

National Projects: What Will Be Done in the Far East? Housing and Urban Environment

KEY CONCLUSIONS

Housing and Urban Environment national project is of the utmost importance for the Far East

"The Housing and Urban Environment project <...> bears profound significance for the Far East, because housing conditions are no secret for us. <...> If we address housing construction, dilapidated housing and urban environment, business is getting more involved in these projects," Vladimir Yakushev, Minister of Construction, Housing, and Utilities of the Russian Federation.

"Housing and open environment of the Far East should be discussed with passion. <...> By and large in this macroregion, at least in the Primorye Territory, things can develop way more dynamically than in the rest of Russia. And the competitor of the Primorye Territory, beg your pardon, is not Moscow and the Moscow region, but California. But our mindset is completely different," Igor Shuvalov, Chairman, State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)".

"The Housing and Urban Environment project <...> provides for both the increase in the speed and volume of construction from 80 to 120 million by 2024, and the reduction of mortgage rate from the current 9.5%–9.7% to perhaps less than 8%," Vasily Savin, Partner, Head of Power and Utilities, KPMG in Russia and the CIS.

Programmes for development of urban infrastructure and reaccommodation of substandard housing in the Far East are being successfully implemented

"Tens of billions of roubles are already being put to work. We're talking about infrastructure facilities, utilities, sources, housing, schools and kindergartens. This is in fact a very big push and a very big help for the regions," Dmitriy Tetenkin, Adviser to the Minister for the Development of the Russian Far East.

"We reaccommodated 137 houses, almost 40,000 square metres of housing was provided to our citizens. <...> Almost 2 billion roubles was used, more than 1 billion roubles of it was our municipal money from the city budget. <...> We are currently working on about 18 projects for development of built-up areas. The process of reaccommodation and construction is happening solely at the expense of investors' funds under control and with help of the municipality, but not financial," Dmitriy Berdnikov, Mayor of Irkutsk City.

"As of today, the programme is 98 % complete. By the end of this year we will relocate another 11,000 square metres. I think that by the end of the year the programme will be fully implemented," Aleksey Struchkov, First Deputy Prime Minister of the Republic of Sakha (Yakutia).

"About 30 billion roubles total was allocated for the implementation of the first stage of the programme for substandard housing reaccommodation. More than 12 billion roubles came from the Fund for Reforming Housing and Communal Services, more than 15 billion roubles is the means of regional budget. Municipalities also participated in this programme – more than 1.6 billion roubles. Extrabudgetary funds were raised as well in the amount of 520 million roubles. I think that this pattern will continue for the next stage of the programme," Aleksey Struchkov, First Deputy Prime Minister of the Republic of Sakha (Yakutia).

PROBLEMS

The problem of substandard housing and state of urban environment remains serious

"The issue of comfortable urban environment, in our opinion, is much more complicated. <...> The example of Svobodny shows how bad the urban environment situation is in the cities of the Far East that claim to be country's most powerful human capital magnet. <...> We did the math: we need 9 billion roubles to restore the urban environment of Svobodny to normal condition. The long-term plan for the integrated social and economic development of Svobodny has 300 million <...> This is just one small town in the Far East," Alexey Muratov, Partner, KB Strelka.

"Today more than 2,000 houses have signs of being unsafe," Dmitriy Berdnikov, Mayor of Irkutsk City.

Outdated legal and regulatory basis

"While working on projects together with Japanese and other colleagues, we notice that the outdated regulatory basis is a very serious problem. <...> They are seemingly the most important rules, but even they do not correspond to actual demands, not to mention the fact that we have rules that simply do not allow us to make the environment comfortable," Andrey Chibis, Deputy Minister of Construction, Housing and Utilities of the Russian Federation.

SOLUTIONS

Activating the process of reaccommodation of substandard housing

"In our 2025 plan we have about half a million square metres of housing. <...> We have our own municipal programme. <...> Just in 2018 we allocated 200 million rubles for reaccommodation of citizens from substandard houses that were recognized as such after 2012. We have reaccommodated about 38 houses and 8 more houses are in the process of registration and signing of municipal contracts," Dmitriy Berdnikov, Mayor of Irkutsk City.

Introduction of new technologies, use of best practices

“With the cooperation of the Russian Ministry of Construction and Housing and the Japanese Ministry of Transport and Infrastructure, various joint projects are being developed in Voronezh and Vladivostok, such as introduction of smart traffic lights, as well as housing construction from wood, which increases life expectancy,” Hideyuki Yamada, Senior Consultant, Nomura Research Institute Ltd.

“We really liked the smart traffic lights example of our Japanese colleagues. But other things can be smart as well, not just the traffic lights: entrance hallways, parking, management of housing and communal services, energy,” Andrey Levykin, Director of the Far Eastern Branch, MegaFon.

Increased investments in energy infrastructure

“The total amount that we have now is 700 Megawatts. There is already a control centre for these facilities, it is located in Tyumen. We have our own overhaul base, so there is already a sufficiently high level of localization,” Alex de Valukhoff, General Director, Aggreko Eurasia.

Teaching the best practices to officials and architects

“Our task is to teach best practices and launch training programmes for officials, architects, and other people involved. When teams from monotowns were taught, it really showed that subject of propaganda, training, skills of these regional municipal teams to implement best practices in their own territory, certainly has an effect,” Andrey Chibis, Deputy Minister of Construction, Housing and Utilities of the Russian Federation.

“Even Igor [Shuvalov – *Ed.*], when he worked in the Government, instructed us to engage in a project to train architects in the so-called offline format. 100 architects from different cities and parts of the country selected by the grand jury are already studying. More than 2,000 students took the online course,” Alexander Plutnik, Chief Executive Officer, Chairman of the Management Board, DOM.RF.