

THE TOOLS OF GOVERNMENT FOR THE DEVELOPMENT OF THE RUSSIAN HOUSING SPHERE

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ABSTRACT

This article examines the mix of policy instruments used by the Russian government in the sphere of housing development. The analysis is based on an influential framework for the study of public management and policy design – the “tools of government” – which distinguishes nodality (information), authority, treasure, and organization-based tools. The article also utilizes a distinction between “substantive” and “procedural” tools. It first surveys substantive tools used in Russian housing policy, including the Agency for Home Mortgage Lending, two state foundations for housing construction and rehabilitation, and mortgage lending banks, among others. Discussion then moves to the use of procedural tools, such as consultations between the government and business associations of the construction industry, and the organization of professional forums and conferences. The third section explains the use of the specific “mix” of government policy tools with reference to the structure of the “policy subsystem,” that is, the community of actors involved in this policy field. The conclusion relates the use of government instruments in Russia – predominantly treasure and authority for substantive tools, and organization and authority for procedural tools – to the use of similar instruments by other governments.

Keywords: housing policy; “tools of government”; substantive tools; procedural tools; nodality; authority; treasure; organization; policy subsystem

Introduction

Since the early 2000s housing construction in Russia has been on a steady rise. The use of mortgages has proliferated during the same period. The goals of development in the housing sphere are discussed in such policy documents as the “May” decree on housing N 600 (O merakh po obespecheniiu grazhdan, 2012) and the government programme adopted in April 2014 (Gosudarstvennaya programma, 2014). Several state foundations in housing were set up in the late 2000s. They work alongside the Agency for Home Mortgage Lending (AHML)

and several state banks that are leaders of the mortgage market in the country. How can we explain this “mix” of government instruments applied in the Russian housing sphere?

The article examines the mix of policy instruments used by the Russian government in the sphere of housing development. The analysis is based on a framework that is influential in the study of public management and policy design – the “tools of government” – which distinguishes between nodality (information), authority, treasure and organization-based tools. The article also utilizes a distinction between “substantive” and “procedural” tools. It first surveys substantive tools used in Russian housing policy, including the AHML, two state foundations in housing and mortgage lending banks, among others. Discussion then moves to the use of procedural tools, such as consultations between the government and business associations of the construction industry and organization of professional forums and conferences. The third section explains the use of the specific “mix” of government policy tools with reference to the structure of the “policy subsystem,” that is, the community of actors involved in this policy field. The conclusion relates the use of government instruments in Russia – predominantly treasure and authority for substantive tools, and organization and authority for procedural tools – to the use of similar instruments by other governments.

Development of the housing sphere – in terms of new housing construction, increasing affordability of home purchases, increasing scale of mortgage lending to facilitate purchases of new and secondary (second-hand) housing, as well as the renovation of Russia’s still predominantly Soviet-built housing stock and utility infrastructure – has been identified as one of the key priorities of Russia’s leadership. These objectives have been stated in various policy documents such as presidential decrees and government programmes. The attention to the housing sphere is not surprising given that since the Soviet period the “housing question” has represented one of the central points of grievances among the Russian public (see Attwood, 2010). At the end of the socialist era as much as a quarter of all Russian families were placed on waiting lists to receive housing from the state (Goskomstat, 1987). Post-Soviet Russia had to deal with this inherited housing shortage (see Burdyak, 2012; Zavisca, 2012).

Substantive tools

To implement the goals associated with housing development, the Russian government has relied on a combination of policy tools. These have been put in place over years and some appeared as early as the mid-1990s. At the time, the government reformers’ objectives were framed in terms of the “market reform” of housing – as a part of the country’s wider economic and welfare state restructuring – rather than in terms of “development.” Nonetheless, one of the central developmental tools of contemporary Russian housing policy, with the primary function of treasure but also that of nodality and organization, is represented by the Agency for the Home Mortgage Lending (AHML).

The Agency was set up in 1996 along the lines of an analogous American structure (Struyk and Kosareva, 1999) and, according to policy scholars, could be

classified as a “government- sponsored enterprise” (Stanton & Moe, 2002). AHML (www.ahml.ru) acts as an industry regulator. It also produces careful analysis and statistical data related to the operation of the Russian housing market and housing finance. Its primary function, nonetheless, lies in providing state funding to augment financial resources directed toward mortgage lending by the banks, in order to support and develop the mortgage market in the country. The size of the Russian mortgage market in 2014 was RUB 1.764 trillion (the relevant data will be presented in Table 2). If during the 1990s and 2000s, the Agency worked to kick-start the development of the Russian mortgage market, over the recent decade its activities turned more toward mortgages for socially vulnerable categories, development of municipal infrastructure, new housing construction, and the development of commercial rentals (Analiticheskii tsentr 2015, p. 12). Generally, it can be said that via the AHML the Russian state works with market players to increase the circulation of credit and aid economic activity within the housing sphere.

The Agency does so in two classic ways: first, by purchasing mortgage loans originated by banks, thus freeing their account of liability and allowing them to lend more against their capital assets; and second, by providing advice and originating and purchasing “mortgage backed securities” or “covered bonds” issued by other Russian banks (Analiticheskii tsentr, 2015, pp. 18–19). Securities generally represent a type of financial obligations that are backed by a certain type of financial assets and sold in the stock exchange. They are purchased by investors, of which pension funds are prominent (see for instance: ECBC 2014). For the Russian mortgage securities market, investments by the Vneshekonombank (VEB) are important as it manages the Russian Pension Fund (*FNB*; see AIZhK 2014b: 5, 32). By issuing securities backed by mortgage loans, Russian credit institutions with expert assistance from the state Agency, provide greater liquidity (i.e., finance) for the development of the Russian housing market.

At the same time mortgage securities are complex financial instruments, requiring high financial expertise in use. The fact that an increasing number of state but also private banks have started to issue mortgage securities over the last few years indicates a considerable level of cooperation and congruence between developmental goals set by the government and the commercial interests of the banking community. The government program sets a long-term target for securitization to reach 30 percent. In 2014 the figure was around 13 percent, which is an improvement from the 3.6 percent level achieved in 2010 (Analiticheskii tsentr, 2015, pp. 18–19; AIZhK, 2014a, pp. 5, 10).

The AHML, however, does not stand alone among the government treasure-based tools. Russian state-owned banks, such as Sberbank, Gazprombank, and Bank VTB in particular represent the other channel through which the state extends credit to Russian families for the improvement of their housing conditions. These state-owned banks are market leaders in terms of providing credit in the housing sphere (see AIZhK, 2014a: 4). *Sberbank*, for instance, apart from providing commercial mortgages, also, with support of the AHML, provides subsidized mortgages to several categories deemed as socially vulnerable. These include families with three or more children, young families, young scientists, teachers, military personnel, and mothers when they have second or further children – a “maternity capital” initiative

(Gosudarstvennaia programma, 2014, p. 22; AIZhK, 2014a, p. 4).¹ In addition to these state banks, which are involved in mortgage lending, Bank Moskv, a subsidiary of Bank VTB, has funded local infrastructure development projects. State-controlled banks are managed as commercial entities. Therefore it would be incorrect to view them as a form of government organization instruments. Yet, their role as treasure-based instruments can hardly be overestimated.

A greater level of government organization marks the work of two state “development institutions”: the Foundation for the Development of Housing Construction (*Fond RZhS*) and the Foundation for the Reform of Housing and Utility Services (*Fond ZhKKh*). The two organizations were originally set up in 2007–2008.² The task of the Foundation for the Development of Housing Construction (see www.fondrgs.ru, accessed April 2015) lies in the integrated development of territories and their subsequent transfer for the purposes of housing construction. For this the foundation identifies available land plots in often heavily built-up urban areas and, after fast-tracking all the necessary administrative procedures, hands them over for the purposes of infrastructural development and housing construction to private firms using the auctioning mechanism. The emphasis is on the construction of affordable (budget) housing and low-rise construction projects. In 2014, the foundation converted for housing construction 45 percent of all the land plots involved in housing development in the country during that year. Its activities span Russia’s 76 regions.³ The foundation therefore takes upon itself the complex work of dealing with the regional and local authorities as well as with local private property developers. At the federal level it works closely with the AHML and Ministroi, the government ministry responsible for housing policy.

The purpose of the Foundation for the Reform of Housing and Utility Services (see www.fondgkh.ru) has been to provide organizational and financial resources for renovation of dilapidated local housing and utilities infrastructure. During 2014 and early 2015 the foundation reported that around 200 thousand citizens were rehoused from substandard buildings as a result of its work.⁴ Like the Foundation for the Development of Housing Construction, the Foundation for the Reform of Housing and Utility Services deals with the local authorities and private contractors of renovation works as well as with the federal authorities.

At the time of its establishment the role of the latter foundation was seen as temporary. While its activities for renovating dilapidated housing still continue, the government has turned to authority-based tools in regulating housing renovation in the long run with the law on “Capital (major) housing repairs” passed in December 2012 (*Zakon o kapremonte*, 2012). The law has obliged residents of private apartments in multi-family residential blocks to make monthly savings for the repairs of their apartment buildings. The law has specified the mechanisms for the administration of the accumulated savings (either by the regional authorities or by the organizations of the owners themselves) and the scheduling and implementation of renovation works by private contractors. While this law prescribes the procedure associated with major repairs, the centerpiece of the authority-based tools that regulate relations in the area of housing in Russia is the Housing Code adopted in December 2004 along with the many amendments made to the code since its adoption.

The use of authority-based instruments is also evident with the promotion of competition among the great number of small municipal enterprises that operate in the housing maintenance and utilities sphere. The number of loss-making enterprises in this area comprises 28 percent. These have to be transferred to concessions by 2016.⁵ The promotion of efficiency-enhancing competition is paramount for an industry such as housing and utility services, which for decades going back to the Soviet era has been characterized by wastefulness and loss-making.⁶

The government further prefers to use its authority to prescribe the targets for new housing construction for different regions, which are set in various government papers and developed by the already mentioned Minstroy (see www.minstroyrf.ru).⁷ The ministry produces diverse guidelines and standards for the industry, including housing construction, management, and maintenance. It also coordinates the activities of the two state foundations addressed above and liaises with the AHML. Notable for our study is the history of this ministerial structure. Minstroy, which was set up in November 2013 (<http://www.minstroyrf.ru/about/#codex>), prior to that existed in different forms during most of the 2000s as a subordinate structure or a set of departments within the Ministry for Regional Development, and during the 1990s and early 2000s as Gosstroy of Russia. During the last 25 post-Soviet years Minstroy/Gosstroy has gone through innumerable organizational and personnel changes.

Finally, in terms of nodality-, or information-based tools that are applied by government to change behavior or deliver public goods, these can generally be divided into those aimed at the public at large and those that relate to the housing industry and the associated expert community. Already in the 1990s, the government aimed to use its nodality to increase awareness of the public about the process and the benefits of the housing reform and particularly of the reform of housing and utility services (Institute Ekonomiki Goroda, 1997).

Currently, information about mortgage finance is widely available through media coverage and banks' advertising of mortgage-lending schemes. Such government initiatives as maternity capital – a large lump-sum benefit to mothers of second and further children – in addition to its other functions in terms of demographic policy and welfare, has also popularized the idea of mortgage borrowing as a way of improving housing conditions for families. To use an example of the effectiveness of these instruments, a survey by the World Bank conducted in the early 2000s found that most of the respondents knew little about mortgage borrowing (World Bank, 2003, p. 5). This situation has certainly changed over years since; by 2014 a quarter of all home purchases were made with the use of a mortgage (AIZhK, 2014b: 8).

In addition, the two state foundations in housing provide an informational component as well. Their work, particularly in the housing and utility services area, has been discussed in the media and is often viewed in a positive light.⁸ This has contributed to a favorable assessment of the government's work in what is perceived by the public as a troubling policy sphere. To illustrate the level of citizens' anxiety related to housing and utility services, we can refer to opinion poll data according to which increasing costs were among the top three most important issues that concerned the Russian public during 2012 and 2013.

Finally, the reliance on information resources – for “effecting” change and for “detecting” change in society and gaining access to valuable information needed in the process of policy-making – is evident in several perhaps isolated cases of the organization of direct consultations with the public on issues related to housing and urban development. Here initiatives of the government of Moscow can be noted. For instance www.moscowidea.ru conducted a survey of citizens suggestions on the issues of the city’s development (also see <http://urban.hse.ru/news92170075.html>), with the results subsequently published as a book. Another example could be the open discussion that unfolded around the competition for the best project for the development of the Moscow area during 2012–2013 (see for instance: <http://irsup.hse.ru/news/60319015.html>). All of these efforts, while involving non-governmental organizations, were organized with direct encouragement and participation of federal and regional state structures, such as Ministroi and the Moscow city administration, as well as other development institutions, for instance Bank Moskvyy. The latter as noted has expertise on the issues of housing and urban development.

While the government appears to be effective in “beaming” information at the public, in terms of “tools of government” literature, it can be argued it is less effective in using its “nodal detectors” for collecting information from this broad societal audience. Such information is, nevertheless, indispensable in the process of policy-making. Few institutional channels that exist are used to engage the general public and local communities in questions of development. Institutional structures that are currently in place and could act as links between the public and authorities are the associations of homeowners (TSZh: *tovarishchestva sobstvennikov zhil’ia*). The government reformers throughout the 1990s and 2000s have sought to develop these as a way to organize homeowners’ control over maintenance of their multi-family blocks of flats. Yet, by 2007 only 7 percent were organized in such associations (Poslanie Prezidenta, 2007). Problems with their organization may relate to the low levels of interpersonal trust and the underdevelopment of civil society in Russia, which was particularly the case during the 1990s (Evans, 2012). Yet, there are institutional barriers to such associations organization as well (Vihavainen, 2009). For instance it has been argued that in the process of the implementation of the law on capital repairs, the associations of homeowners are likely to be disadvantaged.⁹ Greater proliferation of homeowners’ associations and self-organization in the housing sphere and a two-way cooperation between public organizations and the authorities could provide important channels for the exchange of information and basis of effective policy-making.

Moving away from the general public, the government has appeared more effective in establishing two-way communication with professional communities involved in the housing area. Among nodality-based instruments aimed at professionals can be noted several annual industry and investment events organized for entrepreneurs, experts, academics, and investors. Examples include the Russian Investment and Construction Forum (www.ribf.ru), the Forum for Housing and Utility Services 2015,¹⁰ and the annual international Moscow Urban Forum (www.mosurbanforum.com), with an associated series of regional urban development conferences.¹¹ (The latter, it may be said, is to a certain de-

gree addressed toward the local public, as well as professionals.) These are accompanied by broad information campaigns that comprise publication of specialist periodicals with ample on-line and other media coverage.

In terms of information tools, we can further mention government communications with several sectoral business associations involved in the areas of housing construction and mortgage finance. Among these are the Association of the Construction Industry of Russia (*Assotsiatsiia stroitelei Rossii*, www.a-s-r.ru), the Russian Union of the Construction Industry (*Rossiiskii Soiuz Stroitelei*, RSS, www.omorrss.ru), and the National Union of the Construction Industry (*Natsionalnoe Ob'edinenie Stroitelei*, Nostroi, www.nostroy.ru), as well as those pertaining to the mortgage industry, such as the Association of Russian Regional Banks (*Assotsiatsiia Regionalnykh Bankov Rossii*, www.asros.ru) and the Association of Russian Banks (*Assotsiatsiia Rossiiskikh Bankov*, www.arb.ru). Some of these public organizations were formed in the early post-Soviet period but have stepped up their activities since the second half of 2000s. Some of their leading figures – this particularly relates to the case of the construction industry groups – had accomplished careers during the Soviet period. Many others have built their careers over the post-Soviet period.

Procedural tools

With reference to the government's work with the professional associations, as well as the conferences and other public consultations organized by the authorities, we are moving from the nodality-based substantive tools toward what I defined earlier on as procedural tools. The latter instruments are used by the government to steer the policy process itself and structure relations among its diverse societal participants.

The analysis of the work of the professional associations in the housing and housing finance industry reveals their close cooperation with government departments as well with the country's representative institutions. Many members of staff at these professional associations have had experience of working in leading posts within state bureaucracy, acted in advisory positions and some have been elected members of parliament. These connections are indicative of the informal inter-personal relations that exist among these actors. The mutual work with the government structures includes participation in expert groups and other forms of consultation on policy issues as well as the promotion of the institution of "self-governance" within the industry.

Self-governance has been particularly important within the highly fragmented and localized construction industry. The national association Nostroi is the case in point. While this organization was set up in the early 1990s its activities were encouraged by the government in the second half of 2000s at the time of the adoption of the legislation on self-regulated (-governed) organizations (SROs) in 2007–2008.¹² Subsequently, in 2010 a joint Memorandum of cooperation was signed between the association and sectoral ministry at that time, MinREgion. Currently this umbrella association joins 274 local associations which cover 130 thousand large as well as small and medium construction

enterprises (SMEs) (see statistics at the association's website). Only 7 percent of these are large businesses, whereas the vast majority remaining are SMEs. Working through such corporatist arrangements the government has sought to increase its outreach within the housing industry with an objective of promoting its procedural objectives as managing within-the-industry conflicts and gaining access to industrial expertise, while also pursuing substantive objectives: housing development, innovation in the sector, and monitoring standards.

With the help of industry experts from the professional associations, the government has also sought to engage investors and other market participants as well as a wide spectrum of experts and academics to promote industry-wide dialogue, exchange of ideas and investment. Examples of this trend are the high-profile forums set up over the last five years, already mentioned above. Among the consultative structures that are set up by the Russian executive institutions are the President's Council for Housing Policy and Increasing Housing Affordability, and the Working Group for the Development of Housing and Utility Services at the Russian government Expert Council. Experts from the professional associations and from research organizations, such as the Institute for Urban Economics (IUE) participate in these and other consultative bodies and produce joint research. For instance, a research project conducted by the IUE in cooperation with Nostroi in 2011 examined the problem of administrative barriers in construction. Although the sources of research funding were not mentioned, the objective of the study coincided with the government's and the president's aims to improve the investment climate and the ease of doing business in Russia (*Moskovskie novosti*, 2 April 2012, p. 6).

To summarize the argument of this section so far, with regard to the use of substantive policy instruments, the Russian government has relied most heavily on treasure-based tools working through the AHML, two state foundations in housing, and a number of state-controlled banks to develop the housing market. In the case of these structures, particularly the AHML and the state foundations, direct organization as a government resource has also been used. Authority was also relied upon when providing the regulatory framework for the housing sphere and its participants, including citizens and business, with the key legislative act being the Housing Code. All these tools are underpinned by government nodality with information about mortgage funding provided to the general public by the state agencies and the banks.

In relation to procedural tools, the government has relied on the use of all four resources (nodality, authority, treasure, and organization), but particularly those of authority and organization, in implementing its procedural tasks. Examples of these are frequent institutional reforms of the industrial ministry Minstroi and the encouragement of nongovernmental business interests to organize and participate in policy-making, generation of expert proposals, and managing intra-industry relations. These instruments are ultimately helping with the pursuit of substantive policy tasks. This is delivering increases in the volumes of housing construction and mortgage lending. In a graphic form, the substantive and procedural tools associated with Russian housing development are presented in Table 1.

Table 1

Procedural and substantive tools in the Russian housing sphere

Nodality	Treasure	Authority	Organization
Substantive tools			
Public: Information on – mortgages – state programs	AHML <i>Fond RZhS</i> <i>Fond ZhKKh</i> State Banks for – mortgages – infrastructural projects	Housing code Other housing and housing industry-related legislation	AHML <i>Fond RZhS</i> <i>Fond ZhKKh</i>
Procedural tools			
Industry and experts: Communication/policy involvement: – business associations – expert groups Public (rare): – Focus groups – Online initiatives	Funding research	Setting up/encouraging business associations Agreements on cooperation between executive departments and business associations Advisory groups attached to different executive departments	Ministerial reforms Forums and conferences: – Urban forum – Construction forum – Housing and Utility Services Forum

The choice of tools explained

Why did the Russian government select this specific instrument mix including substantive and procedural elements? As proposed earlier, from the perspective of public policy literature, the choice is influenced by two variables: state capacity to affect societal actors and the complexity of the policy subsystem concerned. Treasure and nodality represent less invasive government tools, while authority and organization are positioned on the other end of the spectrum.

In the case of substantive instruments, the predominant reliance on treasure-based and authority-based tools seems justified given that the government has aimed to influence a vast and highly diverse terrain, which potentially includes the entire Russian society – or at least those families who wish to improve their housing conditions – and a great number of private firms involved in housing development. The high capacity of the state to deliver financial resources to the housing sphere is underpinned by its use of direct organization in the case of the AHML and its control of the largest banks which are the primary mortgage lenders. The use of the organizational resource in this case seems logical in conditions where a market of mortgage finance had to be created from scratch during the post-Soviet era, which means that the capacity of the state to implement this policy including knowledge, resources, and motivation exceeded the capacity of the subsystem's participants, i.e., private banks. In addition, the financial market in Russia includes a far lesser number of participants – 956 banks – compared to a greater

number of firms, over two hundred thousand, involved in the area of construction and maintenance.¹³ Therefore, according to public policy literature, it should be easier for the state to intervene and coordinate the smaller number of actors in the case of the former in comparison to the latter.

My survey of the procedural tools has demonstrated that “heavier” tools of authority and organization are used more often in relation to the professional community. This indicates that the Russian government has actively sought to manage the subsystem involved in the housing development process. It aimed to promote self-organization and self-governance in order to be able to manage and monitor developments in this large and fragmented community. The government’s effort in this regard is assisted by the use of informal networks that join up the representatives of the professional community involved in the housing process at the local, regional, and federal levels.

By contrast, a “lighter touch,” or the least effort, appears to be invested in terms of the procedural tools to engage members of the general public. Predominantly, the government’s nodality is used to provide general information to the public. Yet, the efforts to promote its self-organization – while formally adopted in legislation – have clashed with the institutional disincentives for the public to organize and do not match government efforts to structure and manage relations with the housing industry.

Housing development results

Briefly, we could comment on the issue of the effectiveness of the government tools in the housing development sphere. Results are presented in Table 2. The data indicate that housing construction in Russia has increased at impressive rates. Mortgage borrowing proliferated from a negligible 0.2 percent of GDP in 2005 to 5 percent in 2014. The development of the housing sphere took place against the background of the general improvement of income levels in the country.

Table 2

Russian housing and mortgage market development, 2005–2014

Indicator/ Period	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Volume of Mortgage lending, RUB Million	–	263 561	556 399	655 808	152 500	376 331	716 944	1 031 992	1 353 926	1 764 126
Average floor space of new built housing per capita, Square meters per person	0,31	0,35	0,42	0,45	0,42	0,41	0,44	0,45	0,49	0,56
Aggregate floor space of new housing built, Thousand square meters	43 609	50 174	60 350	63 690	59 830	58 114	62 264	65 220	70 485	81 856
Mortgage debt to GDP, %	0,2	0,9	1,8	2,7	2,6	2,5	2,7	3,2	4,0	5,0
Average income per capita, RUB	7 826	9 817	12 427	14 934	17 008	18 717	20 713	22 719	25 957	27 749

Sources of data: AHML, Rosstat, and Bank of Russia

Conclusion

This article utilized the tools of government approach from the public policy literature to examine the way the Russian development project is implemented using the instruments of government action in the area of housing. The survey of the tools applied in the housing sphere, divided into substantive and procedural – and within these categories, into those relying on four government resources: nodality, authority, treasure, and organization – has been helpful for at least two reasons. First, it allows us to identify dimensions of housing policy where the most effort was made and to link those to the types of government resources applied. In this respect, it is evident that Russian government has employed a range of instruments to promote development of the housing sphere. Whereas treasure, authority, and direct organization are important among substantive tools; authority and organization, i.e., heavier government tools, predominate for the substantive category. Second, it allows us to identify patterns in the way the Russian government is going about implementing its developmental agenda, to compare this process to similar processes carried out by other governments, and to make generalizations about governance in Russia. These generalizations need to be verified by extending the study from the one socially important area analyzed in this paper (housing, due to its historical significance in Russia, could very well be an outlier) to other areas where the developmental agenda has been pursued, in order to increase the robustness of the conclusions.

The government policy in the area of housing has responded to the public's social demands. The Russian state's engagement in the housing sphere can be defined as a "capability-enhancing" development or "a social policy by other means." Peter Evans (2014) argues that such policies contribute to the creation of human capital which lies at the heart of economic growth, particularly of knowledge-based industries. It is probably indicative that the Russian policy documents on housing express the strategic aims of the sphere's development not only in terms of "satisfying [citizens'] needs in housing,"¹⁴ but in terms of "providing [citizens with] the high quality of life broadly defined" (Gossudarstvennaia Programma, 2014, p. 22).

Further, the Russian state is preoccupied with controlling and directing finance, which is documented in this study by the predominance of treasure-based tools within the substantive category. The use of finance and of specialized financial institutions is a widely applied policy by states pursuing developmental strategies. Moreover, developmental states have prioritized and encouraged savings and capital investment over consumption. The effort to create the institution of mortgage borrowing in Russia follows this pattern. In addition, the mechanisms used to organize liquidity provision to the housing sphere by the AHML and state banks, and via mortgage securitization that ties together savings, such as pension savings, with the investment in the housing sphere, are not unlike those applied by other developmental states (Mkandawire, 2014, pp. 22 and 25).

As far as the capital and – we can add – expert communities are concerned, the analysis has demonstrated that Russian authorities have worked on elaborating mechanisms for engaging their representatives in the policy process.

The vehicles for these have been various expert consultative bodies, professional associations, and conferences encouraged and organized by the state in collaboration with societal organizations. While this effort to create intra-industrial ties in the Russian housing sphere has been work in progress, the authorities' fall-back response to the challenge of promoting development in an industry populated by a large number of small players has been to achieve developmental tasks by the means of authority and direct organization. The authority was used to select a small number of large market players, with which state bureaucracies face less difficulty of conducting working relations. This need to achieve a working relationship with private business plus the need to have an influence over the finance of investment have led Russia in the case of housing, as well as developmental states in general, to use a small number of state-controlled banks for directing investment. The work of these market players is supplemented by the state's organization resource, housing foundations the case in point, in areas where private actors lack expertise and outreach.

"Embedded autonomy" in Russia is the least developed in relation to local communities and the general public at large. While particular effort has been put into forming the linkages that would connect the public with the powers – as demonstrated with the example of the recent initiatives sponsored by the Moscow city administration – basic institutionalized structures such as homeowners associations are weakly developed and apparently face considerable institutional barriers. It is hardly surprising that the issue area of housing and territorial development, more broadly, has produced possibly the greatest number of conflicts with the local authorities over recent years. Some of these seemingly local disputes, such as one concerning the "Rechnik" housing cooperative and the conflict over the Khimki forest, have spilled into issues of federal and even international significance (see Evans, 2012). By contrast, conflicts within the construction industry are virtually unknown, as a result of its being more carefully managed and more actively engaged with over recent years.

These observations support findings of those scholars of Russia who note that social actors, such as business associations, have had an impact in the policy-making process, by providing expert advice to government officials and Duma deputies (Cook, 2007). The case of housing development presents, therefore, a contrasting story to the case of industrial policy in the sphere of nanotechnology, where no wider industrial engagement was observed (Connolly, 2013). Moreover, the substantive and procedural instruments of housing development analyzed in this article tell a story compatible with the "upstairs-downstairs" economy argument offered by Easter (2008), but offer a different, development-related rationale behind the state actions.

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NOTES

- ¹ On “maternity capital” see Zavisca (2012).
- ² O fonde sodeistviia reformirovaniu zhilishchno-kommunal’nogo khoziaistva, Federal’nyi Zakon N. 185-FZ, adopted on 21 July 2007, *Sobranie Zakonodatel’sтва Rossiiskoi Federatsii*, 2007, no. 30, st. 3799; O sodeistvii razvitiu zhilishchnogo stroitel’sтва, Federal’nyi Zakon N. 161-FZ, adopted on 24 July 2008, *Sobranie Zakonodatel’sтва Rossiiskoi Federatsii*, 2008, no. 30, part 2, st. 3617.
- ³ For more figures on the work of the Foundation for the Development of Housing Construction see its 2014 Annual report (*Popechitel’skiy sovet utverdil godovoy otchet fonda za 2014 god*, 22 April 2015, available at http://www.fondrgs.ru/press/news_detail.php?ID=38411, accessed April 2015) and “RZhS Foundation in Numbers” (*Fond RZhS: Tsifry i Fakti*, 27 April 2015, available at <http://www.fondrgs.ru/files/docs/27.04.2015.pdf>, accessed April 2015).
- ⁴ For more figures see Information on the Foundation’s operations from 1 April 2015, available at http://www.fondgkh.ru/result/result/get_finance/index.html, accessed April 2015.
- ⁵ See *Minstroï Rossii budet derzhat’ na osobom kontrole kontsessionnye konkursy v gorodakh s naseleniem svyshe 250 tysiach chelovek*, 29 April 2015, available at <http://www.minstroyrf.ru/press/minstroy-rossii-budet-derzhat-na-osobom-kontrole-kontsessionnye-konkursy-v-gorodakh-s-naseleniem-svyi/>, accessed May 2015.
- ⁶ See Rosstat data, Table 22.36 shows that while the situation improved between 2005 and 2012, losses made by housing maintenance enterprises were among the greatest across the economy, available at http://www.gks.ru/bgd/regl/b13_13/IssWWW.exe/Stg/d4/22-36.htm, accessed June 2015; also see Table 22.2 for the budget spending for the HUS and Table 22.38 for the percentage of loss-making enterprises within the sector.
- ⁷ Also see *Gossudarstvennaia Programma* (2014).
- ⁸ See for instance: *Rukovoditel’ apparata fonda ZhKKh Ekaterina Shaturova priniala uchastie v programme “Bol’shaia Strana” na “ORT”*, 29 April 2015, available at <http://www.fondgkh.ru/news/168578.html>, accessed April 2015; *V Krug Sveta: Galina Khovanskaia i Dmitrii Yanin*, *Echo Moskvy*, 24 November 2010, available at <http://www.echo.msk.ru/programs/sorokina/728586-echo.phtml>, accessed 25 November 2013.
- ⁹ The contributions for the repairs of residential buildings are to be either accumulated on individual accounts managed by the TSZh of each of buildings. Or, an alternative option, in cases where a TSZh is not formed, involved the transfer of the savings for major renovations to purposefully created regional accounts. Some public figures as Galina Khovanskaya expressed the concern that buildings managed by TSZh would be discriminated against by regional authorities in the process of scheduling of renovation works.

- ¹⁰ V Kaliningrade nachal rabotu tretiy "Forum ZhKKh 2015," 28 April 2015, <http://www.minstroyrf.ru/press/forum-zhkkh-2015-nachal-rabotu-v-severo-zapadnom-federalnom-okruge/>, accessed April 2015.
- ¹¹ See: http://mosurbanforum.com/news/news/regional_cities/, accessed April 2015.
- ¹² The case in point Federal Law N. 315-FZ adopted on 1 December 2007 "O samoreguliruemymkh organizatsiyakh", available at http://www.nostroy.ru/legislature/normativno-pravovye_akty/ accessed April 2015. Among its many subsequent amendments Federal Law N 148-FZ from 22 July 2008 established procedure for self-regulation in construction. See history of Nostroi at <http://www.nostroy.ru/nostroy/history/>, accessed April 2015.
- ¹³ According to Rosstat, 1094 credit institutions were registered in Russia in 2013, out of which 956 were active (Rosstat, Table 22.22, *Chislo i structura kreditnykh organizatsii*, available at http://www.gks.ru/bgd/regl/b13_13/IssWWW.exe/Stg/d4/22-22.htm, accessed April 2015); whereas a number of construction firms working in Russia in 2012 amounted to 205 075, which included 201 162 firms with a number of employees less than 100 (idid, Table 16.4, *Chislo deistvuiushchikh stroitel'nykh organizatsii*, available at http://www.gks.ru/bgd/regl/b13_13/IssWWW.exe/Stg/d3/16-04.htm accessed April 2015).
- ¹⁴ These would be measured in square meters of accommodation per person.