

# Organizational-economic mechanism of formation of strategic priorities of housing construction development

Ekaterina Nezhnikova<sup>1</sup>

<sup>1</sup>Moscow State University of Civil Engineering, 26, Yaroslavskoye shosse, Moscow, 129337, Russia

E-mail: nezhnikovaev@mgsu.ru

**Abstract.** The article provides the results of development of the organizational-economic mechanism to conduct a new vector in the housing sector on the basis of competitive ability of housing projects. The project will result in functioning intensification and growth of the adjacent to the housing sector fields of national economy, increase of the pace and volume of the housing commissioning, balance of the functional spatial development of the territories essentially improving the quality and environmental friendliness of the housing projects. And it will provide new opportunities to activate the whole volume of the socio-economic space around the housing sector.

## 1. Introduction

The suggested development strategy takes into account the today challenges of the national economy and sets a new long-term qualitatively determined vector for the development of this sector of the national economy, as well as the methods, tools and forms of state activity in the field of relations between the subjects of the housing construction market for economic, social, investment, design, construction and operation processes to improve the living conditions of citizens.

The influence of the state on the participants of the market should be legal and regulatory framework; budgetary, tax and organizational-economic mechanisms; legislated quality and environmental standards of housing projects. Whereas, the implementation of social guarantees declared by the state requires not only financial investments. It is of great practical importance to develop and justify adequate organizational, economic and legislative support for the strategy and methods for carrying out state economic policy in the housing sector.

## 2. Materials and Methods

The essential content of this organizational-economic mechanism is a formalized reflection of (description):

- the major economic processes, problems and factors which structure is determined by their objective properties, subjective target nature and affects the sustainable growth of the housing sector;
- the goals, objectives, decisions, as well as measures of the state housing policy;
- the subject-object structure of housing construction participants, including customers (spending units) and contractors;
- the procedures for clarifying and possibly adjusting the terms of the implementation of the stages of housing policy;
- the monitoring over the implementation stages and general process;



- establishing (constituting) the interrelations and interactions of housing construction participants [1].

A specific feature of the suggested mechanism is not only the sustainable growth of the determinism (functionality) of the established links between events and processes (road maps - the design algorithm of actions) of the housing sector. But it also includes the conducting of a stochastic approach that takes into account probabilistic events ("wild" maps - the likelihood of floods, fires, as well as technogenic and environmental disasters) in the socio-economic development of the country that can affect the development of this area.

Forms of regulation are targeted integrated programs for the development of housing construction (federal, regional, municipal); medium- and short-term programming; stimulating the development of housing mortgage lending; special targeted housing projects in the subjects of Federation (development of wooden housing construction, low-rise housing construction, green building, housing construction in rural areas, energy-efficient housing construction); indicative planning of housing development at the federal, regional and municipal levels [2].

One of the forms of implementation of this mechanism should be securing the legitimacy of the widespread use of housing stock, which is privately owned and acquired for investment purposes.

Harmonization of the existing housing legislation with credit and banking one should be emphasized among the forms of regulation, that allows launching the "trade-in" mechanism in the housing sector similarly to the capabilities of the modern car market. Its economic content lies in the possibility to involve the objects of the secondary housing market in the economic turnover of the housing sector. This will improve housing conditions not only for families who do not have sufficient funds for the first installment of housing mortgages but also for those who the state has unfulfilled obligations to provide their housing at the level of minimum standards of quality and environmental friendliness. In this case, the implementation of the spatial potential of the housing sector will be expressed not only in the intensification of the adjacent fields of material production and bank capital use, but in the overall activation of the socio-economic space as well. It is advisable to carry out the programs step-by-step, that should be determined taking into account the local conditions and spatial potential of the subject of the Russian Federation, as well as priorities, specific goals and objectives facing the regions [3, 4].

The used implementation methods are: organizational and economic; regulatory (methods, instructions, standards); tax (the provision of tax benefits to the population and developers, investing in a new housing construction); price (through the development of the competition and the provision of benefits and preferences to domestic developers); financial and credit (including, reducing the refinancing rate for banks and funding a part of the interest rate for the population in housing mortgage lending); state investment (in the infrastructure of large-scale housing projects and programs); impact on aggregate demand in the housing market; methods of standardization (development and enforcement of developers to ensure minimum standards of quality and environmental friendliness of housing projects).

The main and mandatory elements of the suggested organizational-economic mechanism (Figure 1) are the following [5, 6].

Regarding the vector of the state housing policy, the functioning of the suggested mechanism should serve the interests and anticipations of all social groups of citizens in need to improve their housing conditions (without prioritization) in the context of changes in the living environment and socially oriented development of the investigated sphere of the national economy.

### 3. Results

Therefore, the goal of the new vector for the development of housing sector in Russia is the construction of viable housing projects with improving their quality, environmental friendliness and the consumption cost by reducing the operating expenditures.

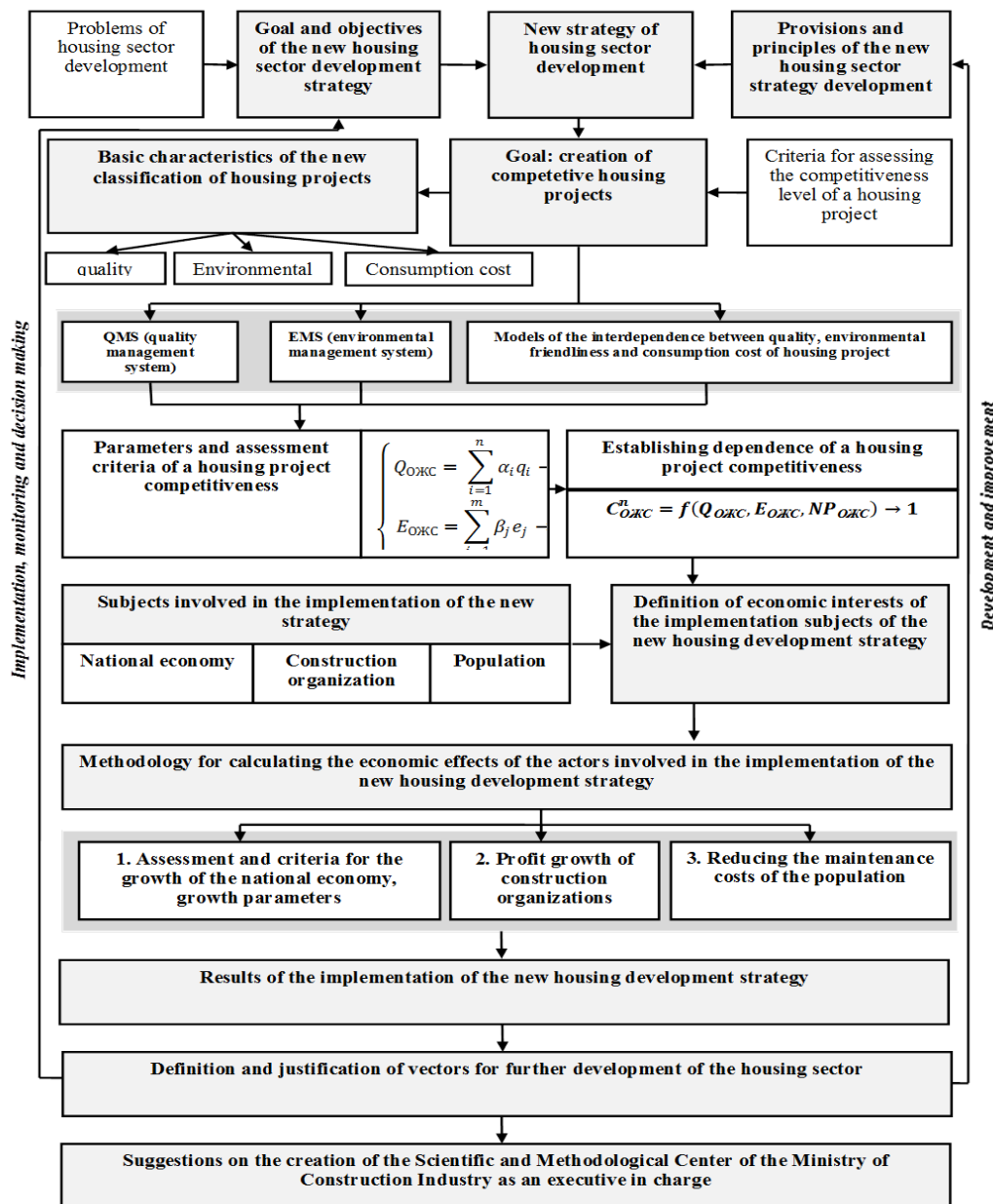
The objectives of the new development vector of the housing sector are:

- scientific ground of the interdependence between the competitiveness of OZHS on the quality, environmental friendliness and consumption cost;

- elaboration of a rating system for assessing the competitiveness of housing projects in the context of socially oriented development of the housing sector;
- creation of a model for assessing the competitiveness of housing projects on the basis of the interrelation and interaction of the quality parameters, environmental friendliness and consumption cost, as well as methods for assessing the attractiveness of housing project for the end user;
- suggestion of a system of parameters to assess the quality of housing project and the development of a methodology for quality management in its construction;
- substantiation of criteria for classifying housing projects as environmentally safe, system development to assess the degree of their environmental safety, as well as offering forms, methods and tools to ensure their environmental friendliness;
- Analysis of selection criteria for groups of customers of housing projects with different income levels;
- Development of the organizational and economic mechanism for the development of the housing sector and the model for its sustainable growth to ensure the competitiveness of the housing projects in conditions of improving the characteristics of the living environment;
- Efficiency assessment of the implementation of the new housing construction strategy, taking into account the socially-oriented development of the investigated sector.

A new classification of viable housing projects is developed in accordance with the system-forming principles:

1. The principle of the ultimate goal. The implementation of this basic principle assumes the formation of an accurate and clear state's agenda on the strategic priorities of the housing policy for all participants of the housing construction market.
2. The principle of unity and complexity. From the point of system approach, this means the harmonization of the simultaneous consideration of housing projects as a whole, and the aggregate of individual parameters and factors that characterize it.
3. The principle of socialization presupposes an overwhelming socialization of the national economy of Russia in conditions of socially oriented development of the construction sector.
4. The principle of the unicity of the housing sector. The main arguments for classifying the housing construction as the priority directions of the national economy is not so much the relevance of the housing problem in our country as a unique feature of this particular social problem.
5. The principle of the relationship between quality, environmental friendliness and the consumption cost of a viable housing project. It assumes consideration of any aspect of the research object in the relationship and interaction with other elements of the system, both external and internal environment.
6. The principle of civil functionality. It approves the need for joint consideration of the housing project content (quality and environmental friendliness of building materials and structures) and function (purpose) with the second priority over the first.
7. The principle of development. It assumes the changeability and ability to develop housing projects by improving its characteristics (quality, environmental friendliness, comfort, improvement, safety, etc.) in accordance with the level of development of scientific and technological progress.
8. The principle of optimal quality. It states the essential content of the economically optimal quality of housing, by which one should understand not the abstract "high" quality, but the level that a specific customer can afford.
9. Principle of rationing of ecological quality. It aims to improve the quality of life of the population through the creation of an optimal living environment.
10. The principle of state regulation. The leading role of public authorities in improving the quality and environmental friendliness of the housing construction is not in contrasting the methods of state regulation with the methods of market self-regulation [7].



**Figure 1.** The organizational and economic mechanism for the creation and implementation of the new housing development strategy

In this case it should be taken into account that housing project is the assets of the environment and includes not only the space of the apartment (or individual house), but the space and territory around it. In addition, the price of housing is an independent variable (argument), and demand is a dependent one (function)

#### 4. Discussion

The expected results of the implementation of the housing development strategy are:

- development of recommendations to improve the current economic and legal field in the housing market;
- Implementation of the legislative initiative to improve the current housing legislation;
- the transition to a civil Russian housing market in the medium term;

- the shift of the "gravity center" of the state housing policy from megapolises and big cities to rural areas, which will allow the introduction of a new format for the life of Russian citizens in competitive housing project: to live comfortably in the country and be able to leisure by work and living place integration in modern housings with a comprehensive infrastructure at hand;

- within the framework of creating conditions to come up with an innovation-driven economy, a favorable urban ecosystem for personal development and the potential for the commercialization of innovative technologies.

The advantages of the suggested organizational and economic mechanism include its unique and specific feature, which is the availability and the possibility to use the spatial potential of the housing sector

## 5. Conclusions

Evaluating the advantages of the suggested mechanism, the following should be noted. The influence of the organizational and economic elements of this mechanism, considering the multiplier effect of the housing sector as a driver of the spatial development of the national economy, will allow not only to intensify the functioning and development of adjacent spheres of the national economy. Its implementation will open new opportunities for activating the entire social and economic space around the housing sector, involving the population in economic activities and increasing its employment.

The implementation (implementation of management actions) in the housing sector within the suggested organizational and economic mechanism will not only significantly increase the pace and increase the volume of commissioning of housing construction. But to balance the functional and spatial development of territories (the Russian Federation subjects and municipalities), significantly improve its quality and environmental friendliness, and, on their basis, the competitiveness of housing projects.

## References

- [1] Myshovskaya L P 2016 *Ekonomika i predprinimatel'stvo* **8(73)** 25-31
- [2] Lukmanova I G 2016 *Construction control and quality management in construction* (Voronez, VGASU)
- [3] Uvarova S, Belyaeva S, Belyantseva O and Rogacheva Y 2016 *Problems of modern science proceedings of the II all-Russian scientific-practical conference* (Voronez, VGASU)
- [4] Aggogeri F, Borboni A, Faglia R, Merlo A, Pellegrini N 2017 *Applied Sciences* **7 (2)**, art. no. 114 DOI: 10.3390/app7020114
- [5] Larionov A and Nezhnikova E *ARPN 2016 Journal of Engineering and Applied Sciences* **3** 2023-2029
- [6] Aggogeri F, Avanzini A, Borboni A, Pandini S 2017 *International Journal of Automation Technology* **11 (2)**, pp. 311-321. DOI: 10.20965/ijat.2017.p0311.
- [7] Aggogeri F, Borboni A, Merlo A, Pellegrini N, Ricatto R 2017 *Materials* **10 (3)**, art. no. 297 DOI: 10.3390/ma10030297