

## THE PROBLEMS OF DEVELOPING THE EFFECTIVE MODELS OF MANAGING THE BRANCHES OF HOUSING AND MUNICIPAL SERVICES

© 2008 A.A.Seliverstov, N.R.Shadeyko\*

**Key words:** housing-and-municipal complex, housing services, community services, control model, housing stock, tariff regulation, municipal service, residential sector, utilities, MHC reform.

The article is devoted to the problems of developing effective models of management by branches of a housing-and-municipal complex of city. As the alternatives social and market models of managing the city MHC are offered. The suggested models take into account a condition of housing and municipal services and a social and economic level of city development. The application of models is carried out by economic, technical and social mechanisms of management.

The article is devoted to the problems of developing effective models of management by branches of a housing-and-municipal complex of city. As the alternatives social and market models of managing the city MHC are offered. The suggested models take into account a condition of housing and municipal services and a social and economic level of city development. The application of models is carried out by economic, technical and social mechanisms of management.

The reform of a housing-and-municipal complex is targeted at the transfer to the market principals of economy and establishing the competitive environment<sup>1</sup>. At the same time Russian cities have a number of social and economic peculiarities that influence different levels and rates of the development of housing and municipal economy. There are cities that can easily transfer to market relations, but social and economic situation in other Russian cities is rather low and this is a serious barrier on the way of market changes. In connection with this it seems impossible to create a unified model that is able to take into account all the peculiarities of various cities. Thus, in order to accomplish the effective management of housing and municipal economy of the city it is necessary to use several models that contain both social and market mechanisms of branch management. Two models are suggested as the alternatives of managing the housing and municipal complex (HMC) of the cities: Social and market. These models contain in itself the instruments and mechanisms that can provide the most effective functioning of HMC branches (the use of budget, material, stock, labour and other resources), the choice of the resources is influenced by the primary condition of city economy.

1. Social model of managing the HMC of the city.

a) The model of managing the housing economy of the city (pic. 1) can be used as the instrument of accomplishing the social policy in the cities, where HMC is in bad condition.

Among the peculiarities of social model it is necessary to consider the process of organizing the separate market of housing services for the enterprises and companies on the base of tariffs and prices.

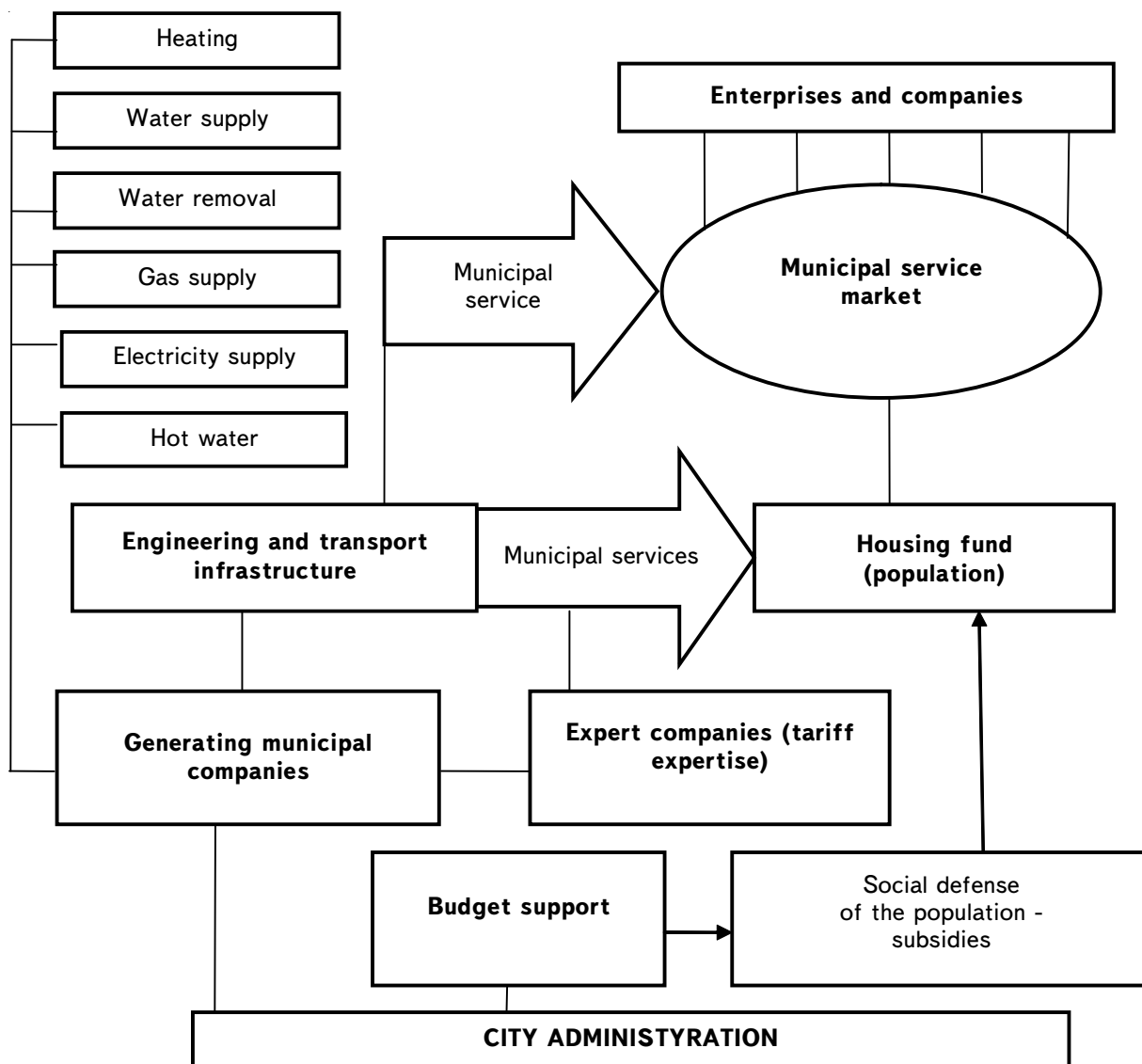
6) The model of managing the housing economy (pic. 2) is based on the social development of the city and takes into consideration providing the social standards for the living conditions of the population.

Thus this model projects the parameters that provide high level of the living conditions of the population and should be evaluated from the point of view of the demanded resources and real possibilities of their submission. In the process of developing this model it is necessary to remember that housing economy belongs to the social infrastructure of the city. This model is recommended to be used in the cities where the state of the housing sector is characterized as very bad, and the level of social and economic development is low.

Municipal housing company is responsible for the condition and use of houses, and it is specially created for managing the housing economy of the city. Municipal housing company is financed through the housing payments of the population and budget dotations to the population that partly cover the expenditures of the population.

Of course, social model is the opposed to the market one. However, it's existence is necessary as the instrument of social defence of the population in poor cities. It is especially important for the cities located in northern climatic regions (their sub regions), as natural and climatic conditions greatly influence the character of using the housing funds there. The buildings are damaged very quickly, therefore renovation works should be done more often, thus increasing the exploitation costs. The combination of severe climate, depressive character of the city with the low social level make us to take into account the factors of the paying ca-

\* Alexey A. Seliverstov, post graduate student of Tom State Architecture And Construction University; Nikolay R. Shadeyko, post graduate student of Tom State Architecture And Construction University.



*Puc. 1. Social model of managing the municipal economy of the city*

capacity of the demands and the possibility of developing housing self-governance.

2. Market model of managing the housing and municipal complex of the city.

a) The model of managing the municipal economy (pic. 3) means the complete transfer to the system of contract relations in production and consuming public utilities services. Here we can consider the schemes and mechanisms of the functioning of municipal economy, when the interests of all the subjects of municipal relations are taken into account.

As examples, the model can be suggested where managing the public utilities enterprises is accomplished only by the state and the model where enterprise management is in the hands of a private business (due to special agreements), and the model of combined management with the help of the outsourcing companies responsible for some managerial functions. The model does not reject the pres-

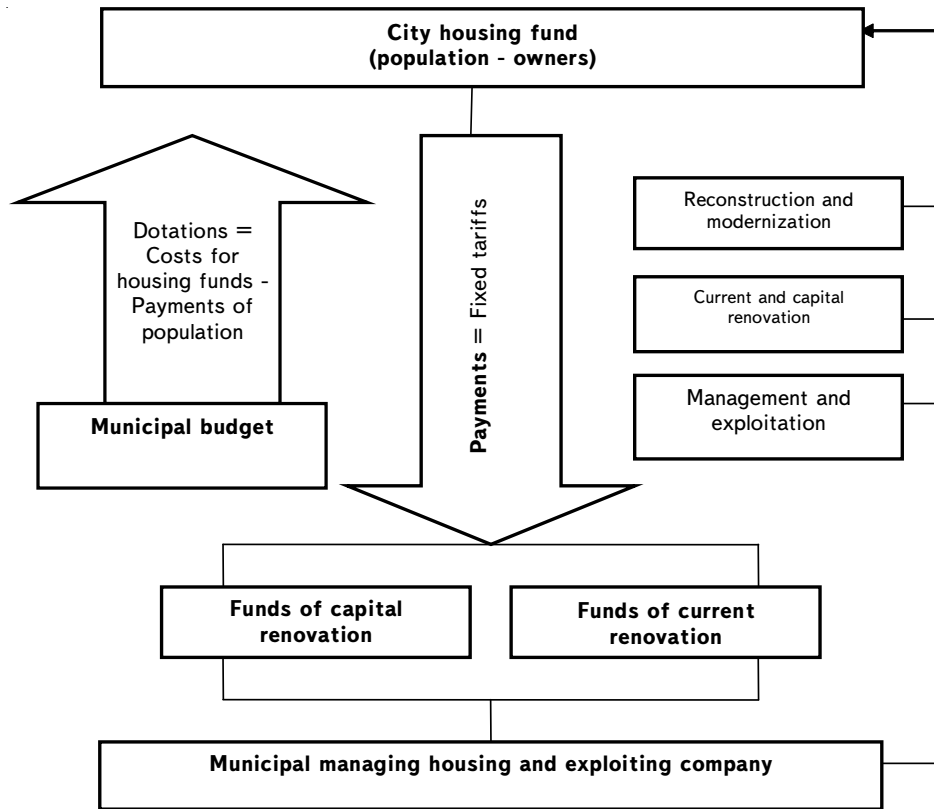
ence of private generating municipal companies in the market that can specialize in the production of any public utility service.

There is no tariff regulation of market model by government, and the activity of separate municipal companies can be regulated only by the anti-monopoly regulation.

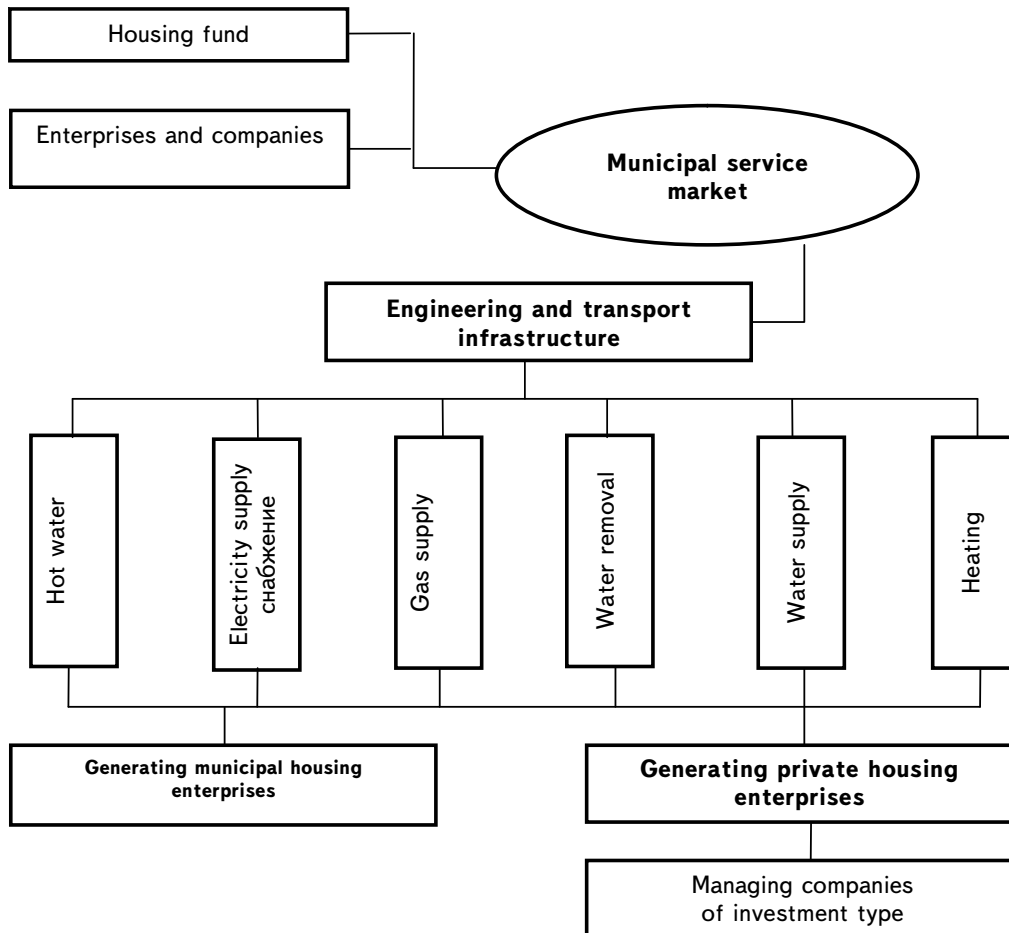
This model can be implemented in the cities where housing economy is in good condition, and there is a high level of social-economic development.

b) The model of managing housing economy (pic. 4) is based on the development of market infrastructure and evaluates:

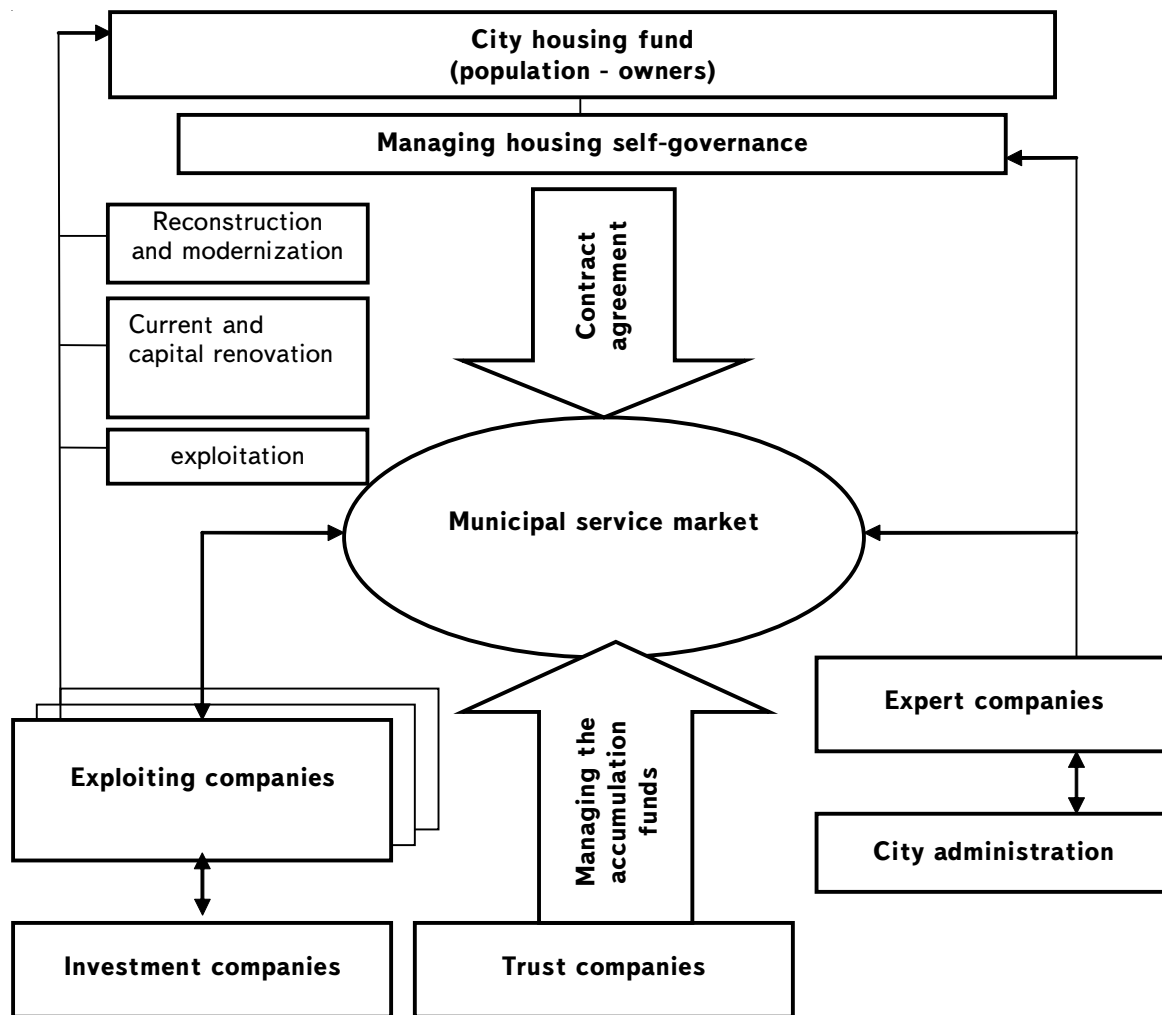
- ◆ current market situation and solvency of the population demand;
- ◆ studying the possibility of developing the competitive environment;
- ◆ the possibility for the managing companies from other regions to enter the local market;



Pic. 2. Social model of managing housing economy



Pic. 3. Market model of managing municipal economy of the city



Pic. 4. Market model of managing housing economy

- ◆ price tendencies and dynamics;
- ◆ the degree of the influence of state and municipal regulation mechanisms on the market of housing service.

The examined model could be used in favourable cities where the participation of the municipal bodies is restricted by the control function. This model is characterized by a great number of variants of housing service market organization, where the following subjects of market relations participate:

- ◆ Housing owners (no matter what property form is), represented by self-government bodies, who are the customers of housing service, form the content, structure and volume of the market of housing services;
- ◆ operational contracting organization;
- ◆ investment companies as the participants of the market financing the expensive projects of modernization and reconstruction of housing funds;
- ◆ trust companies, that are able to replace investment companies, however their main destination - to manage the monetary flows of current and

capital renovation in the conditions of the changing market conditions;

- ◆ expert companies, that on one hand participate in control (together with municipal administration) of the housing fund, and provide help to housing self-government bodies how to make the most efficient decisions.

It is important to mention that market model is the ideal model of managing housing and municipal economy of the city. Here we have the most important condition for its effective functioning - the interest of the companies in production and providing high quality housing and municipal services.

Thus, the success of the reforms depends on the optimal choice of the model influenced by social and economic conditions, on one hand, and the situation in housing and municipal infrastructure, on the other hand.

<sup>1</sup> See.: How to manage housing fund effectively: theory and practice / Edited by S.B. Sivaeva. M., 2002; Lectures on the economy of the city and municipal management / Scientific editor - A.S. Puzanov M., 2004. Pages 169-194.