

Deputy Mayor Slams Affordable Housing

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The rapid increase in the number of personal vehicles in Moscow has greatly surpassed the city's expectations. **Vladimir Filonov**

Deputy Mayor Marat Khusnullin spoke against building affordable housing in Moscow, arguing that expensive apartments are a key ingredient in controlling migration rates.

Speaking to an audience of property developers and consultants at the annual Moscow Real Estate Forum on Friday, Khusnullin said that building affordable housing in Moscow would be strategically unjustified. He estimated that 5 million more people would arrive in Moscow if the prices per square meter in city apartments went down to \$2,000 or \$3,000, less than half of the current average.

The additional migrants would further increase the heavy burden on the city's transportation infrastructure, he said.

"Today the cost of housing, as paradoxical as it is, is a serious limitation on the growth of Moscow's population," Khusnullin said. "We do not need any more people. The affordable

housing model does not work for Moscow."

The average price per square meter in newly built Moscow apartments was 217,900 rubles (\$6,754) in early September, according to Miel real estate agency, Interfax reported. A square meter on the secondary housing market cost an average 238,500 rubles in August. New housing tends to cost less due to the possible construction delays — most apartments are bought while the building is still incomplete — and significant investments required to fit out the usually bare residence after the owner gets the keys, among other reasons.

The same day, Martin Shakkum, a deputy chairman of the State Duma, proposed to require developers to sell low-cost housing at fixed prices, Interfax reported. The measure could cut the cost of housing by as much as a half, Shakkum said at a meeting of the United Russia party.

He specified that the program would be primarily oriented at low-income groups, such as doctors, teachers and young scientists. He added that in the fall, the Duma plans to approve a bill that would promote an increase in affordable housing construction with the municipalities determining where this housing will be located.

One of the main challenges for such housing in Moscow is the rapid increase in the number of people and personal vehicles, which has surpassed the city's expectations. There are 300,000 more cars on Moscow roads each year, while the capital's transportation infrastructure is three times smaller than that of other similarly sized major cities, Khusnullin said.

Moscow got 70 kilometers of new roads this year, but Khusnullin said they would not be able to catch up on road building even if they increased construction to 200 kilometers per year, so public transportation had become the only option.

Officials are also trying to increase the number of biking and walking paths. The aim is to have 10 percent of people in the suburbs with walking access to their work, the deputy mayor said.

Alexander Ruchyov, president of property developer Morton, and Sergei Khoroshkov, chief of MITS-Development, agreed that strained transportation was a central problem for doing work in Moscow.

However, they also noted an improvement in their relationships with the government. Ruchyov said it was now possible to get construction permits within two years after plans are submitted, whereas in Rome the same procedure would normally take 10 to 12 years.

"There are more and more foreigners coming here. At the same time, everybody criticizes our market," Khusnullin said. "The ones who are unhappy with the way things are, go work in a different place and see if you can earn money there."

Moscow is planning to add 8,000 to 10,000 million square meters to its stock of real estate annually in upcoming years, a record number in the city's contemporary history.

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