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## PRACTICAL FORMATION OF THE PRICE FOR THE MANAGEMENT OF AN APARTMENT BUILDING

The housing stock has been in poor condition for decades, but despite this, the authorities do not take any significant steps to improve the state of the industry. At the moment, many apartment owners encounter a lot of problems when creating condominiums. In order to maintain the full functioning of a residential building where residents are not interested in self-management, a mechanism for managing such types of buildings is necessary. Having analyzed the latest laws in the sphere of housing and communal services, we can conclude that, despite the issuance of laws, the legal way of their implementation is still absent. It is also worth noting that, in our opinion, the transfer of all communal ownership buildings to the ownership of the inhabitants will not give the desired result. The absence of qualified management companies can lead to even more depreciation of the housing stock, which at the moment is in a large proportion already in a worn condition. Lack of legal regulation of housing stock management by private management companies may lead to non-compliance with state standards in the field of repair and maintenance of residential engineering networks. This can lead to accidents, the consequences of which can be not only unpleasant for the inhabitants, but also life threatening. For example, untimely checking of the smoke and ventilation ducts in the building often leads to their litter and poor ventilation of living quarters, which can lead to carbon monoxide poisoning, gas equipment explosion, etc. Lack of rational institutional regulation of management companies can also lead to abuse of office, deception of residents and theft of personal funds. Legislation in its present form does not meet the requirements of the European state, the need for the development of market relations in local markets. A detailed analysis of legislative acts aimed at reforming housing and communal services was carried out. Regulations that need to be finalized by profile committees of the Verkhovna Rada of Ukraine are separated. The prices for management of communal dwelling houses, divided by their composition and with the indication of the necessary quantity, and the size of the price for management of a dwelling house divided by the structural parts of the proposed price, are structured.

Keywords: local markets, housing and communal services, housing and communal services, tariff formation.

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# ПРАКТИЧНІ АСПЕКТИ ФОРМУВАННЯ ЦІНИ НА УПРАВЛІННЯ ЖИТЛОВИМ БУДИНКОМ

Здійснено аналіз основних проблем при формуванні тарифної політики на локальних ринках УБПТ в Україні. Проаналізовано основні причини занепаду житлово-комунального господарства, основну різницю між роботою комунальних підприємств житлово-комунального господарства та керуючих компаній. Здійснено детальний аналіз законодавчих актів, спрямованих на реформування ЖКГ. Відокремлено нормативні акти, які потребую доопрацювання профільними комітетами Верховної Ради України. Структуровано ціни на управління комунальними житловими будинками із поділенням їх за етажністю та з вказанням необхідної кількості, та розміру ціни на управління житловим будинком із розділенням на структурні частини запропонованої ціни.. Запропоновано шляхи для становлення результативної роботи керуючих компаній, серед яких є розбивання комунальних житлових будинків на групи для найбільш результативного управління.

**Ключові слова**: локальні ринки, житлово-комунальне господарство, житлово-комунальні послуги, тарифоутворення.

Formulation of the problem and its connection with important scientific and practical tasks. One of the most pressing problems in the everyday life of the population of Ukraine is poor-quality provision of public services. The housing stock has been in unsatisfactory condition for decades, but despite this, the authorities do not take any significant steps to improve the state of the industry. The ultimate goal of the reform, which is now being carried out by the authorities, is the liquidation of communal enterprises, which currently serve residential houses and transfer of these houses to the association of co-owners of an apartment building balance [1]. At the moment, many apartment owners face a lot of problems when creating a condominium. One of such problems is the absence of the procedure for transferring the house to the management of the condominium and writing it off from the balance of the utility company. It is also worth noting that the Verkhovna Rada has transferred all obligations to conduct current and major repairs, as well as maintenance of the house for residents, removing all responsibility for it from the executive bodies of local self-government.

**Formulation of research objectives.** In order to maintain the full functioning of an apartment building in which residents are not interested in independent management, a mechanism for managing this type of houses is needed. In order to create such a mechanism, the order of the tender for the appointment of the manager of an apartment building (hereinafter - the Procedure) was approved by order of the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine No. 150 of 13.06.2013 [2]. According to this law, the executive body of the local council, in whose territory the apartment houses are located, or another body - the subject of the owner of the authority, to whom the functions for managing the objects of housing and communal services, ensuring their maintenance, efficient operation and the necessary level and quality of services are delegated competition for the management of an apartment building.

The organizer of the competition divides the controlled houses, which are not determined in the way of management, on lots. It is worth noting that the number of houses that are included in the lots is not regulated by order. This introduces an element of fraud in the conduct of the competition. On the example of the Primorsky district of Odessa, one can see that in one lot there are almost 1500 residential houses [3].

**Analysis of recent publications on the problem.** We have noticed that managing companies are also dealing with a number of problems the community that go beyond the concept of "housing services" [4].

These problems must be considered:

- cleaning "abandoned" areas that are such territories that are not included in the calculation of tariffs for the maintenance of the building and the local area (MBLA), but that are on the territory controlled by the company. These areas can act abandoned motels, private sector, substations and other facilities that are on the local area;
- watering area. This service is not included in the tariff for MBLA, however, the need for irrigation area is one of the priorities in the summer;
- trimming and other work with trees to bring them in proper sanitary condition. Another necessary service for safety life of residents that is not included in the tariff for MBLA, but costs a lot;

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- removal of bulky waste as a necessary service for the city because of its large accumulation impede travel or even pass on the surrounding local area. Furthermore, it should be noted that it is necessary not only to take out the garbage but to bury it in a landfill also, which requires the company's expenses;
- the maintenance of children' and sports grounds is also an unbearable burden on the shoulders of utility companies. The peculiarity of this type of work is the fact that the poor state of children' playground can cause injury or even death of people using this construction. Given the fact that serving housing utility companies there are no workers who may inspect, make defective acts and repair these engineering structures in the staffing, we can conclude that most of the existing children' and sports grounds are not in the best condition. Redecorating is the only way to serve the given above engineering facilities. And, of course, these costs are not included in the tariff for MBLA fall exclusively to the enterprise;
- lack of technical passports for homes is another significant obstacle to optimal functioning of the company. Because of the high cost of production (from 20 to 60 thousand HRN) for one registration certificate, the company can not do this thing. However, this year the Odessa city council decided to allocate money for the production of technical passports for further transfer houses to condominiums' balance [5].

Housing fund, which was built in the Soviet Union, requires constant repair and modernization. A lot of internal engineering networks come into disrepair, leading to insecurity of residents houses with vital components such as water, electricity, gas. It should be noted that the state of main housing funds has reached a level at which will be impossible to prevent technogenic accidents in the near future [6].

It should be noted that in addition to their income, these enterprises receive budget subsidies. Approximate list of investment programs subsidized by the city budget each year consists of 11 items and includes:

- maintenance of abandoned areas located on the territory controlled by the company;
- maintenance areas that are not covered by the public, is not included in the tariff during its calculation for different reasons;
  - watering local area;
  - removal of large debris from the local area, which now serves;
  - demolition, pruning and cutting trees that are on the local area served by the company;
  - the maintenance of children' and sports fields that are on the local area served by the company;
  - cover the difference between the cost of electricity, laid down in the tariff and paid at the moment;
- cover the difference between the cost of utilities such as heating, lighting, water and sanitation, are directly related to the provision of services for maintenance of houses and local territories that were incorporated in the rate and are paid at the moment:
  - the maintenance of old and emergency fund, whose inhabitants are exempted from paying the tariff for maintenance of houses and local areas;
  - cover the difference between the minimum wage laid down in the tariff and is payable at the moment.

Given the huge volume of required subsidies, the city budget is not able to fully repay the necessary additional financing. Partial funding is usually not more than 50% of subsidies that these enterprises have to get from the budget leads to the fact that the company has to spend money that could be spent on much needed thing as a maintenance engineering components of the house, on those cost items that are missing government funding in full.

**Results.** Changes in the legislation in changing the concept of "tariff" to the concept of "price" influenced the methodology of using the price in work. Moreover, in the current practice there are no normative documents, which regulate the methodology of forming the price for the management of an apartment house. The method of forming a tariff for the maintenance of the house and the adjacent territory does not take into account all the features related to the structure of the price for managing the residential building and can not be applied to its calculation [7]. Having examined the system and practical aspects of servicing residential buildings by municipal enterprises, it can be concluded that the work of such enterprises is not properly organized, and that they are not economical in spending the means of tenants, which it is more expedient to invest in repairing an apartment house. Moreover, the huge overhead costs, which are mainly in the maintenance of administrative personnel, lead to an economic overstatement of prices for the management of residential buildings. In practice, you can see that in the structure of the management price, overhead costs of up to 50% are laid.

Proceeding from the foregoing, it is necessary to practically analyze the feasibility of managing such a large number of dwelling houses simultaneously. Along with this, it is necessary to form a staffing table,

taking into account only the necessary number of employees. Also, taking into account market prices and state guarantees in the sphere of labor remuneration, we selected a time-bonus system for employees of administrative and managerial personnel and a piece-bonus system for working specialties.

The organization of work in order to save labor costs should be carried out directly from the management company, without dividing the territory into structural units, as it is now. This will save money on the posts of the chief of the production site, the masters of the production sites. Processing of applications of tenants and drawing up of the plan of works for working specialties for every day should become daily practice for the management of the enterprise. In order to motivate the employees of the enterprise, in the price of managing the residential house, a bonus to each employee in the amount of the salary should be included.

According to our calculations, the necessary equipment for the work will cost the management company in an amount not exceeding UAH 150,000. Monthly costs for renting premises, maintenance of office equipment, communication and utilities will not exceed UAH 30,000. Depreciation charges will amount to no more than UAH 5,000 per month.

Staff of the administrative and management personnel of the management company should include the following employees:

- director;
- deputy Director;
- chief Engineer;
- chief Economist;
- chief accountant;
- leading accountant
- accountant of the 1st category;
- personnel inspector;
- lawyer.

Workers in our case are limited to a plumber, an electrician and a stoveman. The reason for this limited staff was the lack of the cost of running the house for the maintenance costs in the structure of the house. At the moment, there are hundreds of workers in municipal enterprises who, due to the financial crisis and the lack of sufficient materials, do not fulfill their direct responsibilities most of the time.

In our case, workers must deal with emergency maintenance and maintenance of residential buildings. Scheduled preventive minor repairs will be carried out by the management company, while volumetric work will be carried out in a contract way, for which tenants of the apartment house, after agreeing with them the cost of work, will receive separate bills.

To create a 24-hour emergency service, brigades will be created from a plumber, an electrician who will be at work around the clock. The presence in the state of the management company of the dispatcher will allow to have round-the-clock contact with tenants of houses.

The management of the workers for the complex cleaning and maintenance of houses with adjacent territories on the ground will be carried out by foremen. They will be appointed from among the workers and receive an additional payment for the leadership of the brigade. This will help optimize work to prevent the increase in the number of staff. Table 1 shows the tasks performed by workers in the complex cleaning and maintenance of houses with adjacent territories.

Table 1

**Duties of the managing company** 

Type of work	Periodicity
Sweeping of territories of 2, 3 classes	Daily
Sweeping of territories of 1 class	5 times a week
Cleaning garbage from lawn	3 times a week
Wet sweeping, washing the floor on the 1 floor	3 times a week
Wet sweeping above the 1 floor	1 time a week
Cleaning of snow, sprinkling of territory with sand-salt mixture	On demanding

The generalized structure of prices for managing an apartment building is as follows, with a division into the number of floors and quantity of buildings is indicated in table N = 2.

**Dependence of price on quantity** 

Dependence of price on quantity											
Quantity	700	250	200	100	70	50	50	50	50	50	
Floors	1	2	3	4	5	6	9	10	14	16	
Cleaning the house											
territory	1.40	1.15	0.89	0.90	1.00	0.60	0.74	0.57	0.63	0.42	
Cleaning the floors	0.00	0.00	0.44	0.27	0.19	0.17	0.22	0.21	0.17	0.17	
Cleaning of cellars, attics	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
Maintenance of all											
systems at home	0.48	0.55	0.42	0.47	0.51	0.61	0.34	0.31	0.37	0.21	
Illumination of common											
areas, pumping water	0.30	0.30	0.30	0.35	0.45	0.45	0.85	0.85	0.85	0.85	
Additional expenses	1.06	1.20	0.91	1.04	1.12	1.33	0.74	0.67	0.81	0.46	
Profitability	0.81	0.80	0.74	0.76	0.82	0.79	0.73	0.65	0.71	0.53	
Value-added tax	0.81	0.80	0.74	0.76	0.82	0.79	0.73	0.65	0.71	0.53	
GENERAL PRICE,											
UAH per m <sup>2</sup>	4.88	4.81	4.45	4.57	4.92	4.75	4.35	3.93	4.26	3.20	

The additional costs include the following costs:

- rent of premises;
- maintenance of office equipment;
- software maintenance;
- security maintenance;
- office expenses;
- communications cost;
- utility costs.

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The profitability, which is included in the prices for the management of apartment buildings, is 25%.

As can be seen from the analysis, the most profitable houses for servicing are high-rise buildings. Moreover, in the case of servicing high-rise buildings, we see that 50 houses are enough for economically advantageous maintenance.

The most unprofitable are single-floor buildings. On average, 700 houses are necessary for rational dividing the costs of the enterprise into management between the tenants of houses.

You should also pay attention to the fact that the price for managing an apartment house can be reduced by obtaining additional income from an apartment house. You can achieve this in the following ways:

- setting special prices for commercial organizations occupying living quarters;
- leasing premises and (or) structures for providing residents with TV broadcasting and communication services;
  - renting out exterior structures of a house for use by companies for advertising purposes;
- exclusion of a part of the adjacent territory used by small architectural forms under the condition of concluding a contract for the cleaning of a given territory with a small architectural form;
  - renting out basements at home.

In turn, the managing company can offer the following types of savings on maintenance of a residential building:

- installation of energy-saving light bulbs, which will significantly reduce the cost of electricity;
- changing the schedule for cleaning the area for those houses where possible. Residential houses with low traffic, especially one-floor buildings, the house territory of which does not require daily cleaning, can reduce the price, reducing the frequency of cleaning;
- feature of some single-floor houses is that they do not have intra-home communications. Apartment communications are connected directly to the communications of suppliers, which will allow to remove from the price the service for maintenance of in-house systems.

Conclusions and perspectives of further research. We repeatedly indicated the need to reform local markets for housing and communal services [8]. Having studied the state of the market of housing and communal services, it is impossible not to pay attention to the general dissatisfaction of residents of

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apartment houses by service providers. The reason for this dissatisfaction was both the principles of pricing, and the organization of internal work in the enterprise.

The ultimate goal of the reform carried out by the Government of Ukraine is to create competition in the housing and communal services market. However, at the moment, there are much less people who are interested in self-organization, self-management by the house, than those who are content with the activities of management companies organized by local governments, which in turn neutralizes the ongoing reform.

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