

Intergenerational Differences in Russian Housing Conditions in the 2000s: Based on the *RLMS* (2008)*

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Abstract

That Russia's real estate market, beginning with housing, has been developed along with Russia's market-oriented economic reforms is a truth that needs no mention. This study considers the development of Russia's urban housing market as observed from several measures by narrowing the focus to the measure of differences in household spending on housing. As a first research step, this paper uses the 2008 data from the Russia Longitudinal Monitoring Survey (RLMS) for the purpose of clarifying the actual status of housing differences in Russia in the 2000s.

With the development of the urban housing market and flow of workers into cities as the result of market-oriented economic reforms, inter-generational differences arose and the purchase of residential housing by young households in particular has become difficult. Interest rates on mortgage loans in Russia are still high, and for low income young families, loans are out of reach. Based on these circumstances, the government implemented policies to provide mortgage loan assistance to young families and promote housing purchases by young households. This paper approaches the effects exerted by such housing policies on residential housing purchases and home improvements by young households, the main purpose of which was increasing the volume of housing loans and housing construction, and attempts to look specifically at the housing problems directly confronting each generation, through clarification of the housing reality by generation based on the RLMS.

As a result, it was understood based on several measures that housing differences between generations arose and that, depending on those differences, the housing problems faced by each generation varied. This difference in problems was caused by effects that resulted from the fact the timing of residential housing purchases was segmentalized as the result of a systemic transformation. The difference in particular between the generation that was able to remain in and privatize its housing from the Soviet era, and the generation that had to purchase homes through Russia's market economy, is substantial. In terms of its real estate industry, housing construction industry, housing remodeling industry, construction materials industry and rental housing circulation, the development of Russia's unique residential real estate market has occurred in response to the problems confronting each generation.

On the other hand, this means the government must devise various housing policies to respond not only to development of the market but also to address each of the housing problems that differ between generations. That is, the government must shift away from a housing policy that emphasized only the promotion of housing purchases and housing construction, and move in the direction of (1) improving circulation of the existing housing stock and promoting systematic expansion of the rental housing market, (2) nurturing housing-related industries that will contribute to the quality aspect of the housing environment and formulating policies to assist this sector, and (3) implementing diverse policy support for not only young households but for each generation. This paper draws this conclusion from the housing demand bracket problem, based on an analysis of the RLMS.

Keywords: Intergenerational difference, housing in Russia, young household, housing policy

1. Market-oriented reform of Russia's housing market and family domicile circumstances

At one time, during the Soviet era, housing was a good allocated from the government or firms; rents and public utility charges set at low levels, and it's said there was never a housing shortage condition. In truth, however, because of the housing shortage, the number of years spent

waiting for an allocation was long, and residents were not always pleased with housing quality. The Soviet government was unable to flexibly allocate housing that corresponded to changes in people's family structures. It also proved incapable of allocating housing quality, typically judged in terms of living space or indoor facilities, in a way that left people sufficiently satisfied. Because housing allocation was deficient, residents not only lived together with their parents, in urban areas so-called *kommunalka* – blocks of flats where people lived in households shared with others – were created, which generated further resident discontent. Therefore, of the various indicators concerning present-day housing in Russia, as a mirror showing what kind of change the market economy has wrought on housing life in Russia, and how people's living environment was changed by market forces, the question of how much such dissatisfaction over people's housing was eliminated by Russia's market-oriented economic reforms can be called a critical social indicator. This paper discusses this question by focusing on Russia's primarily urban housing market and the sale and rental of apartments (in Russian, *kvarтира*), which are the main housing stock circulating in that market.

The period when Russia's housing market circulation was invigorated and housing prices in major cities spiked rapidly was between 2000 and 2008, the years before the global financial crisis. While a brief downward trend was seen in the aftermath of the crisis until 2009, when prices plummeted and housing construction decreased, since 2010 a modest rise in housing prices has continued up to the present. Such a move in the level of housing prices overlapped with the flow of Russia's macroeconomic growth during the 2000s, when Russia was able to achieve a high growth rate based on a trade surplus supported by resource exports¹.

On the other hand, today the following issues have arisen concerning the living environment of Russia's urban housing. The steep increase in housing prices and difficulty of obtaining housing because of the steep price increase, delays in the renewal of the housing stock and reform of housing public services, the reform of public utilities charges and the impact on residents' lives caused by higher public utility charges, the instability of newly-built housing quality, growing traffic congestion in city centers, and problems resulting from such issues, including the jump in used housing prices. These issues are confronting Russia's people as part of the market-oriented economic reform of the housing sector that was newly formed atop the legacy of housing stock carried over from the Soviet era. These issues are problems that are similar to the housing problems that occurred during the development process in other countries including Japan, yet simultaneously also reflect special circumstances created by the systemic transformation from the Soviet Union to today's Russia. One additional characteristic of Russia's current housing market is the conflict in the housing sector between the remnants of the Soviet Union's legacy, and changes that seek to adapt that legacy to the market economy while carrying it forward.

As a first approximation, this paper illuminates the special nature of the housing market in Russia during the 2000s when the market moved so greatly in this way, and the housing realities in Russia during the 2000s, based on the 2008 data from the *Russia Longitudinal Monitoring Survey (RLMS-HSE)*, abbreviated below as *RLMS*).

1.1. Characteristics of Russian family housing: Greater differences in housing between generations than between incomes

Table 1 and Table 2 (Michigami and Kumo (2011)) show the results of measuring whether

the income differences caused by the market-oriented economic reforms have produced any differences in the living environment, based on the *RLMS*. When the correlation coefficient of income and living space is taken, the result is 0.058 when all households are viewed (significant at the 1% level, significance probability 0.000, N=5314), 0.038 for two-or-more-person households (significant at the 5% level, significance probability 0.018, N=4233), and 0.065 for one-person households (significant at the 5% level, significance probability 0.036, N=1081), which confirmed that as household income increases, living space becomes slightly larger. If compared over three points in time, living space has expanded slightly. When we calculate the coefficient of variation for living space and living space per person for each year, this expands during the interval 1998 to 2004 (Table 2). This increase in the coefficient of variation indicates the living space differential has expanded. This result can be said to show that privatization of housing, market-oriented economic reforms and rising incomes are beginning to contribute to living environment enhancement in terms of people's living space. During the ten years from 1998 to 2008, housing construction expanded, mortgage loans began to spread and housing prices also began to rise. The rise in incomes over the same period can be evaluated to have brought a certain amount of improvement to the housing environment as seen in the *RLMS* household spending on living space.

On the other hand, the interpretation that the relationship between income and living space remains weak at this point in time also can be taken. It would be difficult to say the improvement in living space that occurred was as remarkable as the change in the macro economy overall. With rapid economic growth similar to the 2000s difficult to project under present conditions, we probably cannot expect the correlation between income and living space to strengthen notably, and the difference in living space based on income to expand rapidly, in the future. Expressed in a way that conforms more closely to the realities accompanying Russia's systemic transformation, there is a possibility the change in housing conditions will expand the existence of differences based on generation, not differences based on income, in the future.

Living space is one indicator that shows living environment quality, and in the present Russian Federation government's housing policy as well living space per person is an important indicator raised as a numerical target². When we try to read the change from the Soviet era from this indicator, what is perceived to be the driving factor is not change but the legacy aspects from having succeeded to the Soviet Union's housing stock. Despite the fact living space in Russia is expanding, the pace has been slow, and many people are managing their housing life in cramped residential units thrown up during the Soviet period.

With the progress of market-oriented economic reforms, new high-rise apartments and condominiums are being constructed in cities, and sites with aging multi-family apartment buildings that will be demolished can often be observed. It is difficult to demonstrate from the macro statistical data, however, the changes that market-oriented economic reform has brought to the living environment. The living environment is not merely floor area, and the percentage of installed housing and public infrastructure facilities such as interior finish, electricity, gas, central water supply and sewerage, and hot water supply and heating, as well as their upgrade, serve as important indicators. These indicators too, however, are macro data, and even today take a form in which the regional disparities seen in the Soviet era, between cities and rural villages and the Moscow metropolitan area and other regions, have continued unchanged. The characteristic change in the housing sector evident in today's Russia is new changes that were not part of the Soviet period and, simultaneously, the presence of the legacy continued from the Soviet Union.

Table 1 : Five income quintiles and average living space (m²): RLMS 1998, 2004, 2008

Income bracket	All households			Households with a family structure of two-or-more persons			One-person households		
	Total			Total			Total		
	1998	2004	2008	1998	2004	2008	1998	2004	2008
I	27.18	28.23	29.04	31.06	31.93	32.75	24.34	25.64	25.28
II	29.24	30.91	32.27	31.41	33.15	34.25	25.91	25.24	27.26
III	31.12	32.84	33.70	32.60	33.95	34.53	23.72	27.84	28.92
IV	34.80	36.30	35.79	35.64	37.33	36.91	27.89	27.49	28.04
V	38.69	37.30	39.98	39.66	38.08	40.77	29.39	25.22	28.55
	Urban zones			Urban zones			Urban zones		
I	26.53	26.36	27.38	29.95	30.62	31.22	24.32	24.34	23.13
II	28.55	29.47	30.47	30.85	31.74	32.73	24.99	24.03	25.55
III	30.43	31.45	32.02	32.06	32.72	32.55	22.76	26.54	27.77
IV	33.50	34.09	33.68	34.39	35.09	34.63	23.91	25.71	26.06
V	35.45	35.77	37.75	36.60	36.40	38.71	21.96	24.53	27.09
	Rural zones			Rural zones			Rural zones		
I	29.50	31.49	33.24	34.94	33.85	35.97	24.41	27.41	30.48
II	31.74	34.64	37.56	33.51	37.01	38.66	28.67	29.22	33.64
III	34.00	37.82	38.93	34.66	38.79	40.92	27.71	33.88	32.86
IV	40.91	44.94	44.32	41.64	45.36	45.60	34.65	35.43	36.49
V	42.92	44.07	49.03	43.42	45.58	49.93	33.11	30.50	36.98

Source: Michigami and Kumo (2011), p.36

Table 2 : Coefficient of variation of living space

1998 RLMS Total mean				
	Mean	Standard deviation	Variance	Coefficient of variation
Living space (m ²)	32.2095	13.9578	194.8203	0.4333
Living space per person (m ²)	14.2238	8.6356	74.5739	0.6071
2004 RLMS Total mean				
	Mean	Standard deviation	Variance	Coefficient of variation
Living space (m ²)	33.1429	15.80779	249.886	0.477
Living space per person (m ²)	14.9345	9.51778	90.588	0.6373
2008 RLMS Total mean				
	Mean	Standard deviation	Variance	Coefficient of variation
Living spac (m ²)	34.183	16.1965	262.327	0.4738
Living space per person (m ²)	15.4057	9.83849	96.796	0.6386

Source: Michigami and Kumo (2011), p.37

What the market-oriented economic reforms continue to produce are a change in the living environment based on the income differential and differences among regions, and a change in the way in which young households that must find housing through a residential real estate market that did not exist during the Soviet era. Stated in a way that conforms more closely to reality, the

change in Russia's living environment during the 2000s is a qualitative change in the differences in housing between generations.

Table 3 : Housing conditions in Soviet cities in 1991

Age	Percent living in a separate apartment (%)	Percent with private room (%)	Living space per capita (median value) (m ²)
Total 1,583	56	67	10
Age 21-30	29	55	9
Age 31-40	62	61	9
Age 41-50	68	69	10
Age 51 and older	66	79	13

Source: Reproduced from *General Social Survey of the European USSR* in Zavisca (2012) p. 38, Table 1.1

*Half-tone portions in Tables 3 and 4 indicate comparable numerical values.

Table 4 : Housing conditions according to *RLMS* 2008 data

(%)	Separate apartment	Part of an apartment	Separate house	Part of a house	Living space per capita (median value) (m ²)
Total 5,314	60.0	5.0	18.0	6.3	12.8
Age 21-30	51.6	2.8	8.5	4.3	9.3
Age 31-40	57.5	4.8	16.1	6.7	9.8
Age 41-50	61.0	3.3	18.5	6.5	11.3
Age 51 and older	67.0	3.6	20.1	6.3	15.9

Source: Author's calculation based on *RLMS* 2008

Table 3 shows, by age bracket in cities at the end of the Soviet period, the percentage living in a separate apartment, percentage living in a private room per generation and per capita living space. These figures were compiled for all age groups, for families with children only. To provide figures that are as comparable as possible with the numerical values for the Soviet era in Table 3, similar numerical values calculated for living conditions and per capita floor space based on the *RLMS* for 2008 are shown in Table 4. While Table 3 and Table 4 cannot be simply compared because the living conditions by age bracket shown in Table 4 include families without children, by looking at the change from the Soviet period we can take a general view of whether it is possible to live in a "separate apartment" per comparable family, and how the size of the living space per person changed. We can see that although the percentage of households in the age 21-30 bracket that was living in a separate apartment was only 29% in 1991, this had increased to 51.6% by 2008. The fact the number of age 30 and under households living in a separate apartment increased substantially means that for young households, which had no choice but to wait for a government housing allocation and be content with two generations sharing accommodations during the Soviet era, it had become possible to acquire independent housing through the residential real estate market. In this sense, circulation in Russia's housing market has expanded and the benefits of that expansion have fallen to young households.

On the other hand, the benefits from market reforms of the housing sector have led to new housing acquisition tribulations for young households. From a comparison of Table 3 and Table 4 it is evident that living space per capita has not increased significantly since the Soviet

era. Although a slight expansion in living space per capita is seen for the age 41 and older generations, for age 40 or younger households, only a faint expansion in living space since the Soviet period can be found by 2008, when market-oriented economic reform had already progressed.

In sharp contrast to their parents' generation, which obtained housing in the Soviet era as a good assigned by the government or their company and was able to succeed to and continue living in that housing under the market economy, young households age 30 and younger will become the first post-Soviet Union generation that has obtained its housing through the private sector housing market. In a market where housing prices in Russia's cities have soared, young households' housing acquisition is confronted with housing acquisition difficulties in a sense that is different from their parents' households³.

A unique characteristic in Russia produced by the systemic transformation, whereby households of all ages have not simultaneously begun to acquire their first home under the private sector housing market, is that the continued use of Soviet housing stock among young households is hindering the expansion of living space. This phenomenon becomes clear when the statistical data, the author's interview surveys and the early survey results are synthesized. Therefore in the following chapter, the household spending data from the *RLMS* for 2008 are used to perform a t test to clarify the living environment for young households during Russia's ten-year period of high economic growth from 1999. The test results, which look at whether there are differences in the living environment depending on the generation that provides for most household necessities, are presented and the meaning of the results discussed.

2. Russian household spending on living environment by generation

This paper takes data that show the living environment in Soviet urban areas in 1991 as its research starting point, and apart from the age classifications in Table 3, the ages of heads of families (primary income provider) studied by the *RLMS* (2008) are classified into four groups for ages 21-35, ages 36-45, ages 46-55 and ages 56 and older and the differences in average housing conditions in each head of family age bracket are clarified by a t test. Close attention is given in particular to the living environment of age 35 and younger households that were the first to secure housing in Russia's housing market in the 2000s, with heads of families who are ages 21-35 defined as young households. This is based on the fact 35 and younger is the age standard for the housing subsidies Russia's current government provides to young households⁴. The total number of households in the *RLMS* (2008) is 5,314 families; the distribution of households based on the four age classifications is shown in Table 5.

Table 6 looks at the individuals who own the dwelling in which they reside. The table shows the mean residency rate for households by age that reside in (1) housing owned by the individual in question or family such as parents, (2) housing owned by a relative other than family, (3) housing owned by another individual or, finally, (4) housing that has still not been privatized in the form of either (1), (2) or (3) (public housing owned by a municipal authority, housing owned by a firm, etc.), respectively.

The breakdown of housing by form of ownership for all 5,314 families shows 75.6% of households reside in family-owned housing, 3.9% in housing owned by a relative, 0.5% in housing owned by another person and 9.2% in non-privately owned housing; the remaining 10.8% were households that did not respond. For households where the head of family is age

Table 5 : *RLMS* (2008) household distribution by age

Age - head of family	N	(%)
Total number of households	5314	100.0
Age 21-35	526	9.9
Age 36-45	687	12.9
Age 46-55	962	18.1
Age 56 and older	1739	32.7
Number of valid responses	3967	74.7

(Note) Of the total number of households (number of households that responded), the number of households that provided the primary income provider's birth year was 3,967 (74.7%); the number of households for which the primary income provider's birth year was unclear was 1,347 (25.3%)

Source: Calculated by the author based on the *RLMS* (2008)

Table 6 : Who owns the dwelling where they reside?

Owner		Mean value		Owner		Mean value	
Owned by household member (%)	All households	75.56		Owned by another individual (%)	All households	0.53	
	Age 21-35	62.55	***		Age 21-35	0.19	
	Age 36-45	73.51	**		Age 36-45	0.58	
	Age 46-55	76.61			Age 46-55	0.42	
	Age 56 and older	85.45	***		Age 56 and older	0.58	
Owned by relative (%)	All households	3.88		Not privately owned (%)	All households	9.16	
	Age 21-35	5.70	**		Age 21-35	5.32	***
	Age 36-45	2.47			Age 36-45	10.92	
	Age 46-55	1.66	***		Age 46-55	14.14	***
	Age 56 and older	3.28			Age 56 and older	7.82	***

Note: Significant at the ***1%, **5%, *10% level

Source: Calculated by the author based on the *RLMS* (2008)

35 and younger, statistically significant values were shown for all housing conditions by form of ownership, except for housing owned by another individual. Among young households age 35 and younger, 62.6% reside in housing owned by their family, 5.7% in housing owned by a relative and 5.3% in housing that has not been privatized, while those living in housing owned by someone else was only 0.2%; the remaining 26.2% did not reply. While this result obviously reflects the fact students who have not yet begun working are included in young households, households living in family-owned housing are the overwhelmingly majority. For every generation, the mean value of the occupancy rate is highest for family-owned housing, and as the age bracket of the head of family increases, the percentage of households living in family-owned housing also increases. Compared with the averages for households of other ages and for all households, the percentage of households living in family-owned housing is lowest for age 35 and younger households, and is below the mean. The difference with households age 56 and older, which have the highest percentage of households living in family-owned housing (85.5%), is 1.4 times. For housing not owned privately as well, young households show the lowest residency rate (5.3%), a difference of 2.7 times compared with age 46-55 households, which has the highest residency rate in that category (14.1%). The residency rate for households living in housing owned by a relative, on the other hand, is highest for young households and exceeds the

mean, and the difference with age 46-55 households, which have the lowest rate in this category (1.7%), is 3.4 times.

Another statistically significant result is the percentage of age 46-55 households living in housing owned by a relative, which at 1.7% is notably lower than that for other age generations and the mean for all households, while the percentage of this generation living in housing that is not privately owned is 14.1%, the overwhelmingly highest rate. Moreover, among age 56 and older households, the percentage living in housing not privately owned is the second lowest after young households.

The following characteristics of the living environment of young households become evident when we turn our attention to the difference between generations based on the test results. First, compared with other age households, the percentage of young households living in family-owned, other-owned or non-privatized housing such as public housing or company-owned housing is surprisingly low, and the percentage of young households residing in housing owned by relatives is remarkably high. This can be said to highlight how, among housing other than family-owned housing, renting a room in a place owned by a relative has become the means to provide housing for young households that have moved to the cities to study or find employment. On the other hand, compared with other generations, the percentage of age 56 and older households living in family-owned housing is overwhelmingly high. This could be said to be the result of pursuing the procedures to privatize the housing units allocated to this generation during the Soviet years. On the other hand, the fact the percentage of age 46-55 households living in housing that has not been privatized is greater than for the other generations might mean units such as public housing and company housing provide housing of last resort for part of this generation's housing. Or it could be they perhaps didn't convert their units to private ownership because they plan to purchase a new dwelling in the near future, or that they are on the border line of the generation that is waiting to succeed to the housing of their parents' generation. If speaking in comparison with age 56 and older households, this can be interpreted to mean that, unlike those of the age 56 and older generation who were able to benefit most from the no-cost (free) privatization of Soviet period housing, the age 55 and younger generations have not only benefited from privatization but also have begun to face difficulties in acquiring a home in the residential real estate market, and that the greatest burden has been tilted toward young households.

Table 7 : Housing status: Home ownership, rental or dormitory

Occupancy		Mean value		Occupancy		Mean value	
Own residence (%)	All households	89.44		Rented residence (%)	All households	6.49	
	Age 21-35	74.52	***		Age 21-35	16.73	***
	Age 36-45	87.92	**		Age 36-45	6.70	
	Age 46-55	92.93	***		Age 46-55	4.16	**
	Age 56 and older	97.35	***		Age 56 and older	1.61	***
Dormitory (%)	All households	3.56					
	Age 21-35	8.37	***				
	Age 36-45	5.09	**				
	Age 46-55	2.60	*				
	Age 56 and older	0.63	***				

Note: Significant at the ***1%, **5%, *10% level

Source: Calculated by the author based on the *RLMS* (2008)

Next, Table 7 summarizes the test result concerning whether each household owns or rents its housing. Among young households age 35 and younger, 74.5% own their home, 16.7% are living in rented residences and 8.4% are living in dormitories. Compared with other age households as well, young households have statistically significant characteristics in each housing status, exhibiting the lowest percentage of home ownership and highest use of rented residences. Among age 36-45 households, 87.9% own their housing and 6.7% live in rented residences, while households living in dormitories account for 5.1%. From age 46-55 households up through households of the most elderly, the percentage of housing ownership is above 90%, while the percentage of households having a rented residence is notably lower than that of other generations. For age 56 and older households, 97.4% own their housing, a figure notable for being nearly all households of that age bracket, while 1.6% live in a rented residence and households living in dormitories did not account for even 1%. While the percentage of households that own housing is high for every age bracket, beginning from the age 46 and older households, as age rises the housing ownership percentage becomes higher and exceeds the mean for all households. Based on this characteristic and an interpretation of Table 6, from the perspective of housing acquisition by means other than succeeding to one's parents' home, the generations that were able to enjoy the benefits of no-cost privatization are thought to range mainly senior citizens to families in age 46-55 households, while the age 45 and younger generations are thought to form the core of the bracket that purchases housing in the residential housing market⁵.

On the other hand, for age 36-45 households the ratio of households living in rented residences is near the mean for all households, while households younger than this have the highest percentage of households in rented residences. It is believed these two generations, which face the difficulty of obtaining housing through the market, are compensating for this with rented residences. This is interpreted to mean the demand bracket in the rental housing market is centered on young households age 45 and younger, and especially age 35 and under.

Further clarified by this test is the marked difference in housing ownership between the age 35 and younger generation and age 56 and older generation; this difference expressed as a ratio is 1.3 times, while for the use of rented residences, the difference climbs to 10.4 times. The existence of this difference in housing acquisition between the age 35 and younger households, which have the most difficulty acquiring housing as a result of market-oriented economic reforms, and age 56 and older households, which not only have a higher probability of acquiring housing because of their income level but also because they were able to privatize their Soviet era housing for free, must be regarded as grounded in the realities of Russia's rental housing market. In Table 7, the percentage of all households using rented residences is merely 6.5%, and even when combined with the figure for dormitories is only 10%. Compared with a rental housing share in Japan of about 40%⁶ the percentage of households occupying rental housing is extremely low, and can be said to be in an undeveloped state. In Russia, rental housing has not been developed sufficiently to ease the difficulty that young households face in obtaining housing. When this fact is considered, the existence of this difference in housing acquisition between generations suggests the problems age 35 and younger households face in housing acquisition are serious.

While the question of why rental housing in Russia is less developed than in Japan will be touched on in the following chapter, one topic we do want to address here is that this situation is related to the strength of the Russian people's desire to own their own home, which has also

been pointed out from this author's original interview survey and previous research⁷. During the soaring housing market period in the 2000s, not only housing prices but rents in urban areas as well similarly rose. The fact the percentage of all households owning their home increased to 89.4%, even as housing acquisition and rental continued to be difficult not just for young households, while the ownership rate for the age 36-45 generation as well reached 88%, can be called a result that, in addition to the possibility of privatizing one's home, confirms the strength of the desire among Russians to own their own home.

Table 8 : Living space and housing market value

		Mean value				Mean value	
Living space per person (m ²)	All households	15.41		Living space (m ²)	All households	34.18	
	Age 21-35	10.89	***		Age 21-35	30.55	***
	Age 36-45	11.67	***		Age 36-45	35.45	
	Age 46-55	14.33	***		Age 46-55	36.78	***
	Age 56 and older	19.46	***		Age 56 and older	34.76	
Housing market prices (rubles)	All households	11253357.47					
	Age 21-35	9351023.52					
	Age 36-45	10446980.93					
	Age 46-55	11999454.20					
	Age 56 and older	12452457.03					

Notes: The living space per person in Table 4 are median values, whereas all of the figures in this table are mean values.

Significant at the ***1%, **5%, *10% level

Source: Calculated by the author based on the *RLMS* (2008)

Table 8 is the average floor space and average housing price (nominal) of the housing units lived in by the households of each age bracket. The housing market values are not only the prices at which households purchased their housing but also include responses based on analogy from market prices in nearby housing markets. While no statistically significant difference in the mean value for any age bracket was shown in the responses concerning housing market value, it was clear the market value was highest for age 56 and older households, many of which privatized their home free of charge, and in 2008, the year of the survey, the value reached 12,452,457 rubles (about 423,836 dollars (end of 2008, Central Bank of Russia rate; US1.00 dollar = 29.3804 rubles and 100 yen = 32.5779 rubles). Housing prices climbed rapidly in Russia during the 2000s⁸.

For the age 35 and younger generation, the mean values for both the average living space per person and average living space per housing unit fall substantially below the mean value, and at 10.9m² and 30.6m², respectively, are the smallest for any age bracket. For living space per housing unit in particular, the age 35 and younger generation is the only one to fall below the mean value for all households. While also including households residing in facilities such as university dormitories, the living environments of young households tend to be cramped. The difference in living space per person is 1.8 times for age 56 and older households, which enjoy the largest area, while the difference in living space per housing unit is 1.2 times for age 46-55 households, which average 36.8m².

Age 46-55 households, which have the maximum living space per housing unit, form the core of the generations that also include children who have grown into adults about to become independent and require the most living space. Because of the increased number of family

members under one roof, the living space per person is below the mean for all households as well. Once they join the age 56 and older generation, however, living space per person exceeds the mean value for all households and becomes the largest among all age brackets, reflecting the fact their children have become independent and the number of family members has declined.

The minimum necessary living space the Russian government has set for its people is 33m² for a single-person household, 42m² for a two-member family and 18m² per person for families with three or more individuals; that is, 54m² or more. No generation other than age 56 and older households has reached the government standard for living space per person, and the younger the generation, the greater the level of divergence from the government standard becomes. This living area standard has been carried forward from the Soviet period. Although the average level of housing prices soared as a result of Russia's market-oriented economic reforms, from the standpoint of living space these reforms have not yet stimulated any notable improvement in average area. Market reform of the housing sector led to major changes in housing purchases and sales by creating differences in housing acquisition between generations and a large run-up in housing prices, but what change has reform produced from the aspect of quality of living environment? The following section zeroes in on the realities of each age household's living environment from the aspect of living environment quality, as seen based on the *RLMS*.

2.1. Living environment quality: Living environment as viewed based on status of housing utilities installed

Any index showing the living environment requires an evaluation based on various indicators besides living space. This section looks at the installation status in Russia of indoor lifeline facilities referred to as government housing authority services and housing utilities – that is, heating, central water supply and sewerage, hot water supply, electric stoves (kitchens), metered gas and telephones⁹. The percentages of households of each generation where housing utilities have been installed are summarized in Table 9.

The installation rates for all households were 72% for heating, 85% for water supply, 65% for hot water supply, 67% for gas, 20% for electric stoves, 72% for sewerage lines and 63% for telephones. Heating is provided by central heating, while hot water is supplied from a centralized hot water supply system and delivered through pipes from an entire building to each unit. Both gas and electric stoves refer to kitchen cooking stoves; these two being nearly interchangeable. Either a gas or electric cooking stove has been installed in each home. For electric stoves, an old Soviet era cooking stove that uses either gas or electric burners will have been installed. Electric stoves include units ranging from old-fashioned models from the Soviet period that warm food with electrical coils to electromagnetic cookers like the latest IH cooking range. In the *RLMS*, gas and electricity means a metered unit, and both indicate facilities that bill charges used to each home corresponding to the amount. Telephone means a landline phone.

The status of housing utilities installed in the homes of age 35 and younger households - heating 79%, service water 88%, hot water supply 73%, gas 62%, electric stove 23%, sewerage line 78% and telephone 48% - showed statistically significant characteristics compared with all other generations. The reason the percentage of young households with a landline installed is low is believed to be their alternative use of mobile phones. The installation percentages at young households for heating, service water, sewerage lines, hot water supply and electric stoves exceed the mean values for all households and the installation rates are the highest compared with other

Table 9 : Percentage of homes with housing utilities installed

Installed utility		Mean value		Installed utility		Mean value	
Heating (%)	All households	71.85		Electric stove (%)	All households	19.78	
	Age 21-35	78.52	***		Age 21-35	23.38	**
	Age 36-45	72.05			Age 36-45	18.92	
	Age 46-55	69.96	**		Age 46-55	22.14	**
	Age 56 and older	71.48			Age 56 and older	16.79	***
Service water (%)	All households	85.42		Sewerage line (%)	All households	72.00	
	Age 21-35	88.40	**		Age 21-35	78.14	**
	Age 36-45	86.32			Age 36-45	72.49	
	Age 46-55	85.86			Age 46-55	70.06	**
	Age 56 and older	83.84	***		Age 56 and older	72.05	
Hot water supply (%)	All households	64.79		Telephone (%)	All households	62.50	
	Age 21-35	72.81	***		Age 21-35	48.48	***
	Age 36-45	65.94			Age 36-45	65.07	
	Age 46-55	62.58	**		Age 46-55	67.15	*
	Age 56 and older	63.54	**		Age 56 and older	69.06	***
Gas (%)	All households	66.82					
	Age 21-35	61.79	**				
	Age 36-45	69.14					
	Age 46-55	63.51	***				
	Age 56 and older	71.13	***				

Note: Significant at the ***1%, **5%, *10% level

Source: Calculated by the author based on the *RLMS* (2008)

age households as well; the installation rate for gas, which is substitutive with electric stoves, is the lowest. The test results newly clarified that the housing of young households that acquired their dwellings during the market-oriented economic reforms is better equipped with lifeline facilities than the housing of other generations, which suggests such households are concentrated in urban housing where the shift to all-electric homes is advanced. This indicates that, viewed from the standpoint of the housing utilities installation rate, the living environment of young households, which are thought to have low incomes, is not necessarily inferior to that of other generations.

While this must be considered by discounting for the fact a high percentage of such households live with their families or in dormitories and rented residences, these can be considered to be cases of young households that were able to acquire or rent a newly built home or a resale property that was built comparatively recently and are residing in housing units furnished with new facilities such as electric stoves. In other words, the living environment problems of young households can be said to be chiefly a problem of housing acquisition, and provided they are able to surmount this acquisition problem, they are the generation that can move into housing units that boast a high percentage of new facilities installed.

From this we can also reason by analogy that age 56 and older households will have the highest percentage with gas facilities installed and lowest percentage furnished with electric stoves. We can further surmise the percentage of landlines installed will be highest for age 56 and older households, while conversely the installation percentages for service water and

hot water supply will be low. From the standpoint of housing acquisition, age 56 and older households were able to easily obtain housing as a result of no-cost privatization, but in terms of the facilities installed in the homes they acquired, the age of the amenities and low installation rates are remarkable compared with other generations. The disadvantages from a housing quality perspective that resulted from old dwellings being converted to private ownership are thought to be biased toward age 56 and older households. We can construe this to mean the housing environment problem for the age 56 and older generation is mainly not housing acquisition, but the problem of improving their living environment quality in terms of housing utilities.

On the other hand, 70% of the housing of age 46-55 households is furnished with heating, 63% with hot water supply and 70% with a sewerage line; compared with other age generations these are the lowest rates, while the percentage of homes supplied with gas is the second lowest after young households, and oppositely the percentage with an electric stove installed is the highest next to young households. Housing of the age 46-55 generation is thought to counterbalance that of households that succeeded to the old housing facilities from the Soviet era and the households residing in new dwellings through the residential real estate market. That is, viewed from the status of housing utilities, this generation is located at the boundary between the housing of the former Soviet Union and housing in the new Russia, and housing equipment modernization is surmised that be advancing more quickly among the generations that are younger than this generation.

Table 10 shows the results of analyzing the relationship between household spending (income and expenditures) and utility payments by generation. There is a striking difference between age 35 and younger households and age 56 and older households. Compared with other generations, elderly households age 56 and older receive the highest average public utility charges subsidy amount (monthly), yet the amounts for public utility charges expenditures and unpaid public utility charges also are low, and therefore the percentage of households that fail to pay public utility charges is lowest as well. Because this generation has the lowest income, however, the burden for public utility charges as a percentage of household spending has risen to 14%, the highest when compared with other generations. This generation's housing is old, which will mean a further increase in the burden when tempered for the cost of housing repairs as discussed in the following section.

On the other hand, age 35 and younger households have twice the income and expenditures of age 56 and older elderly households, and their household spending burden rate for public utility charges is a low 1.5 times but the amount of their expenditures for public utility charges and unpaid public utility charges are conversely about 1.5 times as high. The percentage of households with unpaid public utility charges is the second highest after age 36-45 households, and three times more than that of 56-year-old or more elderly households. The high percentage of young households with unpaid public utility charges means the public utilities charges burden is heavy, especially for young households with low-income wage earners. The amount of public utility charges subsidies to mitigate the burden is smaller than that of seniors, the difference being as much as 4.6 times. Although opposition to the government's hikes in public utility charges has emerged mainly among the senior citizen bracket, these test results suggest that attention and allowances must be given to low-wage earners in young households who are ineligible for subsidies and struggling.

The share of household spending of young households accounted for by utility payments must be noted carefully because of the complexly interwoven following factors. Policies to

Table 10 : Household spending and public utility charges (monthly amount)

		Mean value				Mean value	
Percentage of households having unpaid public utility charges (%)	All households	9.62		Rent and public utility charges household expenditures burden rate (%)	All households	11.24	
	Age 21-35	13.50	***		Age 21-35	9.26	***
	Age 36-45	13.54	***		Age 36-45	9.19	***
	Age 46-55	10.60	**		Age 46-55	10.40	***
	Age 56 and older	4.49	***		Age 56 and older	13.88	***
Rent and public utilities expenditures (real, rubles)	All households	1003.46		Public utility charges subsidy (real, rubles)	All households	102.21	
	Age 21-35	1219.61	***		Age 21-35	40.33	***
	Age 36-45	1187.44	***		Age 36-45	65.75	***
	Age 46-55	1125.95	***		Age 46-55	66.56	***
	Age 56 and older	830.55	***		Age 56 and older	186.96	***
Total household expenditures (real, rubles)	All households	15301.44		Total household income (real, rubles)	All households	14591.62	
	Age 21-35	20202.09	**		Age 21-35	20234.51	*
	Age 36-45	22018.64	**		Age 36-45	21913.14	**
	Age 46-55	18157.01	**		Age 46-55	15953.29	
	Age 56 and older	10136.36	***		Age 56 and older	11136.86	***
Unpaid amount of public utility charges (monthly average, rubles)	All households	1864.52					
	Age 21-35	2278.71	***				
	Age 36-45	2168.31	***				
	Age 46-55	2057.47	***				
	Age 56 and older	1513.19	***				

Note: Significant at the ***1%, **5%, *10% level

Source: Calculated by the author based on the *RLMS* (2008)

select young households assumed to need assistance and provide appropriate subsidies might be required. First, because households living together with their parents' generation are included in the figures, there is the possibility the percentage of young households with unpaid public utility charges is higher than that of other generations because of cases where the parents, rather than the young household, are paying the charges. Second, the fact the amount for rent and utility payments is higher than that of other generations is thought to reflect the many cases where rent payments are also included in utility payments, because more households living in rented residences are included than is the case for other age brackets. The third factor is related to the introduction of meters at public housing facilities included in housing and also coincides with the high level of housing utilities installed in young household housing shown in Table 9. Newly built or used housing that was constructed in the 2000s is also included among part of the housing units that are included in young households. For Soviet era housing units, as a rule public utility charges for each unit were a uniform fee per family regardless of the amount consumed, based on a metering system for an entire building. Consequently, for elderly households that continue to live in housing from the Soviet period that they received as their own residence, the utility payment burden did not rise to the extent that public utility charges were raised. Since the 2000s, however, the installation of single household electricity, water service and gas metering facilities continues to spread with Russia's newly built housing. Because the volume of public utilities used by households living in housing where new facilities and meter were installed is linked directly with household spending for every age bracket, the burden for public utility charges as a share of household expenditures has grown heavier. For comparatively low income young

households for whom living with parents is not an option, the burden for public utility charges rooted in this new system is believed to have grown heavier.

2.2. Living environment quality: Housing repairs and second homes (Dacha)

The frequent need to repair and mend housing that arises from the low quality and age of housing units constructed during the Soviet years is invariably mentioned as part of the conversation whenever discussing enhancement of Russia's living environment. The housing reform industry, which contracts work such as plumbing repairs and redecorating, and the retail industry for repair and remodeling materials, are developing rapidly in urban areas as a reflection of such demand. Consequently, in this chapter we measure the amount households spend on housing repairs and the burden rate as a means to gauge actual living environment quality.

Back in the Soviet era, when even waiting in line for repair services was enough to make the population weep and housing life was not working out as planned, the dacha – the second home with attached kitchen garden that is so unique to the Soviet Union – was the only housing where people could freely design, build and improve their residential space. From the *RLMS*, let's try to analyze whether it is possible even now to eliminate the dissatisfaction concerning improvements to people's main homes by having a cottage or second home. Furthermore, efforts to earn rental income by turning second houses received through succession into rental properties, or to take advantage of the quickly rising market and earn money by renting second houses purchased with borrowed funds as asset management, or by reselling them, also can be seen. We also will use the *RLMS* as an indicator showing the living environment to clarify the rate of ownership of cottages and second houses that people possess for various reasons. The results from having tested for each age group whether people have purchased building materials or construction materials for repairs and the amounts of such purchases, the cottage and second house ownership rates and the cost to purchase such properties, are summarized in Table 11.

Because the family income and expenditure survey questions from the *RLMS* ask about purchases of building materials and land for dachas during the most recent past three months and ask about purchases of repair materials during the past 30 days, the answers are varied and include an extremely low number of responses. For those questions with the small number of responses, no statistically significant differences could be recognized.

Table 12 summarizes the percentages of household expenditures accounted for by the cost of construction materials for repairs and the cost of building materials. Because these materials costs are thought to include not only monthly spending amounts but also instances of amounts spent from savings and by credit cards, further analysis using more detailed funding source information is necessary. Although no statistically significant differences were found, the data are provided as a reference for understanding the summary of the housing expense burden including public utility charges as a share of household spending.

From the results in Table 11, we can see there are many purchases of building materials used for dachas or other housing as well as purchases of construction materials for repairs by age 46-55 households (15.3%, 6.2%) and age 56 and older households (10.3%, 4.4%). When tempered by the fact these two generations have a high dacha ownership rate, we can see efforts are being made by the middle ages and older generations to improve the living environment of their second homes through dachas. Although the actual amounts expended are not always substantial, this speaks to the fact that creativity is being exercised in forms corresponding to

**Table 11 : Housing repair costs and ownership rates
for housing other than a principal home**

(Past three months)		N	Mean value		(Past 30 days)		N	Mean value	
Purchase of building materials (%)	All households	5314	12.34		Purchase of construction materials for repairs (%)	All households	5314	4.20	
	Age 21-35	526	11.22			Age 21-35	526	2.28	***
	Age 36-45	687	14.41	*		Age 36-45	687	4.22	
	Age 46-55	962	15.28	***		Age 46-55	962	6.24	***
	Age 56 and older	1739	10.29	***		Age 56 and older	1739	4.37	
Cost of building materials (rubles)	All households	633	19176.13		Cost of construction materials for repairs (rubles)	All households	211	16329.76	
	Age 21-35	58	21882.28			Age 21-35	11	23472.73	
	Age 36-45	93	25526.19			Age 36-45	27	14666.67	
	Age 46-55	142	20912.04			Age 46-55	55	16662.00	
	Age 56 and older	174	15523.37	**		Age 56 and older	74	18342.91	
Purchase of land for dacha or apartment (%)	All households	5314	0.64		Dacha ownership rate (%)	All households	5314	19.87	
	Age 21-35	526	1.33			Age 21-35	526	13.69	***
	Age 36-45	687	1.02			Age 36-45	687	19.94	*
	Age 46-55	962	0.83			Age 46-55	962	24.95	**
	Age 56 and older	1739	0.35	**		Age 56 and older	1739	24.67	***
Cost of purchase of land for dacha or apartment (rubles)	All households	33	948642.42		Other apartment ownership rate (%)	All households	5314	6.51	
	Age 21-35	6	766666.67			Age 21-35	526	10.08	***
	Age 36-45	7	1152314.29			Age 36-45	687	8.73	**
	Age 46-55	8	1118125.00			Age 46-55	962	7.59	
	Age 56 and older	6	858166.67			Age 56 and older	1739	4.31	***

Note: Significant at the ***1%, **5%, *10% level; responses concerning whether respondent has purchased building materials and the cost of such purchases, or purchased land and the cost of such purchases, during the most recent past three months before the survey date. Dacha and other apartment ownership rates means the ownership rates based on responses at the time of the survey.

Source: Calculated by the author based on the *RLMS* (2008)

Table : 12 Percentage of household expenditures accounted for by cost of materials for repairs and cost of building materials

		N	Mean value	
Burden ratio for cost of construction materials for repairs (%)	All households	167	42.80	
	Age 21-35	11	44.48	
	Age 36-45	27	33.32	*
	Age 46-55	55	44.49	
	Age 56 and older	74	48.91	
Burden ratio for cost of building materials (%)	All households	633	11.61	
	Age 21-35	58	9.75	
	Age 36-45	93	10.40	
	Age 46-55	142	11.88	
	Age 56 and older	174	13.39	

Note: Significant at the ***1%, **5% and *10% level. Burden ratio for cost of construction materials for repairs is the percent share of household expenditures for one month; burden ratio for cost of building materials is the percent share of household expenditures (nominal) converted to three-month figure.

Source: Calculated by the author based on the *RLMS* (2008)

each generation's ability to pay.

The dacha ownership rate among age 21-35 young households and age 36-45 households, on the other hand, is remarkably low. Conversely, the ownership rate of other apartments has climbed above that of other generations. Purchases of building materials and construction materials for repairs also are low. This reflects the likelihood that age 45 and younger generations are coping with the costs to improve their living environment by owning second apartments instead of dachas, and owning new apartments as asset management vehicles, rather than by owning dachas or repairing existing housing. This result can also be thought to suggest that along with the diversification of leisure and growing popularity of overseas travel, the dacha tradition is disappearing from the lifestyle of young households.

The presence of a certain kind of boundary with the age 46-55 generation can be sensed here as well. The tradition of a dacha that eases the frustrations with one's existing housing remains one of the age 46-55 and older generations. Even the small percentage of land purchases for dachas by age 56 and older households shows this generation values highly the dachas they were able to receive during the Soviet era, and so invests in building materials. It is also evident from the results in Table 11 and Table 12 that the burden for construction materials for repairs sits heavily on elderly households that have succeeded to comparatively old housing.

From a living environment quality aspect, constraints on the money needed for maintenance and improvement of the existing housing stock largely affect the elderly. Young households, on the other hand, are seeking living environment quality aspect improvements in the form of new housing stock purchases and rentals, and face limits on their funds for that purpose. What was obvious was that while every generation faces cash constraints, the nature of such constraints varies.

3. Special circumstances in Russia's housing market: Information from the survey of actual conditions and prior research

The preceding chapters clarified each generation's housing conditions based on the *RLMS*. This chapter uses knowledge from the author's past interview surveys and field investigation, together with previous research, to supplement the results of the analysis based on the data¹⁰.

3.1. Peculiarities of Russia's rental housing market

Russia's rental housing market is characterized by the fact property in the form of condominiums built and rented by real estate companies in Japan as rental housing are almost unknown in Russia. Add to this the conversion of newly built housing to rentals, which was spurred as a means of lessening the repayment burden without relinquishing one's home when the mortgage loan repayment burden becomes heavy, plus entry from dwellings purchased for speculative purposes, and the supply of rental housing by individuals in Russia's rental housing market is brisk. This author interviewed real estate agencies in various regions throughout Russia, but heard almost no talk of construction of condominiums specifically for use as rental housing. Therefore, given talk as well that about 10% of rental housing is formally registered as a rental housing business, an accurate measurement of the number of rental housing contracts and their classification is difficult. The fact is, when real estate agencies are not used there are many informal, so to speak, rental agreements where owners are personally managing a rental business

as a side job. And it is not only empty rooms and vacant houses that are used in this way; there also are cases of newly built housing being purchased and not used as homes but turned into rentals as one means of investment management. From the rent and management of newly-built properties to the rent of used rooms while sharing quarters with others, the range of housing used as rental properties in Russia is broad.

While the use of real estate agents has recently become the principal means for arranging transactions in Russia's rental housing market, there also are cases where individuals arrange rentals through channels such as newspaper classified columns and the Internet. Home-made flyers with someone's telephone number announcing a "Room to Let" that have been hung on street corner utility poles and pasted on subway car walls can also be seen frequently in various parts of Russia. We can construe this way of renting a dwelling by such exchange of information between individuals as a practice carried over to the present from the Soviet era. During the Soviet years, it was difficult for local governments or the companies where people worked to allocate housing in response to changes in family structure, and a mismatch between allocated housing and the living area that people wanted arose from that difficulty. The reason is that eliminating the housing allocation mismatch by means of rentals between individuals, such as households with surplus rooms renting out those rooms, has been used frequently since the Soviet period by households that find it difficult to obtain permission to move from rural to urban areas. The practices from that period can be said to be hampering the reorganization of Russia's rental housing market even now when new means such as the Internet and real estate agent services have come into use.

3.2. Asset awareness regarding housing: The emphasis on home ownership and low use of mortgage loans

Despite the fairly widespread use of mortgage loans in Russia, the total volume of such loans still remains less than 3% of Russia's GDP. The causes behind this low reliance on loans can be said to be not simply the fact loans have high interest rates and are difficult to obtain but the Russian people's wariness towards mortgage loans, including the administration of collateral. According to a sociological study conducted independently in Kaluga Oblast (province) by Zavisca (2012), the percentage of the population with a sense of values that believes the government should ensure housing is high even among the younger generation that grew up since Russia's free market economic reforms. People of the young generation with such a sense of values consequently harbor a deep-rooted distrust and fear that if they use a mortgage loan to purchase a home and fall behind in their loan payments during the loan term, the home they have purchased and are living in will be seized by the bank as collateral. In the case of unsecured consumer loans, automobiles or televisions aren't seized by banks if consumers have trouble making their payments. Housing is different, however. A pattern of unsettled ownership in which the bank might seize a home as collateral lingers. This familiarity people have with collateral is still limited.

Furthermore, if a bank has confiscated a home as collateral, the borrower's descendant will immediately lose their housing too and become homeless if the bank resells the seized property to someone else. Analyses that assume it is this fear that keeps Russians from using mortgage loans have been published.

This individual awareness of wanting to not sell a dwelling but retain it as a rental is

also transparently evident in the fact the main activity in Russia's rental housing market is not the construction of housing for rental use but the supply of rentals by individuals. Another characteristic of Russia's housing market prices is higher selling prices for used properties than for newly-built housing, which involves the same factors. Used properties equipped with high quality amenities are more popular than newly-built properties. Although the details are available in Michigami (2013a) and omitted here, the Russian people always prefer to purchase, even if it is a used property, rather than rent. This acknowledges that for Russians, the asset that is their home is an indispensable good for fundamental human life, and illustrates the extremely strong preference to own property as one's own home. This is proven as well by the strength of households' intent to own a home that we saw in the preceding chapter and the low rental housing occupancy rate.

This asset awareness appears not only among residents but also in the housing laws and housing policies Russia's government enacts. In Russia, both the administration and residents have a strong awareness of housing as something the government should ensure, and the carryover of this awareness from the Soviet period was clarified by Shinoda (Shinoda (2011a, b) et. al) through research on Russia's housing laws. Individuals with weak access to housing who are specified by the present Russian government's housing policy program "Federal Target Program 'Housing' for 2011-2015" are mainly victims (injured) of war, nuclear accident victims (injured), veterans, multi-child families, low-income wage earners, returnees from forced relocation and young households (age 35 and younger married couples) who are registered as household categories to receive government assistance. This category is unchanged from the Soviet period¹¹. Furthermore, housing subsidies for young researchers and teachers, and assistance and subsidies for housing acquisition as a measure to address the declining birthrate, have been added as well, so that in addition to the categories of subsidized households eligible for assistance that existed in the Soviet period, the government has added six more categories, and continues to increase them even after the market oriented reforms. This is interpreted to mean the government intends to boost the economy through expansion of housing construction and development of the construction industry, by increasing the number of households covered by its housing policy. All of these are focused on funding support for housing purchases and housing allocations. In reality, nothing is being done at present to promote rental housing construction.

4. Conclusions

This paper has clarified housing conditions and the differences in such condition for four age generations, based on data from the *RLMS* (2008). Age 35 and younger households have to be content with housing where the living space is more cramped than that of other generations, but which has a high percentage of utilities installed. The housing-related problem of young households was shown by the analysis in this paper to specifically be the limit on funding for housing purchases through the residential real estate market. From this result, the housing purchase funding assistance for young households under the current government's housing policy can be evaluated to be a sound policy. On the other hand, the possibility that the current government's reform of public utility charges and the housing public services program will lead to a heavier utility payment burden for the low-income bracket of age 45 and younger households including age 36-45 households was suggested by the results of the analysis. A public utility charges allowance must be provided to low-income young households.

On the other hand the core of the rental housing demand bracket is concentrated in young households, and based on the *RLMS*, their use of rental housing is low. This is thought to be related to the strength of people's intention to own their own home as well. If the strong sense of resistance to mortgage loans among young households is also taken into consideration, limits on the future development of any housing policy that depends solely on easing funding constraints through housing fund assistance and public utility charges subsidies can be expected from a fiscal burden standpoint as well. A policy to promote the development of private sector rental housing that does not rely on housing ownership alone, similar to the development of the organized rental housing-only business in Japan, for example, probably will be needed in the future. It will be necessary to formalize guarantees of the quality, for not only new construction of affordably priced private sector rental housing but for the stock of existing housing for resale, and systematic rental management logistics.

It was clear the problems affecting the living environment of age 46-55 households and age 56 and older households, on the other hand, was not constraints on funds for housing purchases but improvement of the quality of privatized housing units and constraints on funds for repairs and remodeling costs. In this sense, it became obvious that policies to assist home purchases and policies to promote the popularization of mortgage loans cannot be said to always produce results that will improve the living environment of such middle-aged and elderly households. This is where segmentation of housing acquisition among generations resulting from the systemic transformation can be found. This segmentation is producing compartmentalization of housing demand in the residential real estate market. The housing reform and repair materials industry in Russia in recent years is thought to have developed around these generations as the main buyer brackets. Compartmentalization of housing policy as well is probably similarly needed.

By not merely expecting a response based on a change in asset awareness or development of the market as a result of future generational changes, and by the government also formulating various housing policies to address each generation's different housing problems, it will be feasible to promote development of the residential housing market and related industries in Russia. That is, the government must shift away from a housing policy that emphasizes only the promotion of housing purchases and housing construction, and move in the direction of (1) improving circulation of the existing housing stock and promoting systematic expansion of the rental housing market, (2) nurturing housing-related industries that will contribute to the quality aspect of the housing environment and formulating policies to assist this sector, and (3) implementing diverse policy support for not only young households but for each generation.

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¹ See Michigami (2010), (2011), and (2013 a, b) etc. for details.

² Expanding living space from the federal average of 22.4m² per person in 2009 to 24.4m² per person in 2015 has been set out as a numerical target. Postanovlenie Pravitel'stva Rossiiskoi Federatsii ot 17 dekabrya 2010 g. N 1050.

³ For the relationships between the housing market, mortgage loan system and the young generation's housing acquisition see Michigami (2013 a,b) and Zavisca (2012).

- ⁴ In this paper, households where the head of family is age 56 or older are classified as elderly households, because the age when individuals in Russia can begin receiving a pension is 55 for women and 60 for men. Furthermore, although the test results for the living environment in the RLMS (2008) using the age classification in Table 3 are omitted from this text because of space constraints, the test results based on the age classification in this manuscript, as well as comparable results for interpretation, are shown. The intertemporal change for each generation based on the RLMS data from the viewpoint of comparison with 1991 will be analyzed in a separate paper.
- ⁵ While unfortunately the questionnaire items in the RLMS (2008) did not include a question item on whether households purchased a home during the past three months, even if such a question had been asked the number of responses would be very small and few and a statistically significant analysis would not always be possible. Which generation is the purchaser bracket can therefore only be conjectured by analogy from the ownership patterns in this data or other such information.
- ⁶ Michigami (2011), p. 50 and Jutaku Keizai Data Shu (2012)
- ⁷ See Michigami (2013 a) and Zavisca (2012)
- ⁸ See Russian Federal State Statistical Service
- ⁹ Electricity was excluded from the question items in the RLMS (2008) concerning installed housing utilities because electricity service is widespread. Questions concerning electricity cost and quantity of electricity used were asked, however, as part of the questions concerning amounts paid for public utilities.
- ¹⁰ See Attwood (2010), Brumfield and Ruble (1993), Prevost and Dushkina (1999), Zavisca(2012), Kulakova (2006), Svyatlovskii(2012), and Michigami (2013a) etc.
- ¹¹ Shinoda (2011a, b) points out that even in this category it is limited to low-income earners, but the category remains unchanged.

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