



Ukraine: Rebuilding a Place to Call Home – an ongoing process of reform for recovery

Julie Lawson, Adjunct Professor, Centre for Urban Research RMIT University
Oleksandr Anisimov, Doctoral Researcher, Aalto University and New Housing Policy

EUROREG Seminar, University of Warsaw
5 October, 2023

New
housing
policy

RMIT
UNIVERSITY
Centre for
Urban Research

Who we are and why we are here



Dr Julie Lawson is adjunct professor at RMIT's Centre for Urban Research, lead author of the UN report *#Housing 2030*, co-edits the international journal *Housing, Theory and Society* and produces peer reviewed research reports, articles and podcasts to promote knowledge exchange on housing and urban policy.



Oleksandr Anisimov is a doctoral researcher at the Aalto University (Finland), head of the NGO New Housing Policy (Ukraine), and co-author of the report *Rebuilding a place to call home*

Outline of presentation

- Housing - context and challenges
- Response to date
- Opportunities to accelerate reform for recovery



Housing context and challenges

Destruction and displacement



1,500,000 damaged residential units, one third is destroyed

60% IDPs in private rental sector

40% struggling with paying rent/exhausted savings

The most damaged sector needed reforms for years already

'Society of homeowners' with low incomes resulting from privatization (up to 93%)



Rising utility subsidies from the state (40 bil. UAH y 2021)

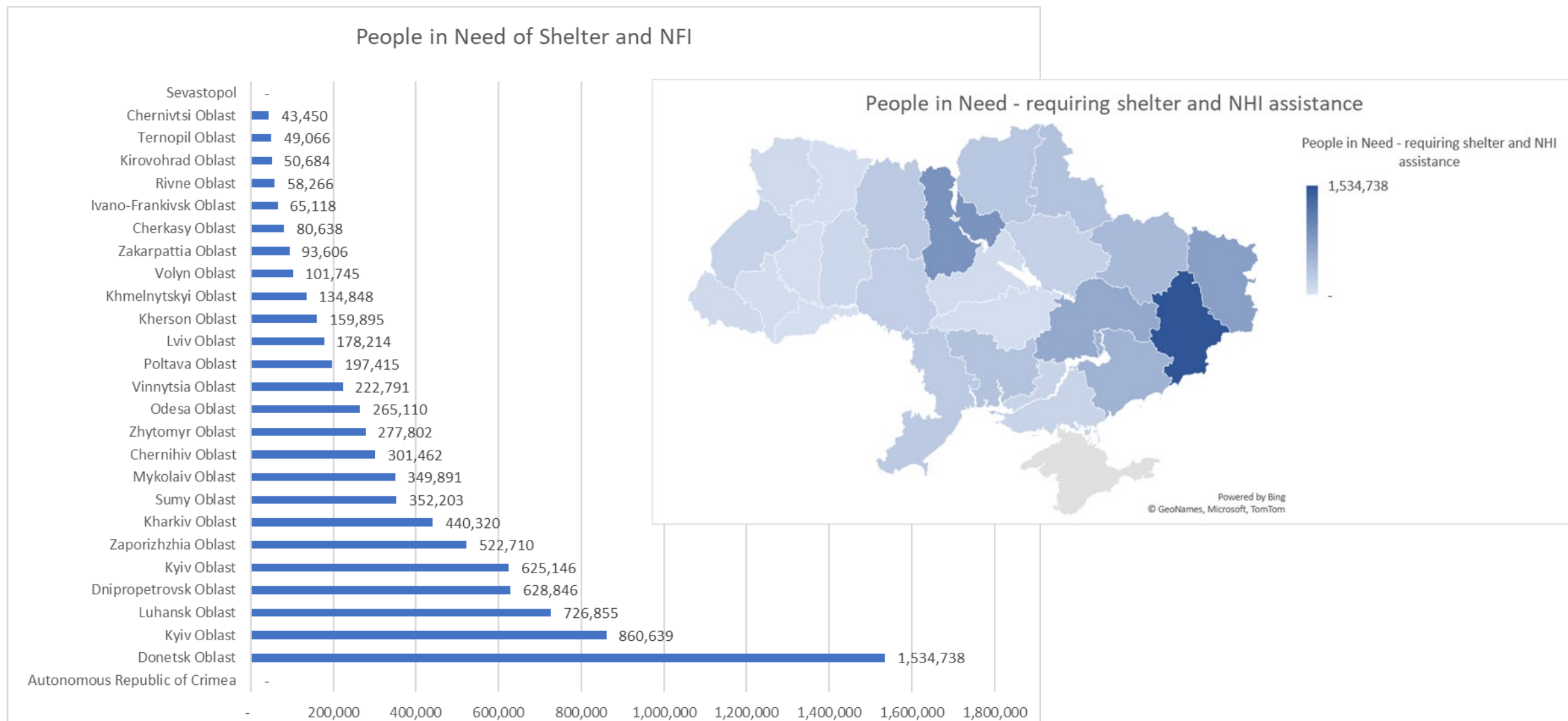
Unfinished housing management reform resulting in **just ~20% of buildings with homeowners associations** (~2000 per year)



40% of households were living in **housing with no major repairs**



Scale of need is significant, varies spatially



Response to date

Social housing undeveloped and inadequate

Lack of clear and streamlined framework for social housing and hromadas are lacking guidance



Just over 1,000 social housing units nationwide!

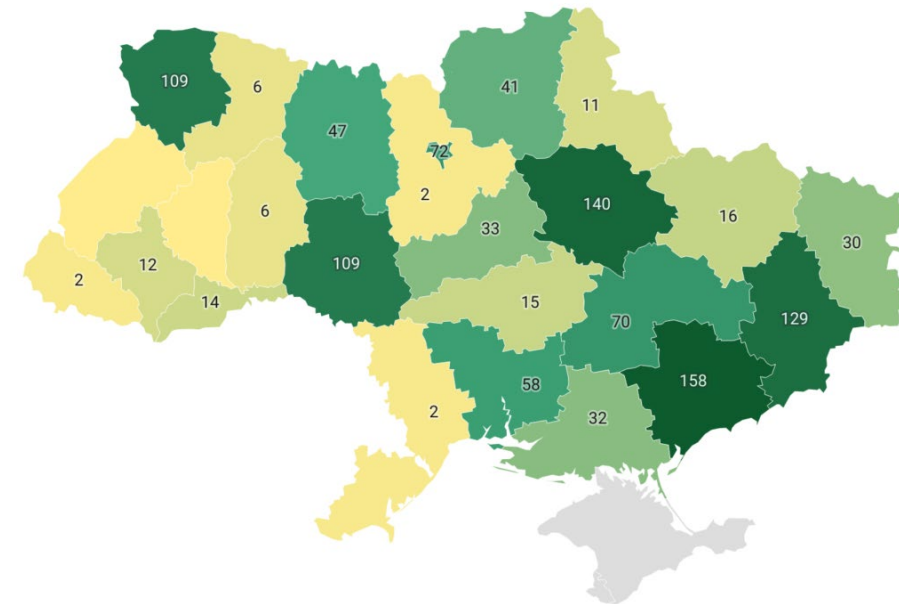
While the private rental sector is growing it is **poorly regulated and unaffordable**



Rental **housing is unaffordable and insecure** leading to discrimination and evictions

Existing housing stock of social purpose as of January 1, 2021

The amount of social housing stock
0 158

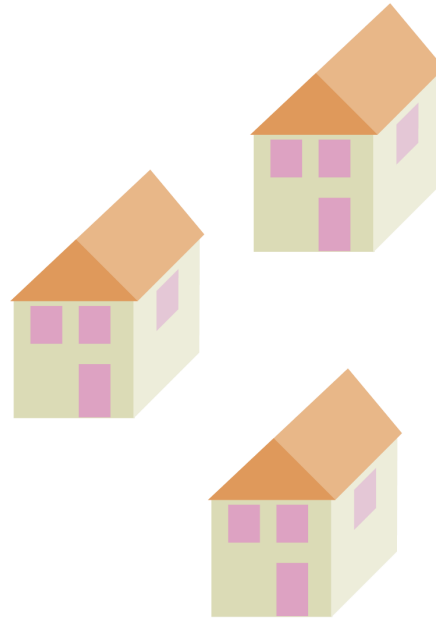


Social housing model in Ukraine is highly problematic

Mutiple queues exist and none are efficient, data sharing and management is poor

Social housing stock is heavily subsidized and dependent on municipal fiscal capacity

Narrow focus on 'poor citizens', rationed provision and allocation



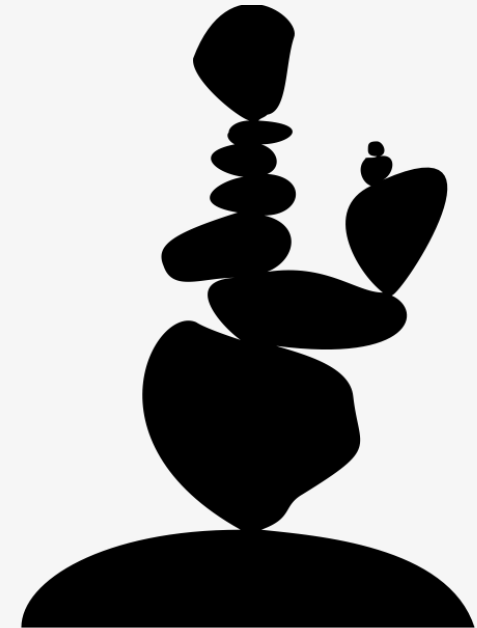
Despite millions displaced, only 1564 persons provided with 928 units since 2022

Central government fails to support transferred role of municipalities for social housing

Model is financially unsustainable making it impossible to attract loans

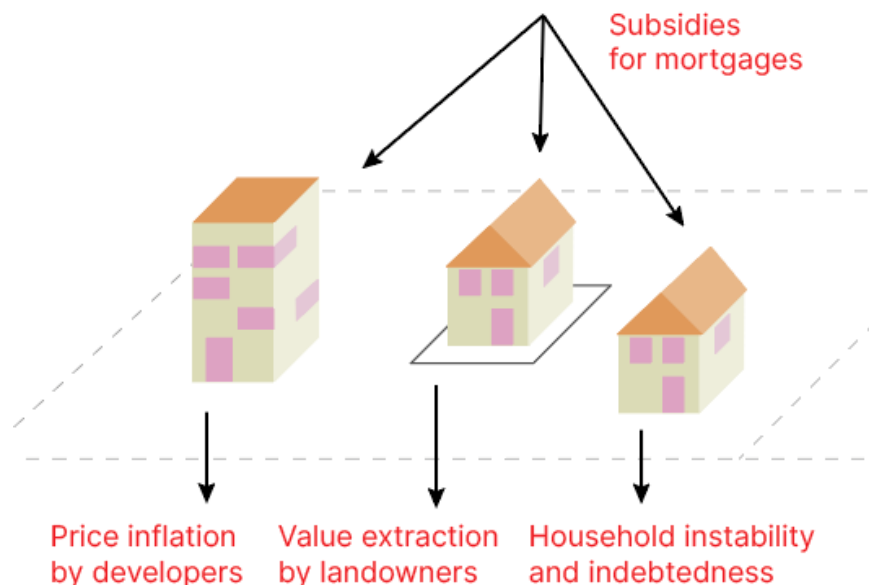
Unbalanced approach currently proposed

- So far, **primarily deep demand side support has been given to banks offering home loans to mainly security personnel in safe areas.** Allocation of 3-7% loans funded by the Ministry of Finance. **This could pose a major risk to public finances.**
- Vouchers offered to war-impacted homeowners for repair can be applied for via the Diia app, and cashed in via preferred suppliers. **Funding relies on the expenditure of frozen Russian assets.**
- Assistance for 30,000 hosts of displaced families Prykhystok. **This is donor funded and temporary without any strategy.**
- ***No reforms to the rental market*** (e.g. increase in legal contracts, improving standards, preventing rent hikes, discrimination or evictions). *Such reforms would cost little to the budget.*
- ***No active policy to support responsible landlords or tenants,*** *that could reduce risks to households, provide flexibility, and promote easier access to quality housing.*



Deep subsidies provided for few existing developments

Ukrfinzhytlo model outcomes



Ministry of Finance of Ukraine, the Ministry of Digital Transformation and PrJSC established "Ukrfinzhitlo" in 2020 to offer reduced interest on home loans

- Public subsidy is paid via the Ministry of Finance to participating banks via private entity.
 - Generous program, offers 3-7% interest on loans, supported by 20% deposit for 20 y.
 - Based on current 10-year government bond yield up to 22%
 - Only lends for projects **completed by approved developers**, less than 3 y.o.
- So far 1,200 loans issued
 - **A fraction of the 136,159 applications** approved since November 2022,
 - Eligible are war veterans and their family members; participants in hostilities, persons with disabilities as a result of the war, families of deceased war veterans, as well as families of deceased Defenders of Ukraine; as well as internally displaced persons
 - Almost **no chance for low and moderate-income households** in war-affected areas **to obtain this support** due to a lack of collateral or predictable income
 - Thus, the **program does not expand adequate choices for prioritised needs** – and is contrary to the state's role in realising the Human Right to Adequate Housing.
 - **! Expansion of this program could pose a deep cost to the public purse, and waste international resources.**

What is the capacity to address these needs?

Department of housing policy (Ministry)

- Considerable policy action and strategy investment required, but vision, administrative capacity, dedication of funds and transparency lacking
- draft Recovery Plan gives some direction, some attention to the nonprofit rental housing law and developing municipal capacity in housing
- Yet so far efforts skewed towards mortgage ownership, and no reforms or increase in allocation of funds for affordable or social rental housing

Derzhmolodzhytlo Youth Housing Fund originally established for the purposes of supporting co-operatives for young households, in recent years funds mortgages.

- This agency is responsible for the implementation of housing programmes, and even has regional offices (55 local programs in 13 oblasts but they have not created many housing apartments (Shnaider, 2023).
- However, donor funds are exhausted. National programs of funding have not been approved.

Overarching rationale for housing sector reforms

- ▷ **Need for a strategic vision** confronts the scale and breadth of housing challenges across the housing system
- ▷ **Huge management gap** in existing housing stock blocking the Energy Efficiency programs and net-zero targets, draining the public budget
- ▷ Policy refocus is required that works to offer adequate options and **realise the Human Right to Adequate Housing**
- ▷ To date an **over-riding focus on subsidising** existing residential **developers** and expanding mortgage market
- ▷ **No reforms or supply outcomes for renters**, low-income households or vulnerable households
- ▷ **Social housing** responsibility shifted to municipalities and **un-funded by central agencies**

Opportunities to accelerate reform for recovery

Emerging opportunities

- **Conditionality of EU accession** and international support and strategic technical assistance could mobilise housing policy progress and facilitate reform at national and municipal level
- **Good design of a program of public investment** and conditional subsidies can support adequate housing, also removing the threat of profiteering and privatisation
- For example, legal clarification of housing strategy, clearer allocation of roles, as well as principles for funding, support for establishing system of registered providers of subsidised housing, allocation targets, and reporting on performance.
- A more **purposeful and capable housing recovery** addressing needs would strengthen trust and social solidarity

Symposium: Ukraine's housing recovery forum - Rebuilding a Place to Call Home



- Major international discussion in the Hague
- Followed up by a detailed report
- Launched in Kyiv May 2023
- Well received by key stakeholders

Ukrainian Housing recovery challenges

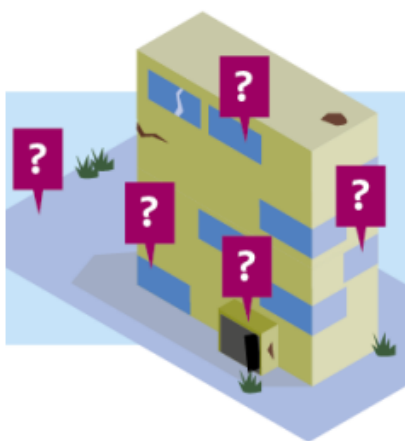
Ukraine has suffered immense damage: over 817,000 homes damaged, affecting 2m residents with a cost of over EUR 40 billion. However, core housing problems were present long before the war



PBL Netherlands Environmental
Assessment Agency

REBUILDING A PLACE TO CALL HOME

Conditions before the war



Weak role of the state institutions, lack of framework and no social housing stock

Legislation for social and non-profit housing is not performing

Disinvestment and failed housing stock management reform, huge EE subsidies

Spatial planning disregards social housing, role of municipalities is minimal



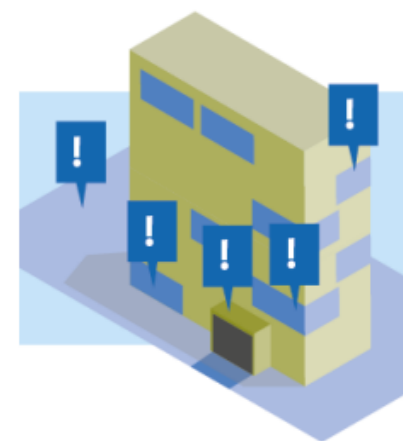
Risks during and after the war

White elephants and misguided investment

Investments stuck or not reaching vulnerable groups

Perpetuated and conserved problems of management

Ad hoc spatial planning and poor accessibility of new areas



Lessons from Europe

*After World War II, Europe rebuilt itself, producing some of world's most livable cities.
Land policy and purposeful circuits of investment were key to recovery efforts*



PBL Netherlands Environmental
Assessment Agency

REBUILDING A PLACE TO CALL HOME

Austria

Strong national low-profit housing legislation

In Austria, 24% of housing is provided by Municipal Housing Companies, Limited-Profit Housing Associations (LPHAs)

Denmark

National housing fund and closed financial circuit for social housing

LBF was established in 1967 and is funded by tenant rents from social and affordable housing provided by non-profit housing organisations

the Netherlands

Purposeful local land policy for social housing and diverse neighborhoods

For decades after WWII, the supply of much needed housing was accelerated via local public land assembly and central government subsidies to non-profit housing associations

Finland

Purposeful national housing agency funding social housing

Out 66,000 new dwellings planned for construction between 2020 and 2023 in Helsinki, ARA Finland works to co-finance 18,200 as social housing

Vienna

Municipal housing company and land bank to assure long-term affordable housing provision

Since its inception in 1984 Wohnfonds Wien has provided more than 3.7 million square metres of land for more than 51,400 subsidised apartments



European social housing fabric

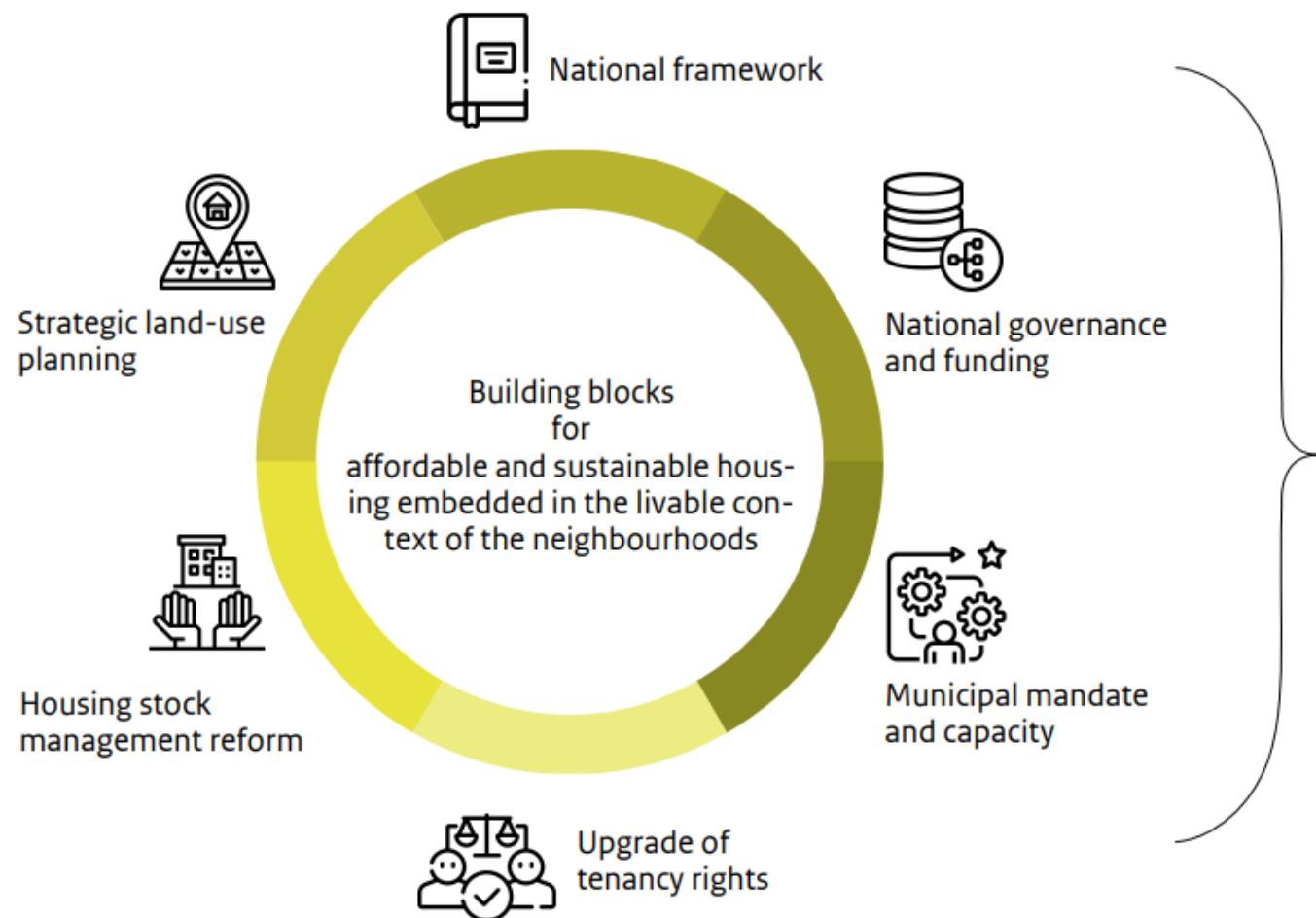
System of recommendations for housing recovery

Locally-informed systemic efforts in building institutions, legislation and capacity would support a comprehensive and place-based housing recovery in a short- and long-term perspective



PBL Netherlands Environmental
Assessment Agency

REBUILDING A PLACE TO CALL HOME



Underpinned by a Technical assistance expert platform for housing in Ukraine led by the EU and local experts

What would a coherent approach to implementation require?



Affordable Social Housing

Model defined clearly in legislation, based on European best practice

Governing board has relevant mission, expertise. Includes local community stakeholders and has a strong resident voice.

- Cost recovery model
- Long term asset management
- Mandate to respond to needs, supply housing
- Non-profit, revolves surpluses, no shareholder dividends

Regulatory and registration system provides for transparency in use of funds, quality assurance and resident voice



Housing Agency with Housing Fund

A national body and fund that supports the development of affordable rental housing via provision of conditional grants, loans and guarantees

Strong links to Environment, Finance and Recovery Ministries

Has a research, development and innovation function, building capacity in EE construction, good governance and building management

Ensures compliance with non-profit housing law with regards to mission, needs based allocation, cost rents, efficient operations, dedication of surpluses, use of revolving funds.



Municipalities mobilised to act

Engages the community in urban plans for future residents

Informed by needs based housing targets, integrates housing needs in land use plan, identifies suitable sites
Uses land policy instruments such as land banking and conditional leasing to achieve these targets

Establishes a municipal housing company (also with other municipalities) and enables other entities such as co-operatives to establish too



Just recovery for households

Inclusive allocation prioritises local needs and ensures social inclusion.

Residents pay cost recovery rents and contribute maintenance fees (compulsory), surpluses revolved for common good housing purposes.

Residents have a say in the management of the building (optional)

Tenant unions and housing ombudsman, advocacy for vulnerable households.

How would it be organised?

Reformed housing law

passed by parliament

Supported by stakeholders

Implemented by responsible Minister, Housing Agency, municipalities and registered providers

Dedicated Housing Agency

Possibly part of Reconstruction and Development

- Inform/implements affordable housing strategy
- Evidence basis for local needs-based capital investments
- Sets grant conditions & procurement standards
- Regulates, monitors, evaluates and reports to Minister and Parliament

Affordable Housing Fund Board

No own staff – operated by Agency

- Invests in Affordable and Social Housing (ASH)
 - Source of grants (per policy)
- Source of guarantees loans (approved financing for approved projects)

Development banks and other banks

- credit assessment
- administer co-financing loans (with conditional guarantee)

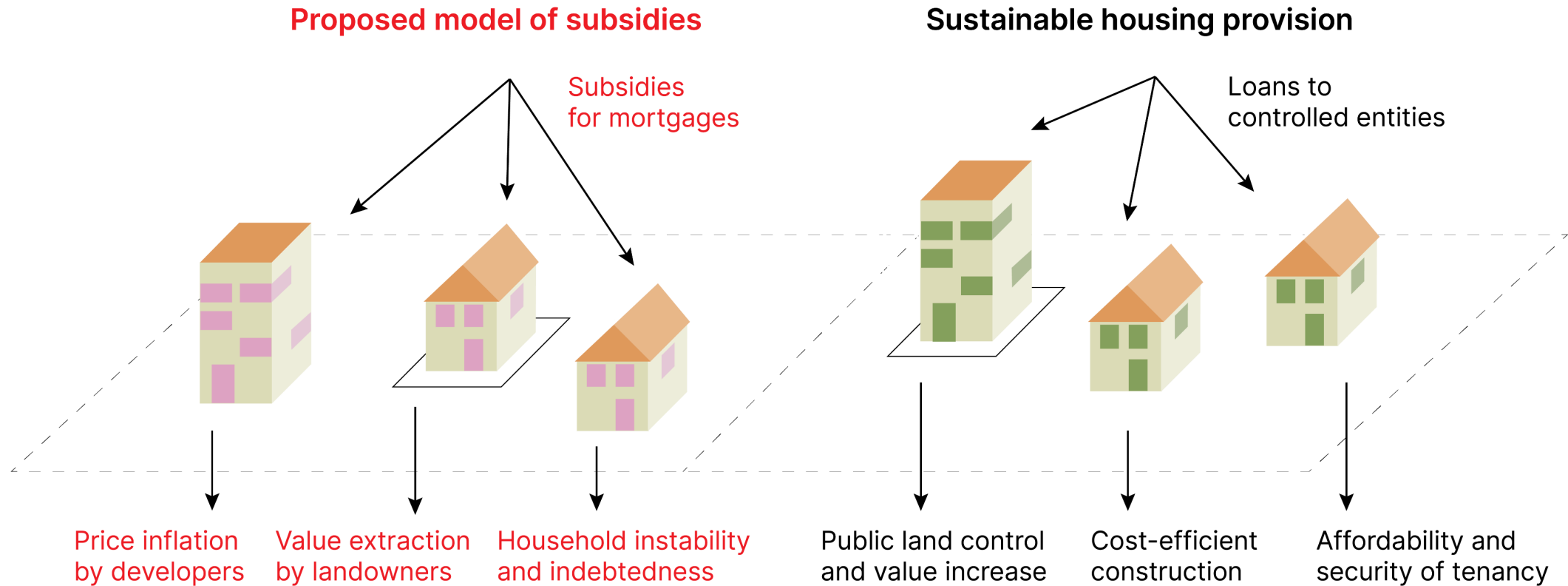
Municipalities

- integrate affordable housing in plans
- lease public land for ASH
- can establish own registered providers of ASH

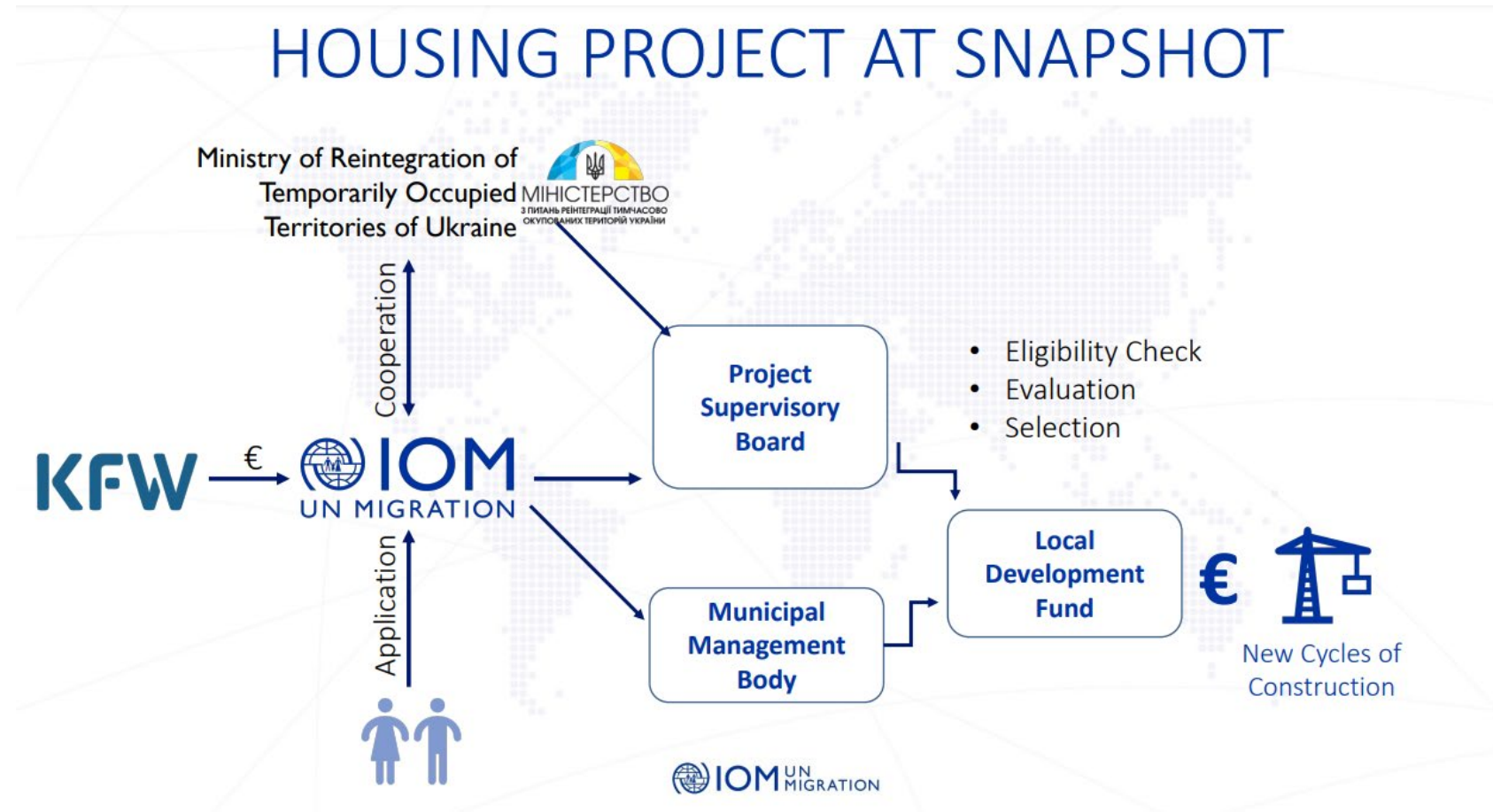
Registered providers of ASH

- mission focused
- can receive subsidies
- defined operating model
- audited

Overall model comparison



IOM Pilot – potential and insights



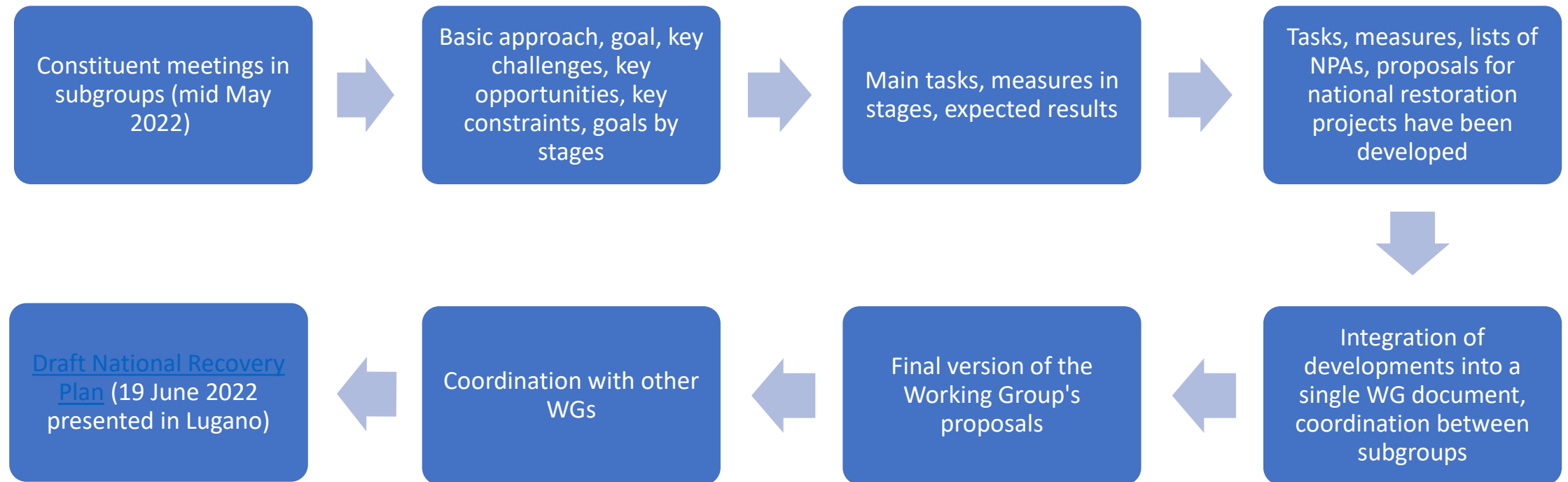


Building on Ukraine's Lugano plan...

Researchers have a role informing accelerated reforms.



Ukraine has drafted its own National Recovery Plan:





UN HABITAT
FOR A BETTER URBAN FUTURE



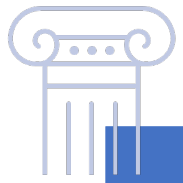
Good European practices in affordable, inclusive and climate neutral housing and urban development

Many areas of potential knowledge exchange, catalysing policy development, capacity building and peer to peer technical assistance:

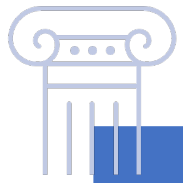
UNECE/Housing Europe/UN Habitat initiative #Housing2030 involvement in drafting Ukraine's Recovery Plan - member of WG on Housing Policy, participation in presentations and public discussions etc

- Governing frameworks – National Housing Strategy, multi-level governance and sustainable development
- Housing needs assessment and , reporting, budgeting and investment
- Sustainable and inclusive social housing systems
- Public interest land development promotion
- Sustainable investment in needed housing
- Housing standards, quality, affordability access and energy efficiency
- Tenancy regulation
- Resident involvement and advocacy

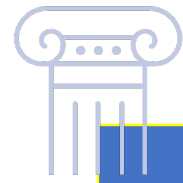
Proposed EU facility for Ukraine



- Grants
- Loans
- To fulfil Ukraine's Recovery Plan and EU conditionalities



- Ukraine investment framework
- Complementary measures to attract public and private investment
- e.g. Guarantees



- Technical assistance
- Bilateral support
- Pre-accession measures
- Interest rates subsidies under pillar one.

EU facility accelerate could progress reform



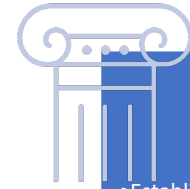
Pillar 1

- National housing agency managed fund providing conditional grants for affordable, energy efficient housing – sliding grants depending on level of affordability required, as in Finland and Austria.
- Fund is capitalised by revolving loans and also dedicated tax revenues to provide long term revolving loans, loan repayments are ringfenced to replenish fund over time, as in Finland, Austria and Switzerland.
- Ensure that funding is channelled through a well regulated, purpose focused and accountable legal entity, such as limited profit housing entity, transparent and accountable to funders and regulators
- Ensure that housing fulfils UN SDGs and EU NEB goals and well-integrated into communities and social infrastructure
- Fulfils Ukraine's Recovery Plan with regards to housing and EU conditionalities with regards to Social Charter, EE, NEB and social inclusion.



Pillar 2

- Ukraine investment framework – good governance, constructive guidance and conditional guarantees.
- Complementary measures to attract most cost efficient long term financing - support should not be given to inefficient, overly complex or costly models
- Capacity building effort in affordable housing business operations, including legal guidance for compliance, project management and constructive regulatory framework, including training, peer to peer exchange
- Specialist auditing and reporting to funders and regulators (including consumer advocates), Austria and Finland provide exemplars.
- Guarantees can be used to create a pipeline, and for financing find its way to the projects, they can also be reduced over time when suitable.



Pillar 3

- Establish agreement of national direction on adequate affordable and inclusive housing strategy confirming adoption of European best practices, building on program of Recovery Plan and drawing on the recommendations of the PBL report 'Rebuilding a Place to Call Home'
- Technical assistance establishes legal framework to support reform of current affordable housing model, towards cost recovery rent housing model both at central and local level
- Bilateral support provided by countries with strong cost recovery models: Austria, Denmark and Finland to establish this model and regulatory framework
- Housing stock management reforms, focusing on accountable legal entities that promote EE and life cycle approach and resident focused, such as limited profit housing entities
- Technical assistance to strengthen institutional support for civil society rights with regards to adequate housing (tenancy reforms, legal advice and advocacy)
- To inform a needs-based capital investment strategy, **establish data collection and evidence base in SSSU** and capacity to inform needs based allocation
- Capacity building strategy municipalities to support and establish responsible mission focussed entities and integrated land use planning for housing

Requires a needs-based approach to guide capital investment

- First attempt at modelling cost of a larger scale effort to respond to housing needs
- Builds on preliminary report on needs assessment
- Applies key IOM and Ukrainian data sources on household needs, unit needs, land, finance and construction costs
- Adapts Affordable Housing Assessment Tool (AHAT)

Paper be presented at second Rebuilding a Place to Call Home - Lviv, November 11, 2023



Ensure subsidised housing is mission focused and well governed

- Model Common Good Housing Law comprises the following elements:
- Access to subsidies and tax exemptions based on defined obligations
- Clear mission and regulatory framework
- Registered to operate in situ
- Economic capacity
- Supervisory board
- Freedom from conflicts of interest
- Restrictions on beneficiaries
- Limited business activities
- Cost rent setting, indexed
- Revolving funds
- Reasonable and proportionate management costs
- Auditing association is licensed by minister of Finance and reviews and confirms suitable entities, submits audit reports and promotes guidelines for registered entities

**Paper to be presented for discussion in
Brussels, Vienna House, 24 October, 2023**



ENHR Workshop: Crises, conflict and recovery

Common Good Housing: a systemic approach to recovery based on European best practices

Draft for Comment

Wolfgang Amann

Director, IIBW Vienna, e-mail: amann@iibw.at

Oleksandr Anisimov

New Housing Policy and Aalto University e-mail: go.oleksandr.anisimov@gmail.com

Pavlo Fedoriv

New Housing Policy e-mail: Pavlo Fedoriv: pavlo.fedoriv@gmail.com

Julie Lawson

RMIT University, Centre for Urban Research, Melbourne, Australia e-mail: julie.lawson@rmit.edu.au

Abstract

Цей документ зосереджений на належному управлінні доступним житлом в Україні та, зокрема, на законодавчій базі для підтримки цього. Житло матиме вирішальне значення для економічного та соціального відновлення України, а також для досягнення її цілей енергоефективності. Доступне, адекватне та недороге житло є невід'ємною частиною збалансованої системи житла та є критичним у періоди криз та відновлення. Проте переважаючі інституційні умови житлової політики України зазнали серйозних проблем через триваючу війну та не змогли задовольнити дуже значні та широкі рівні потреби в адекватному житлі. Україна розробила власний Національний план відновлення, який визначає цілі щодо реформування житлової системи, що включає розвиток моделі некомерційного житла. Цей документ відповідає амбіціям, втіленим у Плані України, який підкріплюється її зобов'язаннями перед міжнародним правом щодо права на достатнє житло, а також прийнятими принципами переселення переміщеного населення. У ньому розглядається поточний український контекст на основі останніх досліджень, а також стисло аналізується передовий європейський досвід у сфері сприяння розвитку доступного житла. Одним з таких прикладів є австрійська система доступного житла, нарізним каменем якої є житлово-будівельні товариства з обмеженою відповідальністю (ЖБК). У цьому документі представлені ключові елементи австрійського Закону про ОСББ, які можуть надихнути українських політиків на створення такого сектору доступного житла у своїй країні. Подальша робота буде необхідна для інтеграції такої реформи в український правовий контекст, який також є сукупністю багатьох підходів, що перетинаються. Цей документ є ще одним кроком на шляху до більшої узгодженості та належного врядування на шляху до більш продуктивної, стійкої та інклюзивної системи доступного житла в Україні.

Yet much more research and development needed



What further research could inform building back 'better'?

- **Many directions...**
- Informed international efforts in long term housing responses
- Alignment of EU and sectoral policy goals: zero-net transition, e.g. energy efficiency and circularity, and also social inclusion: inequality and poverty
- Advanced and applied analysis urban planning, housing policy, municipal and provider capacity and supply chains
- Advanced legal understanding of the current property relations and circuits of investment affecting existing and new development
- Concrete examination of the capacities impeding and enabling reforms
- Organisational models and capacity building for relevant stakeholders in urban development and housing field
- **Many more.....**



Join and contribute to a research working group - for example at ENHR or AESOP



- This working group encourages European researchers and policy developers, from a range of disciplines and fields to share information, analyze and debate the process of crises, reform, and recovery
 - **Invitation for new papers for the Delft ENHR conference soon**
 - **Conference held 26-30 August 2024**
 - Previous papers:
 - Challenges to the structure and **functioning of social housing** in Ukraine (Shnaider)
 - Ukraine's Housing Recovery: **path dependence and international influence** (Lawson and Ruonavaara)
 - The role of solidarity housing in the **accommodation of refugees** in Germany (Sukhomud)
 - Common Good Housing: a systemic approach based on European best practices (**Legal Framework**) (Amann, Anisimov, Fedoriv and Lawson)
 - Rebuilding affordable housing requires (re) designing institutions: securing not for profit housing in an **institutional** void (Anisimov, Fedoriv, Tkachenko, Lawson and Buitelaar)

Crises, Conflict and Recovery

Support and partner with Ukrainian experts

- <https://cedos.org.ua/search/housing/>
- <https://newhousingpolicy.com.ua/>
- <https://ro3kvit.com/>
- And many more experts in universities, NGOs and civil society



Social cohesion and public participation: the key to the democratic recovery of Ukraine

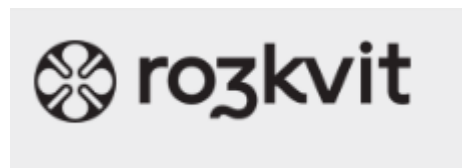
Engage in knowledge exchange and capacity building – some examples

Tools for Post Conflict Urban Recovery – Understanding how to build back better (postconflictrecovery.org)

All sessions available online, including presentations.



NEB Capacity-building Programme - Initiative Bauhaus (initiative-bauhaus.at)



Conclusion

Outcomes of a well-organized
housing recovery

- ▷ Ensuring a place to return to for refugees and IDP
- ▷ Zero-net transition in line with the Green Deal
- ▷ Affordability of housing for wide population groups
- ▷ Purposeful and transparent use of public investment
- ▷ Housing integral to Ukraine's recovery and should be part of EU efforts ensuring macrofinancial stability, social inclusion and just transition.



Julie Lawson – julie.lawson@rmit.edu.au

Oleksandr Anisimov - oleksandr.anisimov@aalto.fi

Thank you!