

**РОЗВИТОК РЕГІОНІВ, ГАЛУЗЕЙ ТА ВИДІВ ЕКОНОМІЧНОЇ
ДІЯЛЬНОСТІ**

**DEVELOPMENT OF REGIONS, INDUSTRIES AND TYPES OF ECONOMIC
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**INTEGRAL APPROACH TO RESIDENTIAL PROPERTY BUILDING STATE POLICY
IMPLEMENTATION IN THE CONTEXT OF THE POWER DECENTRALIZATION**

The aim of the article is to substantiate the integral approach to residential property building state policy implementation in the context of the power decentralization. The objectives in the article are achieved using the following research general and special methods: analysis and synthesis, systematization and generalization, dialectical approach, causation. The integrated approach to implement the state policy on residential property building at the expense of the population has been further developed. This approach is based on decentralization of the state regulation of residential property building industry. Structural and logical scheme of the existing system of residential property building industry state regulation at the expense of population was formed. This will allow the solution of the problems in the process of residential property building on spots in a fairly short time due to the efficient distribution of functions among the various branches of state power and their assigned responsibility. The stages of renewal of financing the process of residential property building under the principle of decentralization are presented in the work. The article substantiates that the application of an integral approach to implement the state policy of residential property building, based on the principle of power decentralization. It will allow the increase in the level of public confidence in the residential property building industry. Given the experience of solving the housing problem in different countries, we suggest to build the state housing policy in Ukraine, taking into account the specific opportunities available and financial instruments already existing.

Keywords: residential property, residential property building, state policy, residential property building process state regulation, power decentralization.

Introduction. The decisive role in the state's housing stock formation belongs to the chosen state policy, based on regulation and supervision. Given the experience of solving the housing problem in different countries, we suggest to build the state housing policy in Ukraine, taking into account the specific opportunities available and financial instruments that already exist. Such approach allows not

only to shorten the time to implement the regulatory functions of the state, but also to raise the population's funds to finance the residential property building.

The main objective of the state in solving the issue of residential property building industry development, in our opinion, is to create the safe and equal conditions for all its participants. At present, there is a low and ineffective level of state regulation in the area of residential property building, in particular, it goes about the non-compliance with the laws, and the low level of rights protection of the citizens involved in the residential property building process. At the same time many legal conflicts regarding the relations' regulation between the participants of the residential property building industry arise. The corresponding state policy should be comprehensive and consistent.

Literature review. The mechanisms of functioning in the industry of residential property building were researched by such scientists as A. Asaul, V. Geiets, Iu. Mantsevych, L. Poliakov, I. Sali. Important contribution to the development of the regulation principles in the public administration system has been made by such Ukrainian and foreign scientists: M. Akulov, V. Bukiashvili, V. Grechanyk, L. Dmytrychenko, D. Zukhba, A. Larionov, Iu. Osypov, A. Pinchuk, O. Tyshchenko, etc. Theoretical and practical aspects of financing the residential property building industry state regulation have been investigated in the research works of such scientists and professionals as: B. Vinnik, L. Havrysh, O. Haneva, O. Hrytsenko, N. Dotsenko-Belous, V. Kravchenko, V. Omelchuk, V. Poliachenko, L. Remniova, T. Fesenko, I. Chalyi, etc.

At the same time, in spite of the sufficient number of research publications, as well as the considerable theoretical and practical contribution of Ukrainian scientists, the issues of residential property building state regulation require further research.

The purpose of the article is to substantiate an integral approach to the residential property building state policy implementation in the context of the power decentralization.

Results and discussion. Till today all the issues related to these problems were resolved partially. There are no uniform methodological bases to build an integrated approach to the implementation of residential property building state policy with raising the population's funds. The correspondent regulations also are non-existent.

Given the above, we have developed a structural and logical scheme of the existing system of the residential property building sector state regulation with raising the population's funds (Fig. 1).

With this scheme it is easy to investigate that few funding routes, used in the residential property construction, are covered by state regulation. They remain outside the legitimate "field", which leads to fraud by unscrupulous residential property building process participants and to the emergence of the inequality principle. In our opinion, this is not only unfair to all the participants, but it is also a kind of the state's negligence. The use of investment and other agreements involving the raising of population's funds for residential property building is the direct violation of the existing law, because, according to the current definition, financial services are transactions with financial assets carried out in the interests of the third parties at their own expense or at the expense of those persons, and in the cases provided for by law, also at the expense of financial assets raised by the other persons, for profit or preservation of the financial assets' real value [1].

Thus, using investment and the other agreements in the process of residential property building is a financial service. And the law stipulates that, when providing financial services to investors-physical entities, this type of activity is, first of all, subject to licensing; secondly, a specific state regulatory authority should supervise their activities, and thirdly, appropriate taxes to the state budget must be paid. The lack of sufficient state control over the certain stages of residential property building and a clear algorithm for regulatory action by the state in the event of specific problems related to financing of residential property building remain to be a serious problem. This means that there are no measures to prevent the obstacles in the financing of residential property building, and there are no instruments to influence the situations if the problems occur. This leads to a sense of impunity for unscrupulous participants in the process of residential property building. To generalize, all existing shortcomings hindering the full development of residential property building with the involvement of population's funds can be divided into such groups: inequality of participants; lack of comprehensive state regulation; lack of population' rights sufficient protection; the absence of a single regulator of

financing the housing construction, which leads to different rules of activity; violation of the punishment principle irreversibility.

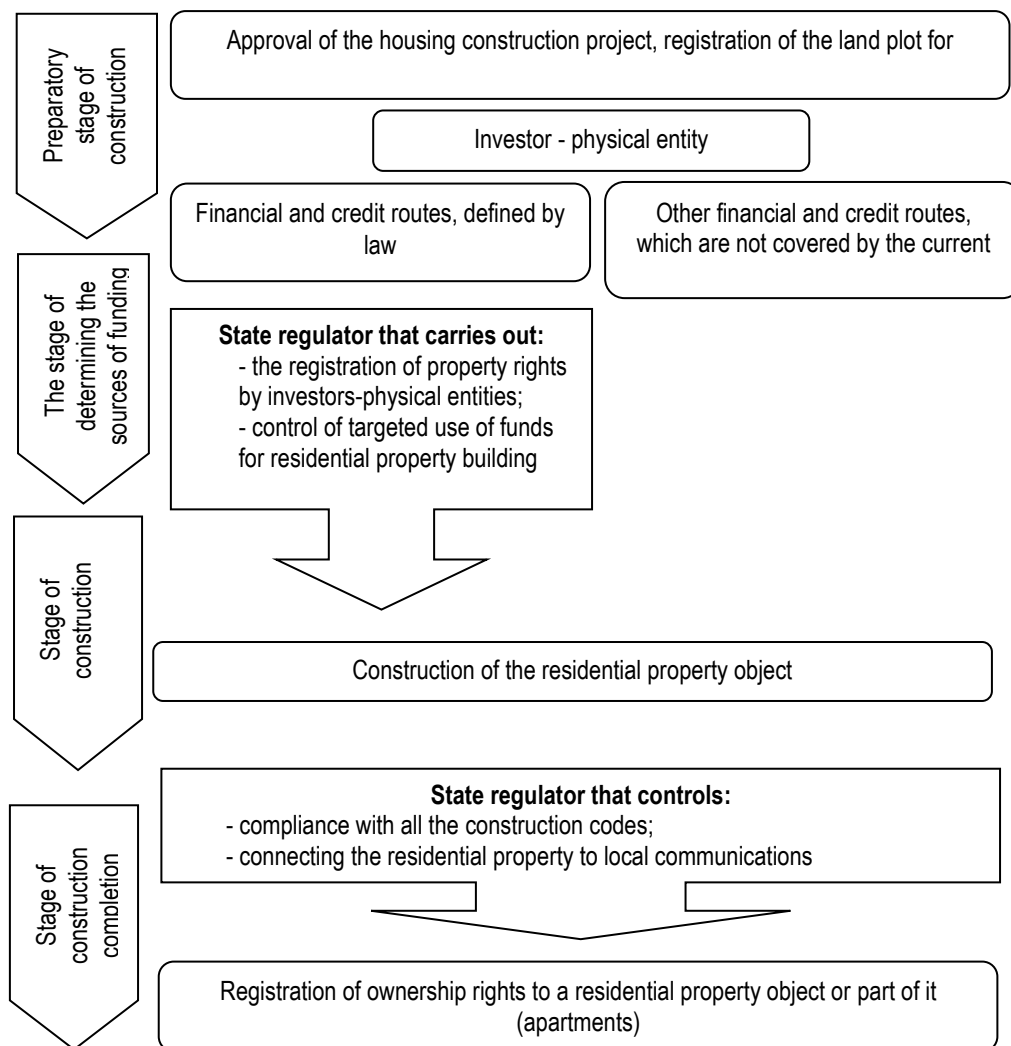


Fig. 1. The existing system of the residential property building sector state regulation with raising the population's funds in Ukraine

Source: developed by the authors

So, in order to build an effective state regulation of residential property building industry, we suggest to implement it in the framework of the following basic approaches: improvement of residential property building industry state regulation in the areas previously defined by us and decentralization of state regulation.

The suggested approaches are based on three main principles: optimal distribution of powers for residential property building among state regulators to control all the participants; providing the state regulators with highly effective influence instruments that should be appropriate to the scope of their powers; the clearly defined responsibility of the state regulators to the investors-physical entities and to the state for their actions' legality [2].

Only providing that there is a balance of powers, instruments of influence and responsibility we will get the effective state regulation. The more effective is the latter, the better the needs of the population are met and the more attractive conditions are created to raise the funds on residential property building.

Taking into consideration the proposals presented in the previous researches, we consider it to be appropriate to add the requirements to the algorithm of residential property building industry state regulation when raising the population's funds in Ukraine:

- the problem of inequality of residential property building process participants can be solved

with the help of state regulators at all the stages of construction: identification of the credit and financial route of raising funds for residential property building. In case if these requirements are ignored, certain financing routes in the area of residential property building are strictly regulated by the state authorities and the relevant legislative acts, but the other routes are not defined and do not have the state regulator. This situation leads to inequality between the managing companies and triggers the cases of fraud in the area of residential property building;

- lack of the necessary highly effective instruments of influence from state regulators: in the event of problems with the process of residential property building and complaints from the population, the legitimate opportunity to influence the unscrupulous participants of the residential property building process is not always there. Often, complaints from the public are ignored by officials, the residential objects of unfinished construction appear. It leads to a slowdown in the development of residential property building in general, and to an increase in public distrust to developers and managing companies;

- a clear definition of state regulators responsibility to the population: as of today, due to the lack of instruments of influence, the state authorities only "throw their hands up", proving to everyone their helplessness and absence of state housing policy in the process of residential property building. Many investors-physical entities are left without the desired housing, without state support, and at best they possess the property rights to unfinished objects of residential building. The indicator of quasi-statehood in residential property requires from the state the creation of safe conditions for functioning the residential property building industry to ensure and guarantee the rights of the population.

Taking into account the existing shortcomings in the process of residential property building and the approaches we suggest to take as a basis, we propose an improved algorithm of the residential property building state regulation system (Fig. 2).

However, this system will not be effective, in our opinion, if the second approach we have defined is not taken into consideration - power decentralization in the area of residential property building. Because practice proves that solving problems locally is faster and much more efficient [3]. Local authorities have better understanding of the demand and supply of the local residential property market and of any problems that may arise during the construction. For example, it would be logical to use building materials available in the region, as this, in turn, will not only reduce the cost of construction, but also increase the output of local businesses and have a positive impact on the region's economic performance.

The decentralization of power involves both political and administrative aspects. Decentralization can be territorial - the displacement of power from the central city to the other territories, and it can be functional - by delegating decision-making powers from the main body of any branch of government to lower-level officials [4]. This process was named as «new public administration», and was described as decentralization, subject management, competition between the government and local coordination [5].

In local practice, the principle of decentralization in the area of residential property building should be a priority. It should begin by addressing the problems related to unfinished residential property building, with three main components, on which the effective government regulation depends, taken into consideration: powers, instruments of influence and responsibility.

To date, state regulation has been taking place under the Soviet centralized system of governing, and this was effective when all the residential property was state-owned and was constructed at the expense of state-owned enterprises. However, the situation has now changed dramatically – only a small proportion of state-owned enterprises are engaged in the construction of residential property. It mostly became the prerogative of private enterprises, and here the centralized system of state regulation is ineffective.

In addition, the situation with state regulation in the area of residential property building is complicated by the intricacy of the administrative and territorial structure [6]. At the local level, there is no clearly defined branch of power, regulating the residential property building at the level of region, district or city. Thus, it is unknown who in this case has the power to regulate, what kind of influence tools they can use to influence the participants of the residential property building process,

and who is responsible to the population for stopping the construction, and to the state for compliance with the current legislation.

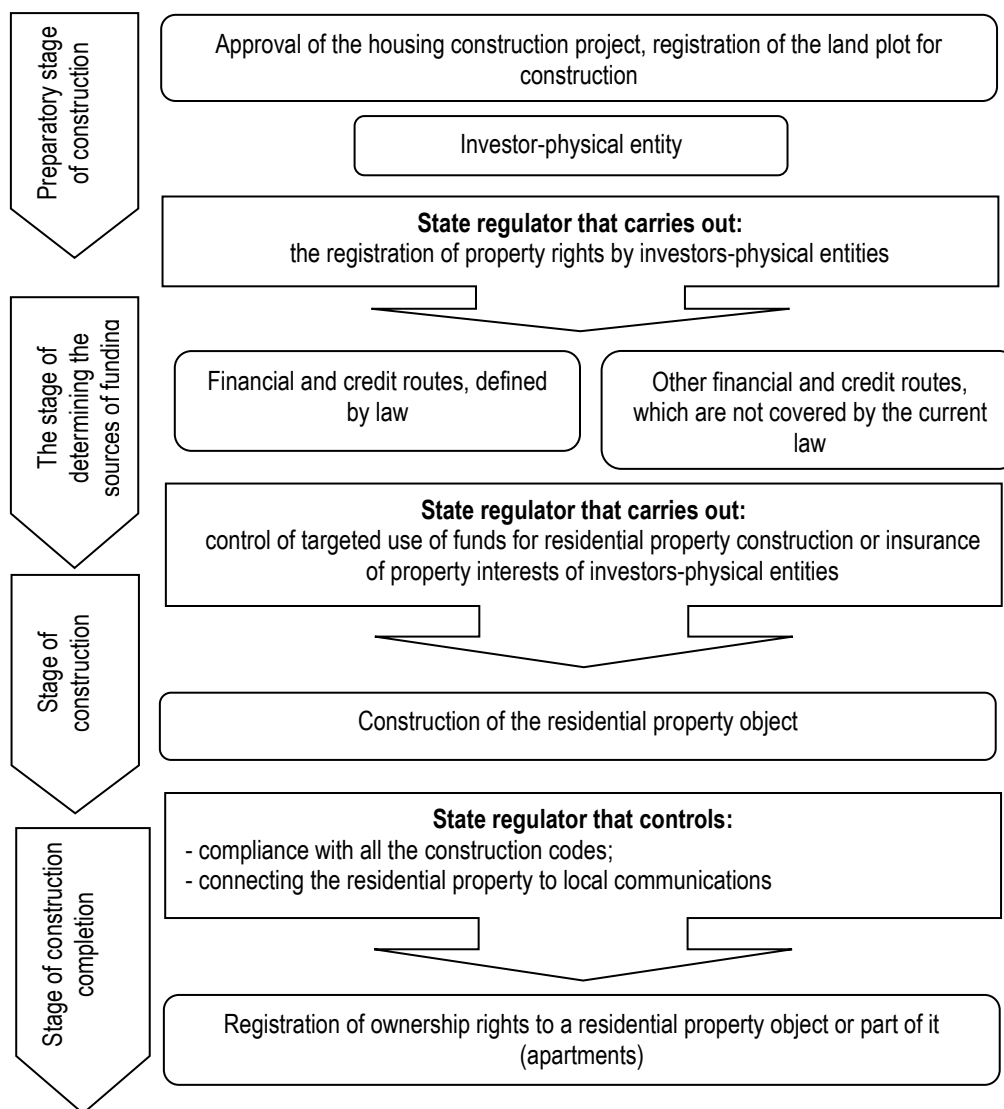


Fig. 2. The improved algorithm of the residential property building state regulation system in Ukraine

Source: developed by the authors

At present, there is no clear division of powers between the authorities regarding the territorial and administrative system. During the repeated appeals of citizens, each branch of power redirects the problems from one establishment (or body) to another. As a result, the problem of an unfinished construction of the residential building is delayed for tens of years. And if the complaint goes to the central executive authority, including the Ministry of Communities Development and Territories of Ukraine, the National Securities and Stock Market Commission, the National Commission for State Regulation in the area of financial services markets, the National Bank of Ukraine, they cannot take an effective decision on a case-by-case basis because they do not understand the current situation.

In order to implement the reform of local self-government successfully, we deem it necessary to optimize the powers of executive committees and administrations with regard to the tasks and functions of control, supervision and implementation of state policy, and to redistribute legally with the powers of local self-government, namely the local councils. It is by such rules that the European approach is implemented in most parts of the civilized world. It complies with the European Charter of Local Self-Government, ratified by Ukraine in 1997.

The problem of unfinished residential property construction cannot be solved because of the residential property building industry state regulation centralization. This, in turn, leads to a loss of

public confidence in both local governments and the central ones. The lack of effective state regulation of the residential property building industry leads to its decay in the regions, increase in social tensions among investors-physical entities and economic degradation at the local level [7]. So, as a result, we have an ineffective, irresponsible, cumbersome and centralized model of state regulation of the residential property building industry that cannot meet the needs of the population, the major investors of the industry.

We deem it necessary to reform the system of the residential property building industry state regulation. The new approach to state regulation should be based on the fullness of powers, instruments of influence and determination of responsibility of local self-government bodies to the population and the state. In our view, there are five steps to take: define the territorial basis where exactly the state regulation at the local level should be implemented; differentiate clearly the power between the local self-government authorities of other levels of administrative and territorial structure; distinguish the power between the local governments and executive authorities; define the necessary list of instruments of influence at each level of regulatory authority; establish an accountability measure of local self-government bodies responsibility to the population and the state.

Given these suggestions, let's present the stages of renewal the financing of the process of residential property building under the principle of decentralization (Fig. 3).

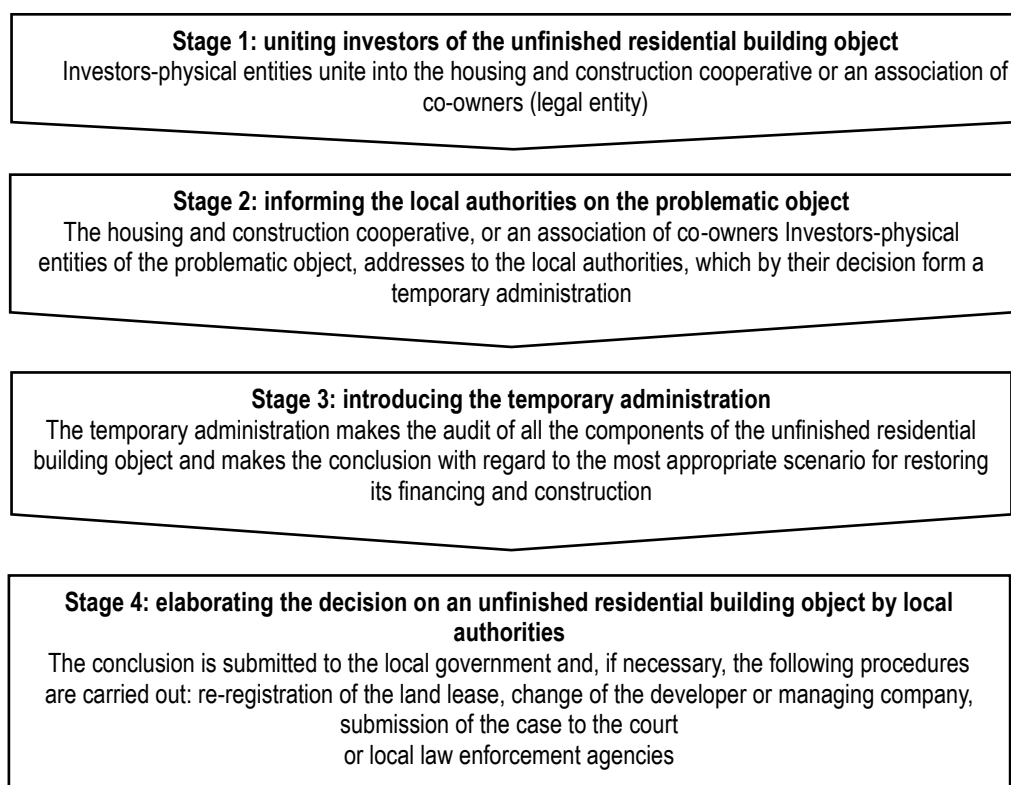


Fig. 3. Stages of renewal the financing of the residential property building process

Source: developed by the authors

According to the suggested stages of financing the process of residential property building renewal with raising the population's funds by the distribution of powers, instruments of influence and responsibility, it looks as follows:

1. The Parliament of Ukraine.

- powers: develops and improves the legal provision, controls its implementation regarding the development of residential property building industry with raising the funds from investors-physical entities;

- instruments of influence: laws, codes, research, scientific examination of bills, etc.;

- responsibility: for the adoption of legal acts on the development of residential property building industry with raising the funds of investors-physical entities compared to the real needs of the industry.

2. The Cabinet of Ministers of Ukraine.

- powers: defines the main directions of the residential property building industry development with raising the funds from investors-physical entities in accordance with the country's development general strategy, submits the proposals to improve the legislation;

- instruments of influence: directions, decrees, concepts of the residential property building market functioning;

- responsibility: for implementation, adequacy, compliance of the developed instruments with the current legislation and the real needs of the industry in compliance with the laws, the Constitution of Ukraine, acts of the President of Ukraine.

3. Ministry of Communities Development and Territories of Ukraine, the National Securities and Stock Market Commission, the National Commission for State Regulation in the area of financial services markets, the National Bank of Ukraine.

- powers: form the policy on the property building industry proper functioning, exercise full control over all the participants in the residential property building process, provide the local governments with the necessary qualified staff, participate in the work of the temporary administrations, consolidate the reports and conclusions on renewal efficiency of residential property building financing and submit its recommendations to the legislative and executive branches of power;

- instruments of influence: state policy, methods, directions, orders, dispositions, etc.;

- responsibility: for the overwhelming analysis and control over the functioning of the residential property building industry and timely responding to changes in the market.

At local government level, the distribution of powers, instruments of influence and responsibility is as follows:

4. Local authorities.

- powers: control the residential property construction, respond to all the addresses from the participants of the residential property construction process, initiate the creation of temporary administrations, control the necessary audits of the object of unfinished residential property construction and on the results of the audits conducted, decide on possible ways to resume the financing of residential property construction;

- instruments of influence: directions, decisions on the local level, addresses and inquiries to the highest authorities of executive and legislative power, etc.;

- responsibility: for monitoring all the constructions of residential property on the local level, timely response to problems, which occurred during the residential property construction.

5. Temporary administration.

- powers: carries out the financial and project audit of the unfinished residential property construction object and reports the results to the local authorities;

- instruments of influence: the information inquiries to all the participants in the residential property construction process, applications to the local authorities;

- responsibility: for the proper quality, the reliability and objectivity of the consolidated data on the residential property building object.

It is this division of powers that should be the impetus to implement an integral approach to state regulation of residential property building policy, since the effectiveness in this case depends on creation of effective mechanisms of influence (Fig. 4).

Conclusions. The model of integral approach to the state policy of residential property building at the expense of the population is based on decentralization of the residential property building industry state regulation; it allows to solve the problems in the process of residential property construction on spot in a relatively short time due to the efficient distribution of functions among the various branches of power and their assigned responsibilities. This allows for increase in the level of trust of the population to the process of residential property building, which will increase the amount of funds attracted and have a multiplier effect on the national economy.

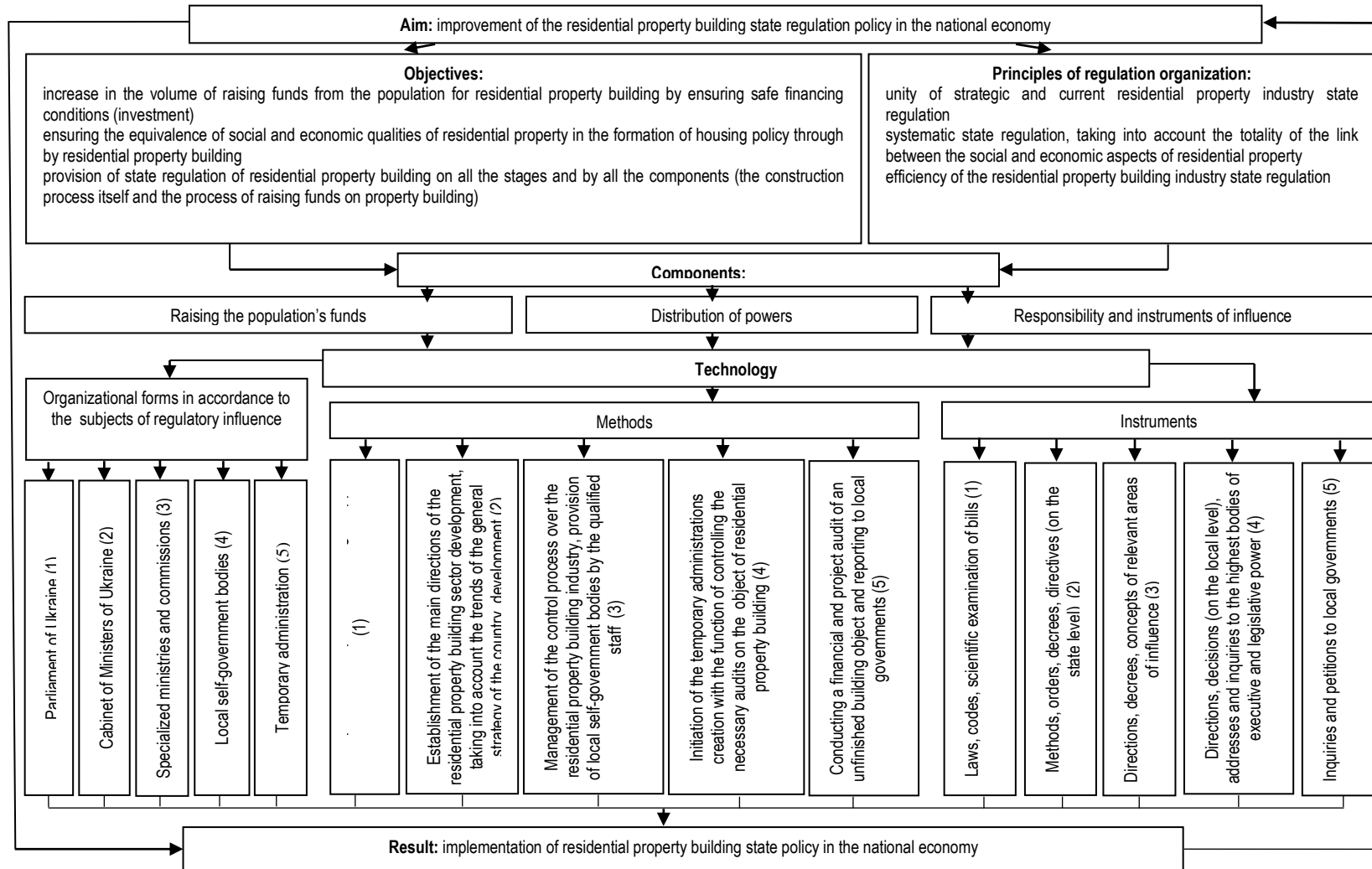


Fig. 4. Visualization of the integral approach to implementation of residential property building state policy

Source: developed by the authors

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**ІНТЕГРАЛЬНИЙ ПІДХІД ДО РЕАЛІЗАЦІЇ ДЕРЖАВНОЇ ПОЛІТИКИ БУДІВНИЦТВА
ЖИТЛОВОЇ НЕРУХОМОСТІ В КОНТЕКСТІ ДЕЦЕНТРАЛІЗАЦІЇ ВЛАДИ**

Проблема. *Вирішальну роль у процесі формування житлового фонду держави відіграє обрана державна політика, що будується на засадах регулювання та нагляду. Враховуючи досвід розв'язання житлової проблеми в різних країнах, пропонуємо будувати державну житлову політику в Україні з урахуванням конкретних наявних можливостей і вже існуючих фінансових інструментів. Такий підхід дозволить не тільки скоротити час щодо імплементації регуляторних функцій держави, а також залучити до фінансування галузі будівництва житлової нерухомості кошти населення. Найголовнішим завданням держави у вирішенні питання розвитку галузі будівництва житлової нерухомості є створення безпечних, рівноцінних умов для всіх її учасників. Наразі спостерігається низький і малоефективний рівень державного регулювання галузі будівництва житлової нерухомості, зокрема йдеться про недотримання законів, і про низький рівень захисту прав громадян країни, які беруть участь у процесі будівництва житлової нерухомості. Одночасно виникає безліч юридичних колізій щодо врегулювання відносин між учасниками галузі будівництва житлової нерухомості. Державна політика в цьому питанні повинна бути комплексною та послідовною.*

Мета статті полягає в обґрунтуванні інтегрального підходу до реалізації державної політики будівництва житлової нерухомості в контексті децентралізації влади.

Результати. *Під час дослідження сформовано структурно логічну схему існуючої системи державного регулювання галузі будівництва житлової нерухомості із залученням коштів населення, за допомогою якої легко дослідити, що не всі маршрути фінансування залучення коштів населення, які використовуються під час будівництва житлової нерухомості, охоплює державне регулювання. Враховуючи існуючі недоліки в процесі будівництва житлової нерухомості запропоновано вдосконалений алгоритм системи державного регулювання галузі будівництва житлової нерухомості. Аргументовано, що принцип децентралізації у галузі будівництва житлової нерухомості має бути пріоритетним у вітчизняній практиці, який слід розпочати з розв'язання проблем із житловими об'єктами незавершеного будівництва, враховуючи три основні складові, від яких залежить ефективне державне регулювання: повноваження, інструменти впливу та відповідальність. Обґрунтовано пропозиції щодо реформування системи державного регулювання галузі будівництва житлової нерухомості. Новий підхід у державному регулюванні повинен ґрунтуватися на повноті повноважень, інструментів впливу та визначення відповідальності місцевих органів самоврядування перед населенням і державою. Для цього запропоновано: визначити територіальну основу, де саме слід здійснювати державне регулювання на місцевому рівні; чітко розмежувати повноваження між місцевими органами самоврядування інших рівнів адміністративно-територіального устрою; розмежувати повноваження між місцевими органами самоврядування та виконавчими органами; визначити за кожним рівнем органів державного регулювання необхідний перелік інструментів впливу; встановити міру відповідальності органів місцевого самоврядування перед населенням та державою. Враховуючи такі пропозиції представлено етапи відновлення фінансування процесу будівництва житлової нерухомості за принципом децентралізації.*

Наукова новизна. *Набув подальшого розвитку комплексний підхід до формування державної політики будівництва житлової нерухомості, який, на відміну від інших відповідає принципам взаємодії держрегуляторів і децентралізації влади, що дозволило визначити умови узгодження інтересів: а) інвесторів (передусім населення), б) держави, в) будівельних компаній.*

Висновки. *Запропонована модель інтегрального підходу до державної політики будівництва житлової нерухомості за рахунок коштів населення, що базується на децентралізації державного регулювання галузі будівництва житлової нерухомості, дозволяє розв'язувати проблеми у процесі будівництва житлової нерухомості на місцях в досить короткі терміни завдяки ефективному розподілу функцій серед різних гілок влади та закріпленої за ними відповідальності. Це дає змогу підвищити рівень довіри до процесу будівництва житлової нерухомості серед населення, що збільшить обсяги залучених коштів та матиме мультиплікативний ефект на національне господарство.*

Ключові слова: *житлова нерухомість, будівництво житлової нерухомості, державна політика, державне регулювання процесу будівництва житлової нерухомості, децентралізація влади.*

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