

# Bargain Building Faces Demolition

By [Natalya Krainova](#)

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Vorontsov standing in his apartment. He has to keep construction materials in his home because of constant repairs. **Vladimir Andreyev**

Real estate prices were skyrocketing in the mid-2000s, and Vladislav Vorontsov was delighted at the opportunity to buy an apartment at half the market price in a building under construction just outside Moscow.

But the two-bedroom apartment he showed a Moscow Times reporter in July had no gas, water, electricity or heating, and faced a trash dump.

Even that sorry residence may soon be lost because the building, in the town of Novoivanovskoye, west of the city, is slated for demolition as illegal. That, however, would not void Vorontsov's bank-issued mortgage of 1.5 million rubles (\$55,000), which he is still four years away from paying off.

His plight is not unusual. Russian housing is notoriously expensive. Middle-class buyers are desperate for bargains, and purchasing apartments before they are built is the most common

way to receive one.

But the practice is risky, and the army of cheated homebuyers — "obmanutiye dolshchiki" — numbered more than 109,000 nationwide, State Duma deputy and United Russia member Alexander Khinshtein said in March, his web site Postroim.com [reported](#). In 2006, the figure was estimated at 200,000.

The businessman behind the project, Oleg Shvyryov, said he only wanted to help people, but his good intentions were blocked by local authorities. His clients insist that he was aware the construction was illegal and simply wanted to pocket their hard-earned cash.

"Investors like me, who have no place to go, are forced to live in such conditions," said Vorontsov, now 29, who works in IT. He has a place to live in his native Voronezh, but he works in Moscow — where he has a "good job" but cannot afford to rent an apartment until he has paid his current mortgage.

"This is our last stand," he said wearily.

Town authorities filed a lawsuit in April to demolish the building. No date for the hearing has been set because the district court is waiting for an independent examination of the building to determine whether it is fit to live in, a court representative said by e-mail last week.

Local officials did nothing to prevent construction from being launched in 2006, but they declared it illegal in 2008. They never explained the two-year delay, during which the developer collected money from dozens of investors.

"At the time, the local administration turned a blind eye to the construction, although they should have stopped it at once and sealed the building," said Klara Vorobyova, a lawyer who represents the owners of 19 of the 37 apartments in the complex.

No one in the Novoivanovskoye administration could comment on the issue because the sole person who could authorize a comment, town head Mikhail Zimovets, was on vacation, Zimovets' secretary said in late July.

District investigators have opened a criminal case on fraud charges — punishable by up to five years in prison — relating to the construction in Novoivanovskoye, Vorobyova said by telephone in late July.

No other sources could confirm that there was an ongoing case, nor could anyone say whether Shvyryov, the businessman behind the project, was a suspect. Shvyryov initiated the construction in Novoivanovskoye but acted as one of the homebuyers, not as a developer, fellow investors said.

Inquiries submitted on July 28 to the town administration and Moscow region prosecutors were not answered in time for publication.

Shvyryov "knew in advance that people would never move in" because the construction was done with multiple code violations and without licenses, Vorobyova said, her tone indignant.

The businessman denied all accusations, calling his construction business a crusade against

red tape and kickbacks, which do, indeed, account for a hefty chunk of construction costs nationwide.

"I had the quixotic idea of showing that it was possible to construct [apartment buildings] cheaply," Shvyryov said by telephone, his voice brimming with enthusiasm.

Shvyryov said he tried to use the legal loophole dubbed "dacha amnesty" declared in 2006 that allows owners of garden plots to obtain permission for construction after the fact, rather than before beginning it.

He began construction of 25 buildings, including the Novoivanovskoye apartment complex, in the Moscow region's Odintsovo district in 2006, and managed to complete 11 of them, Shvyryov said, without providing addresses.

The kickback-free scheme allowed costs to be slashed by 60 percent, he said.

"But the [state] system proved to be more rotten than I'd thought," Shvyryov added, this time his voice full of disappointment.

He may be painting too rosy a picture, though. Vorobyova said the dacha amnesty only applied to individual houses, not apartment complexes, as he was bound to have known.

Besides, construction was done with multiple code violations that would have prevented the buildings from being put into service, regardless of what land they were built on, Vorobyova said.

Shvyryov stopped replying to telephone calls and text messages after a single conversation and did not comment on the allegations.

Vorobyova added that Shvyryov collected about 30 million rubles (\$1.1 million) for construction materials from investors in Vorontsov's building alone, but only supplied materials costing one-third of the sum, apparently pocketing the rest.

The businessman blamed his clients for the trouble, saying construction could not be completed because the investors "failed to come to terms with one another" on how much to spend on construction materials and when to do it.

Investor Vorontsov confirmed that some residents have not made full payment to the developer, but said that was because Shvyryov "doesn't fulfill his promises" and "people see no point in investing in a house slated for demolition."

Shvyryov himself had several apartments in Vorontsov's building, but said he sold them when things started to fall apart.

"People deserve what they get," Shvyryov said during the interview. "Don't do good, and you won't be repaid with evil."

He added that he would turn his attention now to filmmaking and online businesses instead of real estate.

Many users on an Internet forum dedicated to Shvyryov's projects in Odintsovo have no doubt that the investors were cheated, and [refer](#) to them with terms such as "dopes" and "defectives." The forum is anonymous, making it impossible to tell whether this is self-loathing or schadenfreude.

"You know the address of my office. I am waiting for you, sheep," a user named Moderator wrote last September, urging the investors to give him their money.

Investors are unlikely to get their money back from Shvyryov because he probably does not have enough assets to reimburse them, lawyer Vorobyova said. Town authorities will not pay anything either because the construction was illegal, she added.

Regional administrations sometimes assist cheated homebuyers — when local budgets can afford it. In July, Moscow Mayor Sergei Sobyenin allocated 3 billion rubles (\$108 million) to complete abandoned housing projects in the city's Yuzhnoye Tushino district.

No federal program exists to help investors nationwide, and much depends on their own efforts. Homebuyers have been known to hold unauthorized rallies, block roads and even go on hunger strikes. Yuzhnoye Tushino investors [staged](#) mock suicides in front of City Hall in May.

Novoivanovskoye investors have been less militant so far, sticking to lawsuits. Most of them have found temporary refuge with relatives. Only Vorontsov and the family of Askirkhan Izeyev, 45, a driver from the Tambov region, are still stuck in the unfinished building.

They have wired the electricity themselves and dug a pit in the yard to serve as a water disposal system. They say Shvyryov collected the money to install plumbing and electricity, but never did it. Vorontsov also had to line one room with drywall to survive the winter.

His girlfriend dumped him because of his awful living conditions.

"We drank some beer on the balcony, and then she left and never came back," Vorontsov said, standing on the same balcony with a sad smile as he eyed vast fields of stinking construction waste.

Izeyev paid 1.2 million rubles (\$33,000 at the time) in 2009 for a one-room apartment, when the average market cost of such housing in an uncompleted building was about 2 million rubles.

He said he had to spend a further 500,000 rubles on repairs, which was never reimbursed.

Izeyev is living in Novoivanovskoye with his wife and two daughters, ages 21 and 23. They have a house in the Tambov region, he said, but there is no work there.

"There's nothing to do, we can go there like to the dacha," he said.

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