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City Committee to Drive Affordable Housing Plan

By Bela Lyauv

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A Moscow City Hall committee has been created to provide housing at 50,000 to 60,000 rubles ($1,700 to $2,000) per square meter to people on the waiting list to obtain better living quarters.

In Moscow, as of March 14, there are 123,917 families on that list, according to the web site of the department of housing policy and the housing fund. Those who "got in line" in 1989-90 are only now receiving housing.

The committee — Moskomstroiinvest — was created in February to develop construction of affordable housing, garages and parking areas, to develop already-built locations and to oversee the often-murky business of equity construction.

A City Hall official confirmed the creation of the new entity. According to him, in addition to these responsibilities, the committee will also manage the federal housing program.

Moscow is the only region yet to implement that program.

A price of 50,000 rubles is realistic if the costs for common areas and engineering infrastructure are excluded, said Artyom Eiramdzhants, first vice president of PIK Group.

The price allows the builder to expect a profit up to 20,000 to 30,000 rubles per square meter, said Mikhail Urinson, managing director of Alur. With up-to-date technologies and effective management, the production cost of salable areas — without taking into account the cost of the land plot and external engineering network — may amount to 20,000 rubles per square meter, he said.

The Economic Development and Regional Development ministries have already proposed a bill providing incentives for noncommercial organizations — low-rise building co-ops — to acquire land. They will be able to participate in individual land auctions without having to compete with developers. If a co-op creates a local self-managing body, at least half of whose members are on official waiting lists for housing, then land will be given to them for free.

The rest of the unit holders will receive a preferential rate of 30 percent of the cadastral value. Reselling the land would be prohibited. The Regional Development Ministry is currently approving the bill, said Andrei Ivakin, a ministry deputy department head.

City Hall is also considering an option to invite noncommercial partners for construction projects, an official said. Such entities by law would not make a profit. But this approach is questionable because noncommercial organizations are often ineffective, Alur's Urinson said.

This approach could allow the city to solve the problem of how to provide affordable housing to citizens not eligible for it or an apartment paid for by the state. Detailed mechanisms already exist and are being finalized, a construction official said.

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