

# Key principles of state housing policy: Recommendations for the development of the bill

Policy brief



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## ● Introduction

For more than five years, the Ministry for Regional Development, Construction and Housing (later renamed as the Ministry for the Development of Communities and Territories) worked to prepare a new edition of the Housing Code of Ukraine.

The previous code, adopted back in 1983, still contained Soviet terms and propaganda clichés in its title and preamble up until 2022, causing a lot of criticism and ridicule as well as political mandates to update the “outdated” Housing Code as soon as possible. At the same time, despite the Soviet rudiments in the document’s wording, its meaningful part had been changed radically over the 40 years of the Code’s validity. There were over 40 laws, decrees and Constitutional Court decisions that changed and interpreted the contents of the document. As a result, the contents of the Housing Code of Ukraine which is used today are fundamentally different from the original Housing Code of the Ukrainian Soviet Socialist Republic adopted in 1983. It is more reflective of the housing policy of independent Ukraine as it established and developed its market economy than of the planned economy of the USSR; nevertheless, it still contains certain provisions and rudiments from the Soviet times.

After analysing the contemporary housing policy in Ukraine in the past five years, the Cedos Think Tank has identified a number of weak points and challenges which have become even more critical since the beginning of the Russian war against Ukraine in 2014 and the full-scale invasion in 2022. Given the existence of these weak points of the housing policy of independent Ukraine, which have emerged over the past 30 years, we recommended to first reconsider the conceptual principles and foundations of housing policy, approve them at the legislative level, and only then, on the grounds of these principles, to update the Housing Code as a complex document which establishes the detailed rules of implementation of the state policy. In view of this, we welcome the decision of the renewed Ministry for the Development of Communities, Territories and Infrastructure of Ukraine to start working, first of all, on a bill on the key foundations of the state housing policy.

The Plan of Priority Actions for the Government for 2023, approved by the Cabinet of Ministers of Ukraine Decree 221-r of 14 March 2023, charges the Ministry for the Development of

Communities, Territories and Infrastructure with “developing and submitting a bill to regulate the issues of housing policy and introducing changes to certain Ukrainian laws,” which should result in “creating a new system of legislation regulating the key principles of the state housing policy.”

In response to the Ministry’s request to give our recommendations for the development of the draft bill on the key principles of the public housing policy, the Cedos Think Tank has prepared this brief. It covers the issues of social housing, rental housing, as well as affordable rental housing, particularly the kind that is publicly or communally owned.

This brief is based on an analysis of literature as well as on discussions within the housing policy expert group that is a part of Cedos, discussions within an informal working group tasked with writing the bill at the Ministry, as well as consultations with experts. The main previous works used while preparing this document were the reports [Public Housing Policy in Ukraine: Current State and Prospects for Reform, Housing2030. Effective policies for affordable housing in the UNECE region, 37 theses about the current state, challenges and principles of new housing policy in Ukraine, Social, temporary and crisis housing: What Ukraine had when it faced the full-scale war, Rebuilding a place to call home](#). Since the goal of this brief was to structure brief recommendations for the development of the bill, it has no claims about the uniqueness of the collected information or suggestions.

## ● Social housing

There are significant differences between OECD countries in terms of the definition, size, coverage, population target groups, and types of social housing providers, and most countries **do not use the term “social housing”**. It can be called subsidised housing (Australia, Canada, Germany and the UK), public housing (Australia, United States), council housing (UK) or general housing (Denmark), etc. (OECD, 2020).

In this brief, we use the umbrella term “social housing” to refer to the housing that is rented out to certain population categories at below-market prices and distributed according to specific rules, such as, for example, defined waiting lists (OECD, 2020).

One of the key differences in the way social housing policies are organised in different countries are population groups which have access to such housing. Two types of approaches to organising social housing systems can be distinguished: the universal approach and the targeted approach.

**The universalist model** theoretically makes housing accessible for the broader population. The countries which implement this model (Netherlands, Denmark, Sweden) have a high share of social housing in the housing sector structure. The risks of this approach include dependence on the political will and the long-term capacity to maintain the social housing sector.

**The targeted mode** (also known as the residual model), on the other hand, proposes that social housing can be claimed mostly or exclusively by vulnerable population groups. This approach is typical for countries with a low share of social housing in the general housing sector structure and for countries which are only starting to develop social housing. Nevertheless, even within this approach, certain vulnerable categories (primarily homeless people) remain excluded from the housing provision process (OECD, 2020). In addition, a shortcoming of this model is that it can encourage concentration of low-income population groups in social housing (United Nations Economic Commission for Europe, 2015).

## ● Structure of social housing management

**National level.** Social housing is an integral part of housing policy. In addition, housing in general is connected to other sectors, including employment, health care, education, transportation, welfare (UNECE, 2015, 101). Therefore, various aspects of housing policy can be in the purview of different ministries or different departments within the same ministry. Despite this, the complex nature of housing as a public good requires active cooperation between different government bodies and agencies (ibid., 102). It is important that the principles of development of housing policy in general and social housing in particular are defined at the national level. In addition, the general rules for social housing management should also be defined at the central government level.

One example of a law on the general principles and foundations of housing policy is the Canadian [National Housing Strategy Act](#). It

declares that housing is a basic right and records the obligation to follow the National Housing Strategy, adopted in 2017, according to the international human rights principles. In addition, the Act founded national government bodies (National Housing Council, Review Panels, and the Federal Housing Advocate or the “housing ombudsman”) and authorised them to monitor, evaluate the needs and control the implementation of the national strategy, as well as to defend the right to housing. The key positive outcome of the Act’s adoption was increased cooperation between national and local government bodies. At the same time, as a result of its implementation, cities with capable housing operators engaged more resources to develop social housing than cities with a higher need for affordable housing. In addition, the National Housing Strategy and the Act are also criticised for overlooking the instruments of tax, land and monetary policies and not taking into account the causes that have led to the lack of access to housing (Martin et al., 2023, p. 47-48).

Many countries have national agencies responsible for the development, implementation, and monitoring of the housing policy strategy. They can be represented by sectoral ministries (such as the Ministry for Social and Affordable Accommodation in Malta) or dedicated departments (such as the [Department of Housing, Local Government and Heritage](#) in Ireland). In addition, some countries have national housing agencies (such as the Housing Finance and Development Centre in Finland).

National housing agencies are institutions whose function is to ensure the affordability of housing for various social groups using land, financial, and administrative instruments (UNECE, 2021, 12). On the one hand, the creation of such an agency requires administrative and financial resources which could be used, for instance, to actually build social housing. On the other hand, the existence of such an institution facilitates coordination between different stakeholders of housing policy, improves the effectiveness of resource use in the long term, and allows for the monitoring and evaluation of the success of housing programmes.

The [Housing Finance and Development Centre](#) in Finland (Asumisen rahoitus- ja kehittämiskeskus, ARA) is a Finnish government agency which is an executive body of Finland’s Ministry of the Environment. It works closely with other national and local government bodies and is responsible for the implementation of housing policies in the country. In particular, ARA monitors and evaluates housing needs, collects and publishes data about access to housing and the housing situation in the country, audits the operations of non-profit housing companies, and monitors the management and use of housing units built with public funding. In addition, ARA can give discount zero-interest loans to people who are unable to purchase housing on their own (United Nations Economic Commission for Europe & Housing



Europe, 2021).

The [Housing Agency](#) in Ireland is a government agency under the Department of Housing, Local Government and Heritage which works closely with local government bodies and with non-governmental Approved Housing Bodies (AHBs). The main task of the Housing Agency is to transform public policies into specific housing programs with defined and achievable goals. The main responsibilities of the Housing Agency include collecting and analysing data about the housing situation and needs in Ireland and professional support for local government bodies and non-governmental organisations in the development of their housing projects (help with preparing the documents, developing architectural designs, etc.)

The [Housing Fund](#) in Slovenia (Stanovanjski sklad) is the main government institution responsible for the implementation of housing policy; it has existed for 31 years. Among other things, the institution provides long-term discount loans to individuals and legal entities to purchase social rental housing, invests in housing construction, and manages several thousand units of social housing.

**Local level.** This is the level where the actual implementation of social housing policies takes place. The countries studied by the United Nations Economic Commission for Europe (UNECE) demonstrate a general trend towards decentralising housing policy. It manifests as the transfer of a broad range of responsibilities for the funding, management and provision of social housing to local governments (UNECE, 2015, 104). Despite this, we should not overlook the fact that even the most capable cities can need financial, fiscal and administrative support from the government to develop a sustainable housing policy (UNECE, 2021, 19).

Local governments can use various instruments to support the creation of new social housing. For example, it can be done by adopting an integrated land use plan with priority zoning and goals regarding the development of social housing. In addition, they can establish their own municipal housing companies to manage social housing or create favourable conditions for the functioning of other housing operators. If social housing is managed by private for-profit or non-profit institutions, local governments can control their operations.

In Denmark, social housing is provided by registered housing associations which are independent legal entities, but local governments, among other things, monitor the spending and budgets of these associations. Housing associations work closely with local governments. Municipalities are responsible for collecting and analysing the data on the housing situation; they also decide when new social housing should be built (Housing Europe, 2021, 21).



In Germany, particularly in Frankfurt, according to the Urban Development Contracts (Städtebauliche Verträge), the city can [require](#) that the developers allocate up to 30% of social housing in new construction projects. This housing is rented for below-market prices for 20–30 years, but it differs in size and characteristics from the developer’s market housing. In 2019, this mechanism helped build over 25,000 units of affordable housing in Germany.

**Social housing operators.** The direct management of social housing is usually done by dedicated organisations which can have different forms of ownership. Social housing operators can include private companies, cooperatives, housing associations, municipal housing companies; they can be non-profits or have the status of limited profitability. In countries with a low share of social housing, its operators are often municipal housing companies or other institutions created by local government bodies. Meanwhile, countries with a developed social housing sector demonstrate a diversity of actors who provide social housing (UNECE, 2015, 105).

Social housing operators pursue the goals of achieving a public good rather than commercial goals. They receive financial support to develop housing, and in turn they undertake to follow specific rules, particularly with regard to setting rent prices and distributing housing in order to achieve the goals defined by public policy (United Nations Economic Commission for Europe & Housing Europe, 2021). One of the common principles which characterise the functioning of social housing operators in different countries is that they must provide housing at below-market prices and reinvest a significant share of their income in the construction and maintenance of the housing stock.

Arguments in favour of the development and support for social housing operators is their accountability to their users and donors, which minimises embezzlement, facilitates the efficient use of resources, and increases the trust and confidence in the social housing sector, which, in turn, attracts investment. In addition, the operators must create conditions to protect tenants.

Social housing operators can manage anywhere from one building to a hundred housing units. They can also unite into national associations to collectively defend the interests of housing companies at the political level, exchange experience and knowledge, and protect the rights of their employees. For instance, in the Netherlands, this function is represented by AEDES (Aedes, n.d.), whose membership includes 266 housing

companies which together represent 32% of the country's total housing stock.

The main areas of responsibility of social housing operators are:

- **building social housing:** housing operators together with local governments make and implement decisions on the creation of new social housing;
- **rent:** developing the housing distribution policy and rent policy, communication with the residents of social housing;
- **building management:** development, legal, technical and financial building management;
- **property maintenance and renovation:** technical maintenance planning, examining and repairing properties, cleaning services, landscaping services.

## ● Land policy instruments

**Land policy instruments** are political instruments which allow local governments to maintain or reduce the price of land in their communities and thus encourage the construction of new social housing. These instruments are actively implemented in big cities in particular, where the demand for social housing is high and at the same time there is a lot of competition for land (United Nations Economic Commission for Europe & Housing Europe, 2021). Although these instruments do not completely compensate for housing construction costs, they help reduce these costs or achieve additional benefits.

**Land value capture** is a political toolkit which allows cities to benefit from territory development and increases in land value due to investment in the territory, such as infrastructure building or changing land use purpose (Global Compendium of Land Value Capture Policies, 2022). Some of these tools are taxation methods which require land owners to pay a tax or fee which partially funds the repayment of loans taken to fund infrastructure. These mechanisms were widely used in the UK and the US and facilitated the construction of major infrastructure projects, the implementation of public housing programmes, and the construction of “new cities” after World War II (United Nations Economic Commission for Europe & Housing Europe, 2021).

The most widespread instruments include:

- **Public land banking.** The government directly purchases land on the free market to create a portfolio of properties it can develop, lease out or otherwise use to achieve the goals of social housing development. For example, in Vienna, this instrument is realised through the dedicated fund Wohnfonds Wien, which buys and sells land on the free market for development according to the goals of the strategic city development plan. Access to the Wohnfonds Wien land bank is open to both commercial and non-profit housing companies. As of 2018, the fund had collected 3,256,059 m<sup>2</sup> of land for social housing development (ibid., 104-106).
- **Leasing public land** involves signing a contract between the state as a landlord and a tenant regarding the use and development of land for a certain period of time. The prices for land and the rent on the open market are often set in a way that reflects the advantages obtained due to existing or expected investment in territories (such as new road infrastructure or public transportation). In the case of leasing public land, benefits from investment are gained by the community rather than by private landowners, which helps compensate previous public investment and fund future investment. In addition, leasing public land is much cheaper than buying it, which helps reduce the cost of social housing construction. This instrument is implemented, for example, in Helsinki, where the city owns 70% of the land and by now has accumulated a portfolio of 60,000 housing units, including 48,500 which are subsidised by the government for rental housing (ibid., 109-111).
- **Land readjustment** is a practice of combining fragmented land plots for common development. Owners hand over a part of their land for public use in order to obtain value increases and cover development costs. The practice is widespread in German cities where local government bodies can change the location, forms and sizes of both developed and undeveloped plots. The instrument requires the involvement of residents in the discussion of land readjustment and encourages the development of public-private-community partnership. The instrument is also attractive because it does not require significant capital

investment and guarantees that the existing property owners will share the costs and benefits of land readjustment (ibid., 112-116).

- **Complex city and neighbourhood planning** is detailed strategic planning of territories which involves setting political goals (such as improving access to housing) and determining the instruments that will be used to achieve them. These instruments can include, for example, inclusive zoning, when the condition for approving any new housing development is the creation of a certain share of affordable housing. For example, in accordance with such obligations, urban neighbourhoods in France must have at least 20-25% of social housing within their structure. This instrument supports the development of social housing in neighbourhoods with high property or land prices where social housing operators would be unable to develop their housing stock. It helps achieve social mixing and inclusion and avoid segregation (ibid., 119-121).

## ● Financial instruments

The construction of new social housing requires significant financial investment, especially at the early stages of the operation of housing companies. As we consider the key funding mechanisms, it is important to emphasise that the success of investment is determined not only by the use of specific instruments but also by the actual funding model and the distribution of financial instruments.

In Austria, the funding model for social housing presupposes that housing is funded by both private and government low-interest loans at the same time; it also requires a small contribution from the tenants to the capital of the company or housing association (Housing Europe, 2021, 11).

In Finland, in turn, housing is built mostly at the cost of private loans which cover 95% of the housing costs, and a smaller share can be funded by the public reserve fund (CECODHAS Housing Europe, 2009).

Name of instrument	Description of instrument
<b>Public and private loans</b>	This is traditionally the main strategy for funding social housing programs and a profitable way of engaging funding. Recoverable liquidity (that is, the

	<p>repayment of a debt by the housing operator over a certain period of time) can ensure the long-term potential of reinvestment of funds (CECODHAS Housing Europe, 2009, p. 15-16).</p>
<b>Municipal loans</b>	<p>As a rule, this is a small share of funding from the total amount of investment. For example, in Denmark, municipalities pay 8–12% of the cost of construction in advance in the form of an interest-free loan for 50 years. At the same time, the municipality which provides such funding reserves the right to distribute a share of vacant units to accommodate certain population categories (Housing Europe, 2021, p. 23).</p>
<b>Social housing bonds</b>	<p>Bonds can be issued by both national and local governments. The obtained funds can be used to fund discount loans for housing purchases, for the construction or maintenance of social rental housing. This instrument allows the involvement of additional private sector funding to develop social housing. Investors are interested in buying these bonds, because profits on them are usually tax exempt.</p>
<b>Grants</b>	<p>Non-repayable provision of funding from the state, local governments or other institutions for specific purposes. Can be used as an additional funding instrument to cover the costs required to adhere to the standards or goals of state or local policies—for example, to ensure the use of renewable energy sources (Housing Europe, 2021, p. 11).</p>
<b>Subsidised interest rates</b>	<p>An instrument which helps ensure low interest rates for loans provided for social housing construction. For example, a loan with interest rates subsidised by the Finnish fund ARA usually has the maximum rate of 3.4% for social housing operators. This additional guarantee makes it easier for borrowers to obtain long-term loans with acceptable interest. The interest subsidies are paid by ARA for 10 to 20 years, but the loan guarantee is provided for 40 years (the total period of loan repayment) (CECODHAS Housing Europe, 2013).</p>
<b>Private investment with tax benefits</b>	<p>Tax benefits for social housing developers. This allows to bring in private sector investment to develop social housing by providing compensation to investors for the lower or limited profits from the construction of social housing (CECODHAS Housing Europe, 2009, p. 16).</p>

<b>Revolving funds for housing needs</b>	Even though these funds can work differently in different countries, the <a href="#">general</a> idea is to provide social housing operators with access to low-interest loans for the construction or reconstruction of social housing. The funds guarantee access to funding which is not limited by fiscal years.
<b>Using own reserves and surplus</b>	Viable housing companies use their own reserves and surplus to invest in new housing and maintain the existing stock. Depending on the country, these local revolving funds can apply the principle of cross-subsidising, when reserve funding from one building can be redistributed to cover expenses for another building which belongs to the same housing company. However, housing companies in some countries do not apply this principle, and there the reserve fund functions exclusively within a single housing project (Housing Europe, 2021, p. 10).
<b>Tax benefits for providers of affordable housing</b>	Many countries give various tax benefits to housing companies, such as reduced tax rates on sales and property, exemptions from capital gains tax, or exemptions from property and profit taxes (CECODHAS Housing Europe, 2013, p. 36).
<b>Use of tenant capital</b>	Some funding models presuppose a small contribution from tenants to the capital of the housing operator. Under these models, governments can help people with lower income to make this contribution. The operators usually use these contributions to cover operational costs of land lease or purchase. This instrument also works as an advance payment which is returned to the tenant when they move out of the housing unit (CECODHAS Housing Europe, 2009, p. 16).
<b>Monetary subsidies</b>	Monetary support for people who are eligible for social housing but cannot pay rent (Housing Europe, 2021, p. 12).

## ● Rent prices for social housing

One of the decisive factors in determining the model for funding social housing is establishing the mechanism of rent. In general, there are four main ways to determine the price of rent (Housing Europe, 2021).

- **Income-based:** rent is set in relation to the assessed financial capacity of a specific household. On the one



hand, this allows to determine the cost of housing that will be affordable for households with different, particularly low, income levels. On the other hand, the rent can be insufficient to cover the cost price of the housing. In addition, this approach may require additional administrative spending to assess the income levels of different categories of households.

- **Market-based:** rent is set in relation to the “market” rent prices. For example, social rent can be set at the level of a fixed percentage of the rent for a similar type of housing unit in the commercial rental sector. This approach guarantees the principle of sub-market price of social housing, but it can lead to purposeful exaggeration of social housing prices and its increased unaffordability.
- **Utility-based:** rent is set according to the characteristics of the building, such as location, available amenities, etc. This allows to create diversified rent rates for different types of social housing, but it requires additional administrative resources to develop and implement the system of housing unit appraisal.
- **Cost-based:** rent cannot be lower or higher than the cost of maintaining the housing unit, which can include loan/subsidy repayment, technical maintenance, insurance, and construction and administration costs (Housing Europe, 2021).

Some countries additionally use the instrument of setting **rent caps**. This allows them to protect tenants from sudden rent hikes. In addition, regardless of the principle used to form the price of rent in social housing, the key condition is protection from eviction. Because one of the risks emphasised by activist initiatives and [tenant unions](#) in EU countries is still the eviction of residents from social housing, for example, for overdue rents or due to a significant increase of the rent.

## ● Tenant participation in social housing management

Participation allows the residents of social housing to influence important decision making and control the quality of housing management. Participatory practices develop the feeling of responsibility among the tenants, encourage community building and reduce social isolation, and improve the efficiency



of housing management. Tenant participation can be ensured by using different instruments that correspond to different degrees of involvement.

- **Informing.** Tenants receive information from housing operators about issues related to their residences—for example, at regular meetings, through a website, bulletin boards or any other information materials.
- **Consultation and dialogue.** At regular tenant meetings or using survey tools, housing operators collect the opinions of tenants on specific housing issues. Then they are supposed to take these suggestions into account in their work (United Nations Economic Commission for Europe & Housing Europe, 2021).
- **Joint decision making.** Tenants have a vote in decision making or can choose building representatives to be sent to a management body. For example, in Denmark, social housing tenants have been entitled to occupy most seats in the management board of their building or housing project since 1984. The remaining seats belong to external auditors or overseers, who can sometimes include elected politicians such as mayors. These councils perform the operational management and manage the budgets; they also make decisions about long-term development (Housing Europe, 2021).
- **Management by tenants.** Tenants have control and make autonomous decisions in social housing management. This level of involvement is implemented, in particular, in Finland, where social housing operators coexist with tenant organisations. For example, a tenant committee whose members are elected every two years receives a share of funding from the housing operator and independently makes decisions regarding the use of the allocated funds and organises its work while taking into account the interests of tenants (TYS, 2022).

## ● Solutions for the key principles of state housing policy in Ukraine

### 1. Foundations and strategy of housing policy

*Housing is a complex good, and housing policy implementation requires active cooperation between different government bodies and levels. International experience draws attention to the importance of a multilevel approach to housing policy*

*implementation which allows the involvement of various actors to achieve common goals (UNECE & Housing Europe, 2021). One of the key initial conditions for the implementation of this approach is leadership in housing policy, which involves the development of a unified strategy and the establishment of the key principles and priorities.*

1.1. The law must establish the duty of regular development and adoption of a state housing strategy; as well as annual public reporting on its implementation in accordance with the defined indicators.

1.2. The law must establish that housing policy is **based on the recognition of access to housing as an inalienable human right**. To assess the adequacy of a housing policy according to this approach, a number of [characteristics](#) are used which should also be reflected in the law as the key foundations of housing policy:

1. **protected nature** of the right to housing, which presupposes legislative protection from eviction and other violations, such as discrimination in the process of obtaining social housing;
2. **financial affordability**, which presupposes that housing costs do not limit households in meeting their other basic needs such as food, health care, etc.;
3. **access to services**, which presupposes access to running water, power and other utilities, etc.;
4. **adequate location** of housing, which presupposes that tenants are not cut off from other social infrastructure and workplaces, and that housing is not located in dangerous or polluted areas.

1.3. The law must also establish the following **principles** of state housing policy in Ukraine:

1. **equality**, which means access to various means of housing provision depending on the needs and capacities of different people: housing construction, purchase or renting;
2. **fairness**, which means prioritising the provision of the right to housing before the facilitation of the use of one's desired way of realising their right to housing;

3. **solidarity**, which means using housing policy as a means of social inclusion and practical realisation of the constitutional definition of Ukraine as a social state;
4. **inclusivity**, which means orientation towards the needs and capacities of different, particularly vulnerable population groups while developing housing policies and programmes;
5. **justification**, which means collecting and analysing relevant data on the housing needs and housing situations of various social groups, on which the housing policy is based;
6. **transparency**, which means timely and full communication of the decisions and programmes in the field of housing;
7. **participation**, which means public participation and involvement of various stakeholders in the development and implementation of housing policies and housing programmes;
8. **balance**, which means the need to develop both commercial and social housing as well as various social housing operators, both private and public (state and municipal).

1.4. The law must establish the possibility of using such **housing policy instruments** as inclusive zoning; complex and integrated planning; accumulation, use and lease of state- and community-owned lands; joint use of privately owned lands; property taxation and tax benefits; state, municipal and private loans; grants and subsidies; bonds and discount loans; revolving funds.

## 2. National Housing Agency

*One of the problems of state housing policy in Ukraine is scattered responsibility. Different ministries and central executive government bodies implement their own disconnected housing programmes. This reduces their effectiveness and increases administrative costs. To change this, the fragmented housing programmes should be combined into a unified state housing policy, and a single agency should be determined which will be responsible for its implementation.*

*This housing agency allows for the creation of a sustainable housing system. Unlike ministries, agencies are less dependent*

*on election cycles, which is important in Ukrainian context in particular. The National Housing Agency can become the management structure that will engage non-government funding and provide discount loans to social housing operators. In addition, this agency will be able to become a key stakeholder in negotiations between various government structures to ensure stable support for housing programmes.*

*Ukraine already has the State Fund for the Facilitation of Youth Housing Construction and the Ukrainian Financial Housing Company, whose functions partially overlap and which should be reorganised by merging into the new National Housing Agency. One of the potential options is also the establishment of a new agency on the basis of the State Fund for the Facilitation of Youth Housing Construction.*

The law must establish the existence of the National Housing Agency and endow it with the following powers and responsibilities:

1. collection, analysis and publication of data on housing needs and capacities of various social groups, as well as on the housing situation;
2. development of the state housing strategy, its implementation, monitoring, and reporting on its implementation;
3. development of state housing programmes, their implementation, monitoring, and reporting on their implementation;
4. conducting audits of the work of social housing operators;
5. provision of financial support, particularly in the form of discount loans both for private individuals and for legal entities that are social housing operators;
6. provision of expert and technical support with the creation and administration of social housing for local government bodies and social housing operators.

### **3. Unified Housing Registry**

*Right now Ukraine has various housing “queues” for receiving housing from social and temporary housing stocks, departmental queue lists, and the general registry of citizens who need an improvement in their housing conditions. The existence of*

several different registries makes it difficult to monitor the real need for housing and creates an additional administrative workload for local governments. The creation of a unified electronic registry of the need for social housing will increase the transparency of housing policies and make it possible to properly plan housing programmes. In addition, the development of social housing also requires keeping a record not only of the demand but also of the supply, namely of the social housing stock.

The law must ensure the **creation of a Unified Housing Registry** and define the key principles of its functioning. The Registry must consist of a **registry of social housing operators** and a **registry of the need** for social housing.

#### 4. Social housing operators

The issue of long-term housing management has only exacerbated with the beginning of the full-scale invasion, because new housing construction projects have started to [emerge](#), and the question of their legal form and long-term management have become urgent. Local government bodies which are responsible for the existing community-owned housing do not have the sufficient capacity to effectively manage this housing.

Simply singling out social housing into a separate “fund” does not solve the issue of managing this housing. Ukraine has nothing similar to the housing companies which operate in Austria, Finland, the Netherlands or Germany. There is a need to develop a sustainable model that will enable the emergence of specialised social housing operators. This will make it possible not only to properly manage the existing housing but also to engage investment, including private and international investment, in order to increase social housing stocks. The key to this process is the stability and predictability of the rules regulating the work of social housing operators. The operations of housing companies are oriented on the long-term perspective, and frequent changes in legislation can undermine their capacity to engage funding and develop social housing stocks (UNECE & Housing Europe, 2021).

Engagement of investment also requires sustainability and the possibility of return on investment, even if it is in a very long-term perspective. To achieve this, the portfolios of social housing operators must include not only housing provided completely free of charge to those who live in it, but also housing for which the tenants pay rent, even if it is lower than the market rent. In



*case of the free-of-charge provision of housing, the costs of its maintenance and administration must be compensated from the state or local budget or other sources to avoid the risk of deterioration and marginalisation of social housing.*

4.1. The law must establish the **rules and limitations for the activities of social housing operators**, in particular:

1. establish a **profit cap** for social housing operators;
2. establish the **condition of reinvesting revenue** into the creation of new social housing;
3. establish the **principles for determining rent prices** for social housing, which would be based on its cost price;
4. establish the **duty to provide tenants with information** regarding issues related to their residences.

4.2. The law must establish the **mandatory payment for the cost of renting social housing** to the social housing operators. Even when social housing is provided without any payment by the tenants, the price of rent must be calculated and subsidised from the state budget, local budgets, or other sources.

4.3. The law must **give the tenants of social housing the right to create tenant associations** for collective representation of their interests in the interactions with social housing operators and for the signing of collective agreements.

## **5. The institution of a Housing Ombudsman**

*Article 47 of the Constitution of Ukraine recognizes every person's right to housing and determines that the state should create conditions under which every citizen will be able to build housing, purchase it or rent it. Despite this, the institution of rental social housing is practically non-existent in Ukraine, there are no effective housing records, the private rental sector remains underregulated, the rights of tenants are poorly protected, there are cases of illegal evictions from rental housing or temporary shelters, the commercial activities of landlords are often accompanied by tax evasion. The existing regulations are being violated, and the application of law and legal culture do not correspond to the law. Under these conditions, imposing additional obligations which are not supported by incentives to adhere to them or by the government's capacity to administer them – for example, the introduction of an obligation for landlords to register their rental unit in a state registry – may not lead to the desired outcomes.*

*An important component in the protection of the right to housing and the effective implementation of the already existing regulations is a change in the legal culture and the law application practices. The example of the Canadian institution of the Federal Housing Advocate can be useful for Ukraine, which already has a similar institution in the field of education, namely the Education Ombudsman, a position established by Article 73 of the Law on Education.*

The law must establish the existence of the **institution of the Housing Ombudsman** and endow them with the following **powers and responsibilities**:

1. considering and reviewing appeals;
2. monitoring, recording, covering and responding to cases of violation of the right to housing;
3. obtaining information from government bodies, including limited access information;
4. addressing government bodies and law enforcement agencies regarding the discovered cases of violations of the legislation that regulates access to housing;
5. unobstructed access to government bodies and social housing operators, participation in sessions on the issues of realisation of the right to housing;
6. providing consultations regarding the protection of the right to housing;
7. analysing the adherence to housing legislation and introducing proposals on how to improve it;
8. representation in court.

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