stock was connected to water pipelines, 67.2 per cent to wastewater conduits and 68.3 per cent to central heating. Regarding hot water, 59.2 per cent of the housing stock has access and 87.9 per cent is able to receive gas. Delivery of utilities in State housing stock includes water supply (91.9 per cent), wastewater (90.5 per cent), central heating (88.7 per cent), hot water (81.2 per cent) and gas (78.2 per cent).

Rural households have significantly less access to modern amenities than multi-flat urban households. Only 35.3 per cent of the rural housing stock has running water, 31.1 per cent has sanitation and 24.5 per cent has showers and bathrooms. According to the Concept of Housing

¹⁶ Development Programme for the Housing and Utilities Sector of the Republic of Belarus for 2006–2010.

Sector Development in the Republic of Belarus for the Period up to 2015, a substantial expansion of access to utilities in rural areas is foreseen by 2010, achieving full cost recovery by 2015.

Since 2005, the “one-stop-shop” principle has been established in the communal service sector. Inhabitants have to pay communal costs in these service centres. The most expensive is heating. The average price for utilities for a 46-m² flat is about \$50 per month, excluding telephone and electricity costs.

All tariffs on communal services are adopted by the Council of Ministers. If more than 20 per cent (in cities) or 15 per cent (in rural areas) of a household income goes to communal services, the difference is usually covered by the State. According to a Presidential Order, annual increases on the value of communal services should not exceed 5 per cent. The Ministry of the Economy coordinates the costs of these services.

The State has elaborated the State Water Supply and Removal Programme for 2006–2010, also known as the “Clean Water Programme”. The programme is expected to promote the development of water supply and wastewater systems and to improve quality of drinking water and water measurement systems, which still create problems for households. As of 1 January 2008, only 58.8 per cent of apartments were equipped with individual cold water meters. Today, all apartments in new constructions (or those estates undergoing capital reconstruction) are equipped with individual water meters. The Government is helping households to install meters, which will reduce water costs by 20 per cent over a two-year period.

Regular waste collection service has become available in towns and rural settlements in Belarus. According to the new Law on Waste Management, waste deposit sites that do not correspond to modern standards should be closed by 2015. There is a shortage of small-scale waste storage sites serving rural settlements. In total, a maximum 1 per cent of household waste is recycled due to the lack of modern recycling facilities.

Particular attention should be paid to the energy efficiency sector. Main objectives regarding energy efficiency in the construction, reconstruction and building materials industries include an increase in the use of energy-efficient construction materials. The most problematic area for energy efficiency matters is the massive housing blocks constructed in the 1950s and 1960s, which have a number of construction defects in wall and window protection, construction materials and roofs, and thus very high costs for maintenance and heating.

As a medium-term programme, the Ministry of Housing and Utilities implements the Comprehensive State Programme on Energy Asset Modernization, Energy Efficiency and Use of Local Fuels for 2006–2010. The programme addresses energy efficiency issues in the housing and construction sector, including the replacement of low-efficiency heating installations, installation of low-output heating sources with high-efficiency water heaters, the upgrading of urban heating systems and utilization of low-energy outdoor lighting equipment.