



Cedos

Re•Housing  
for Ukraine

# **37 theses about the current state, challenges and principles of new housing policy**

How to create affordable, safe,  
high-quality housing for everyone who  
needs it



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the people who consulted us and whose work we used in the process of preparing the text.

We ask you to support bringing our victory closer by donating to help the [Armed Forces of Ukraine](#) and [humanitarian initiatives](#). [Donations](#) currently received by Cedos for its own activities will be directed to research and analysis about the impact of the war on Ukrainian society as well as search for the ways to solve the social problems caused by the war.

Cedos is an independent think tank and community working on social development since 2010. We believe that everyone has the right to a decent standard of living. Therefore, the goal of Cedos is to find systemic causes of social problems and solutions. Our approach is based on research. We study social processes and public policies, disseminate critical knowledge, promote progressive change, teach and strengthen the community of supporters of these changes.

Cedos website: <https://cedos.org.ua/en/>

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# ● Executive summary

## Current state

1. Most housing is privately owned by people who live in it.
2. Ukraine has no unified systemic approach to housing provision, this task is divided between different government bodies and institutions.
3. The existing housing programs are not effective, either socially or economically.
4. The most widespread mechanism for funding housing construction carries risks for the people who wish to buy housing.
5. New housing construction is often associated with corruption, breaking the law, and protests.
6. The government invests resources in developing mortgage loans, but it is not very successful.
7. Real estate taxation does not work effectively.
8. Housing management is fragmented and inefficient.
9. Major repairs of housing are barely ever conducted, so the condition of housing is deteriorating.
10. Rental housing is poorly regulated, tenant rights are poorly protected.
11. Social and temporary use housing stocks are practically non-existent.
12. There is unsuccessful experience of using modular housing to accommodate internally displaced people.
13. Communities do not receive fair compensation for providing land for construction.
14. Outdated, missing or contradictory city planning documents lead to chaotic development.
15. The system of collecting data about housing does not allow us to properly assess the current state or to plan the future.
16. The labor rights of employees in the construction sector are often infringed.

## Challenges

17. Newly built housing and communal infrastructure can be destroyed again.
18. It will be more difficult to rebuild and update housing policies without up-to-date information on the condition of the housing stock, the movement and needs of the population.
19. Without updating the principles and priorities of public policies, the housing crisis will deepen.
20. If unrealistic expectations of the speed and comprehensiveness of rebuilding are not fulfilled, it can lead to increased social tensions.
21. Continuing ineffective housing provision programs will prevent the achievement of goals expected by society.
22. Without a clear system of distribution of the new housing, which would account for the needs of different social groups, many people will not be able to realize their right to housing.
23. Without understanding the actual period of exploitation, there is a risk of creating low-quality temporary housing in which people will be forced to live long-term.
24. Without government regulation of the rental housing sector, its unaffordability and insecurity will increase.
25. Dominance of the interests of developers can lead to the construction of a lot of low-quality housing and deterioration of the urban environment.
26. Central and local governments may lack institutional capacity to deal with all the challenges of the housing crisis.

## Principles

27. The updated housing policy must center the person and their needs.
28. Ensuring access to housing is of higher priority than restoring assets.
29. Public funding must increase access to housing and account for the urgency of needs.
30. Government regulation and support for the private rental sector is required to protect the rights of tenants.

31. The government must support and develop the non-profit rental housing sector.
32. Real estate taxation should provide revenue to local budgets and reduce the share of empty housing and the spread of speculative investment.
33. Effective mechanisms should be introduced to prevent deterioration of the quality of the housing stock and excessive energy use.
34. Restoration of the housing stock must be complex in nature.
35. Housing policy must be well-founded, based on high-quality and updated data.
36. Housing policies should be developed and implemented in a participatory way while taking into account the needs of various groups of people.
37. A high-quality update of housing policies requires improving the institutional capacity of central and local governments.

## ● Foreword

Housing policy is one of the strategic subjects in Cedos's work. We have conducted a complex [study](#) of the current state and prospects of the development of housing policy in Ukraine, published a [learning course](#), analyzed [the impact of the pandemic on housing](#), prepared [legal guidelines](#) on renting, and prepared [dozens](#) of relevant materials in the media as well as discussions.

Today, our organization continues to monitor the impact of war on access to housing and analyze the options for crisis housing provision. To coordinate the work on the search for sustainable solutions for rebuilding housing and updating housing policies in Ukraine, we have founded [Re.Housing for Ukraine](#), a platform for analysis and discussion; this document has been prepared as a part of the platform.

Russia's full-scale war against Ukraine has provoked an unprecedented housing crisis which has affected the majority of Ukraine's population. As of May 22, according to the UN [estimate](#), about 8 million people in Ukraine have become internally displaced. Tens of thousands of people saw their homes destroyed or damaged as a result of war. In early April, the Ministry of Community and Territory Development reported 6,800 destroyed or damaged buildings. This number is incomplete, since some of Ukraine's territories remain temporarily occupied, and it's impossible to evaluate the scale of destruction there. The number of damaged housing units can grow as shelling and missile strikes continue. War has also exacerbated and made visible the problems in housing policy which existed even earlier. Overcoming this crisis is impossible without updating the principles and approaches to housing provision.

Housing is a fundamental human right guaranteed by both international documents and the Constitution of Ukraine. Housing plays an important role in both economic and social processes in society. On the one hand, real estate can be an investment asset. On the other hand, home is a space of social reproduction where people rest and spend time with their families. The location and quality of housing can affect access to education, clean air, and public transit. The government's job is to create and implement a balanced housing policy which supports and develops

long-term renting, a non-profit housing sector with various forms of ownership, and which supports responsible housing ownership.

The updated housing policy in Ukraine should be based on the principles of economic and social effectiveness and fairness. It should be well-founded, based on high-quality data, and should meet the needs of different groups of people. Housing policy should be transparent and participatory. Its reform will not be possible without reducing the scale of corruption in the construction industry and expanding access to housing. In order to respond to the existing challenges and solve the housing crisis, it is also extremely important to increase the institutional capacity of government bodies, conduct research in the housing sphere, and develop public discussion.

In this text, we offer our own vision of the future housing policy which will center people, their needs and means.



# ● Current state

## **1. Most housing is privately owned by people who live in it.**

Modern Ukraine's housing policy started forming after the collapse of the Soviet Union. 1992 saw the beginning of free transfer of housing to the ownership of people who lived in it. On the one hand, it was a way to support the population in an economic crisis. On the other hand, privatization shrank the publicly owned housing stock and launched the process of commodification of housing. [As of 2013](#), only around 6% of housing stock was owned by the state or municipalities. In 2018, Ukraine was among the countries with the highest share of privately owned housing (over 90%). In Ukraine, the owners are often individual households. The majority of people who obtained housing as a result of privatization use it as their home.

## **2. Ukraine has no unified systemic approach to housing provision, this task is divided between different government bodies and institutions.**

The Ministry of Community and Territory Development (MinRegion) shapes and implements the state housing policy in Ukraine. Its structure includes a separate Department of Housing Policy and Urban Planning. The State Fund for Facilitating Housing Construction for the Youth implements national and local housing provision programs, particularly by providing discount loans. The Affordable Mortgage program is funded by the government via the private joint-stock company called the Ukrainian Financial Housing Company.

Housing stocks for social and temporary use are updated and managed by local governments which can also introduce local housing programs. Subventions for construction or purchase of housing for the temporary use stock for internally displaced people are managed by the Ministry of Reintegration of Temporarily Occupied Territories; the same Ministry also partially manages housing for internally displaced people in general. Various sectoral ministries and central executive government bodies work to provide housing to the employees in their respective industries (medical workers, police, military, etc.). The Ministry of Social Policy is

responsible for solving the problems of homelessness at the national level, while municipal social security agencies work on this at the local level.

Housing policy in Ukraine is regulated by the Housing Code and some provisions of the Civil, Family, Land, and Economic Codes. However, the Housing Code of Ukraine was developed and adopted back in the Soviet Union, in 1983. The latest draft of a new edition of the Code was developed by the MinRegion in 2021. The Concept of the State Housing Policy, adopted in 1995, also needs updating. Other legislation that regulates housing policy includes, among others, the laws “On mortgage,” “On housing stock for social use,” “On property,” “On land lease,” “On financial-credit mechanisms and property management in housing construction and real estate transactions,” “On privatization of public housing stock,” as well as the Cabinet of Ministers Decree “On approving the Procedure for forming housing stocks for the temporary accommodation of internally displaced persons” and other documents.

### **3. The existing housing programs are not effective, either socially or economically.**

In the past thirty years, the government housing policy in general has been aimed mainly at supporting the institution of private housing ownership. This has been facilitated by both public programs for co-funding housing purchases and by low property tax rates. One of the main implementers of the government’s housing programs has been the State Fund for Facilitating Housing Construction for the Youth. The Fund uses various mechanisms of compensating part of the cost of housing: paying a part of the price, interest, loans at discount rates, etc. However, in the thirty years of its operation, the Fund has only provided housing to around 50,000 families. Despite the low efficiency of this approach, housing programs continue working to increase the share of housing in private ownership—by paying part of the cost, subsidizing the servicing of mortgage loans (tax benefits, compensation of part of the interest), renting with future purchase programs, or free-of-charge transfer of housing to private ownership. Sectoral housing provision

programs for medical workers, military, police, and internally displaced people work according to the same principles. Such priorities in housing policy have fostered unrealistic expectations among the population regarding housing from the government.

Ukraine still has a “housing queue,” which is a list of people who need to improve their living conditions; the list was inherited together with the Soviet Housing Code. It is based on requirements regarding square footage and the number of rooms depending on the composition of households and does not take into account their financial resources or incomes. In the Soviet Union, the housing stock was state-owned, and housing which people received according to the “queue” was impossible to privatize. However, after Ukraine declared independence, the housing queue mechanism was not adapted to the privatization legislation. As soon as people received the apartments to use, they privatized them. After 1991, the housing queue shrank from 2 million to 650,000 people in 2013. This reduction was in part caused by the elimination of queues at specific companies (due to restructuring of companies, layoffs, abandonment of housing construction). At the moment, the list is not managed in a centralized manner, the information on it is not being updated or coordinated with the information on people who have already used other government programs.

#### **4. The most widespread mechanism for funding housing construction carries risks for the people who wish to buy housing.**

Commercial housing construction in Ukraine is usually funded by people who buy this housing. A land plot lease cannot be used as [collateral](#) for loans. So due to the lack of their own funding, developers engage funds from the population. Developers can sell property rights to future housing at the “zero” stage of construction. People who buy housing this way are called “investors” even if they need the property to live in it. This system was used for the first time by the KyivMiskBud corporation, which founded the Arcada joint-stock bank for it. This system of funding housing construction carries numerous risks. One of them is that the

company can go bankrupt, and the construction can be left unfinished. This is exactly what happened to Arcada, which [went bankrupt](#) in 2020, leaving 39 buildings unfinished.

## **5. New housing construction is often associated with corruption, breaking the law, and protests.**

Priorities in housing policy have facilitated active construction of new housing, particularly in large cities with high property prices. According to the State Statistics Service, the number of housing units commissioned in Kyiv and Kyiv Region has been growing constantly since 1995, remaining the highest in the country. Thus, land for construction has become a matter of deals and bribery between developers and government representatives. Developers themselves often run for office in local councils or work at local executive government bodies.

For the past 30 years, big Ukrainian cities have been the epicenters of development scandals and anti-development protests. For instance, in Kyiv in 2021, activists opposed development in the territory of Osokorky, a unique landscape park. Arcada and companies linked to it received land plots with violations of legislation; later they went bankrupt and were unable to finish construction. For several years, their cheated investors have been demanding that city and state government bodies fund the completion of the construction. Another infamous story was the attempt to demolish the modernist building called the Flowers of Ukraine in Kyiv in 2021. Representatives of Rockwill Group first cut down the old vine covering the building and then tried to dismantle its facade. This caused the locals to [protest](#) and occupy the Flowers of Ukraine temporarily as a squat. The court later [arrested](#) the building and banned any operations with it, and the Ministry of Culture and Information Policy [included](#) the Flowers of Ukraine in the registry of architectural monuments of local significance, which means a ban on its demolition or reconstruction.

These are not isolated incidents; they are often the reason why buildings constructed in violation of regulations are not completed for years. Sometimes apartment owners start living in a building which has not been officially completed, so they have to pay utility fees based on industrial rates. Sometimes such buildings are never finished, and people live there without centralized water supply, power or gas supply.

## **6. The government invests resources in developing mortgage loans, but it is not very successful.**

The development of mortgage loans in Ukraine started in the mid-2000s. However, after the financial crisis of 2008, mortgage lending was [frozen](#). In 2021, the ratio of mortgages to GDP was 0.7%. The same year, a new public program, Affordable Mortgage 7%, was launched. However, the program does not provide mortgages in the classic sense; it allows the government to compensate the difference between the discount rate and the actual interest on the mortgage to banks. The real mortgage interests in 2021, according to experts, were set at 15–16% annual interest and depended on the length of repayment, the amount of the loan and the type of housing. Due to the features of funding and the corruption risks of new housing construction, it was [easier](#) and cheaper to get a loan to buy housing on the secondary market. For many people, obstacles to taking a mortgage included not just their price but also the requirement to make the first contribution (15%). As of November 2021, only [1,000 households](#) had received loans at the discount rate. Another risk is the lack of state funding for this program. Even in 2021, there was no [separate](#) budget line to cover it; the plan was to compensate the rates from the Entrepreneurship Development Fund.

## **7. Real estate taxation does not work effectively.**

Real estate tax was introduced in Ukraine in 2013. One of the main goals of this tax is to provide additional revenue to local budgets. Real estate tax is set at the local level, but it cannot exceed 1.5% of the minimum wage. The tax base is the area of a property, which means that the tax

rate does not depend on its price. There is also tax relief for apartments up to 60 square meters and houses up to 120 square meters. In addition, the tax is not progressive—that is, for each new property its owner pays the same rate as for their first property. However, if someone owns a residential property of more than 300 square meters in case of an apartment and 500 square meters in case of a house, this person must pay an additional 25,000 UAH for each such property annually. Due to the availability of tax relief and the administration difficulties, real estate owners often pay small amounts or do not pay the tax at all. For instance, as of January 2021, owners were supposed to [pay](#) only 90 UAH per year for each 1 “excessive” square meter of real estate in Kyiv. The share of local budget revenue coming from real estate taxes has been growing [every year](#). However, revenue from taxing residential real estate made up only 11% of all real estate taxes paid in 2018.

## **8. Housing management is fragmented and inefficient.**

Ukrainian law defines three forms of management for apartment buildings: independent, association of co-owners of an apartment building (ACOAB), manager. ACOABs have been created in about 21% of apartment buildings, 3% are managed by a housing and construction cooperative (HCC), 7% have chosen the independent form of management, and 41% have a manager selected by co-owners on their own or appointed by the local government on a competitive basis. Around 28% of apartment buildings are still managed by housing exploitation bureaus (HEBs).

Having an ACOAB allows the co-owners to receive help from the government for major repairs and energy efficiency improvements. However, even despite this, the dynamics of establishing ACOABs have been rather slow: [as of July](#) 2021, only 36,050 buildings were managed by ACOABs. One of the barriers to the management of apartment buildings is complete or partial lack of technical documents. In addition, proper management is often hindered by the lack of information about all of the co-owners in the State Registry of Property Rights to Real Estate. Even if an ACOAB has been created and mandatory contributions to the

maintenance fund are made, it is almost impossible to conduct major repairs or reconstruction without co-funding programs.

## **9. Major repairs of housing are barely ever conducted, so the condition of housing is deteriorating.**

A significant fraction of Ukraine's housing stock was built back in the USSR. According to the State Statistics Service, as of 2018, around 89% of households lived in buildings built before 1990. Therefore, without repairs and renovations, the quality of some buildings has been deteriorating every year. The structures have been wearing down, which has led to the destruction of some buildings.

Residential buildings which have been in use for over 30 years are in an unsatisfactory technical condition and do not meet the modern energy efficiency requirements, which leads to significant energy losses.

[According to the MinRegion](#), around 40,000 apartment buildings require urgent thermal modernization. Ukraine now has an Energy Efficiency Fund which provides grants to introduce energy efficiency measures in buildings with ACOABs on a co-funding basis. However, only a small share of all apartment buildings have ACOABs. The rest of apartment buildings, as well as single-family houses which are home to almost half of the Ukrainian population, cannot receive financial support from the government to improve energy efficiency.

The total area of outdated housing in Ukraine is growing. According to the State Statistics Service, it [doubled](#) between 1991 and 2019 in Vinnytsia, Kyiv, Poltava, Sumy, Cherkasy, and Chernihiv Regions. In 2021, the area of outdated housing in Ukraine was 4.31 million square meters, [around](#) 0.43% of the total area of housing. In the past 15 years, various governments have announced multiple times that outdated housing needs to be renovated. Discussions of a bill on housing reconstruction have been held at the MinRegion since 2018. However, neither the 2007 [Law on Reconstruction](#) nor the new bill propose any mechanisms of protection against deterioration of the quality of housing in the future.



One of the causes of outdated housing is the lack of mandatory contributions to the major repairs fund in the fees paid for the maintenance of apartment buildings since 1998 (ACOABs have been able to introduce these contributions and accumulate funding since 2001, but all the other buildings only got this option in 2015). That is, managing companies do not have enough funding to renovate buildings on their own. On the other hand, a large share of privately-owned housing does not mean that the owners are able to maintain this housing and save up for thermal modernization or major repairs. For instance, according to the findings of a study by Cedos, about half of Ukrainian families spend 20–40% of their income on utility fees. When utility fees were raised, the number of insolvent housing owners increased. In 2015–2020, the government spent around \$11 billion on subsidies. At the same time, utility fee debts were also increasing: in 2020, the collective debt reached more than \$3 million.<sup>1</sup>

## **10. Rental housing is poorly regulated, tenant rights are poorly protected.**

The rental market in Ukraine mainly consists of private individuals. The rental relations are contractual and partially [regulated](#) by the Civil Code of Ukraine (Chapters 58 and 59, Articles 29 and 311), as well as by Article 47 of the Constitution. At the same time, housing rent prices are not regulated, and owners can set the prices at their own discretion. In violation of the law, landlords often do not pay income taxes on the income from renting out their properties.

As of 2019, according to a Cedos survey, at least 8% of people rented housing in major Ukrainian cities. However, the real number of renters can be much higher. Tenants are more vulnerable than people who own their housing. They spend a higher share of their income on housing, face biases and illegal evictions. According to the findings of our research, 41% of tenants spend from a third to a half of their income on

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<sup>1</sup> Ніколаєв, В., Щербина, А. (2021). Токенізація житлової нерухомості: глобальні тенденції і фінансова специфіка в Україні. // Міжнародний податковий конгрес [Електронне видання] : збірник матеріалів, 396-403.

housing; 46% of the respondents noted that they had to save up, particularly limit their spending on vacations, to be able to pay rent on time.

The rights of both tenants and landlords are poorly protected in Ukraine. Most conflicts are resolved by tenants and landlords personally, without involving courts. Due to the lack of policies on the development and protection of the rental sector, many people cannot live a full life in rental housing. According to our [survey](#), only about a half of people feel safe in rental housing, one fifth are afraid of eviction without notice. Since the sector is unprotected, people perceive rental housing as “temporary,” and most of the respondents agree that one can only treat a house as their own if it is their property. Around 18% of people who rent housing say that they have faced prejudice during their search for an apartment to rent. [The biases](#) are most often associated with having kids or pets, or with one’s background or place of official registration.

## **11. Social and temporary use housing stocks are practically non-existent.**

Ukraine has formalized institutes of non-profit public renting. The Law “On social housing” encodes the existence of social-use housing stock which can be rented long-term to people who need social protection.

The existence of public temporary-use housing stock is also encoded in law. It includes housing units for citizens who have no permanent place of residence or who have lost it. Housing of this kind is leased free of charge for 1 year with an option to extend. The issue of availability of temporary-use housing became more urgent in 2014 as Crimea was occupied, the war in Donetsk and Luhansk Regions began, and people from these territories were displaced.

Until 2022, both social and temporary housing remained underfunded at the state level. At the same time, local governments had limited resources to supplement these stocks on their own. As of January 2021, only 12 regions had implemented local programs to develop social housing. The highest number of housing units (26) set to be purchased

according to these programs was in Zhytomyr Region. Thus, one of the problems was the lack of both social and temporary housing stocks. For instance, according to the Kyiv City State Administration, Kyiv only had 72 apartments in its social housing stock as of January 2021. And the capital did not have a temporary housing stock at all.

Another problem was the low number of vacant units in both social and temporary housing stocks. It was especially important for the temporary housing stock, since this was the stock which should have provided urgent shelter to people in case of emergencies. According to the MinRegion, even the regions with relatively large temporary housing stocks had barely any free units left. For instance, in Zaporizhia Region, only 9 of 329 apartments and housing units were vacant in January 2021. That is, temporary housing often became permanent, and people lived in it for longer than a year. Receiving social or temporary housing is also difficult, because a lot of documents are required in order to register on the list. In case of temporary housing, people need to confirm their need and renew the lease every year.

The low number of social and temporary housing units is the reason why access to them is limited. In particular, social housing can only be applied for by people who are recognized by the state as low-income. As for temporary housing, since 2014, it has mainly been built for internally displaced people. In addition, the program only targets the most vulnerable. This targeted approach overlooks the people who, on the one hand, do not belong to any of the categories, and on the other hand, do not have enough money to rent or purchase housing on their own. This also does not allow the government to assess how many people in Ukraine may need such housing.

## **12. There is unsuccessful experience of using modular housing to accommodate internally displaced people.**

Since the beginning of the war in 2014, seven Ukrainian cities—Kharkiv, Pavlohrad, Nikopol, Zaporizhia, Dnipro, Kamianske, Kryvyi Rih—have created transit container towns for internally displaced people. They

were built with support from the German government company GIZ and intended to be used for up to 3 years. However, many people still live in these towns even in 2022. One of the important problems of such housing is the [social isolation of its residents](#), because some of the settlements are located far from cities and not connected to them with proper public transit. In addition, modular houses are designed as temporary housing, the materials are not intended for long-term exploitation, so they wear out quickly.

### **13. Communities do not receive fair compensation for providing land for construction.**

At the same time as the process of housing privatization, Ukraine also launched the process of restructuring land ownership. In 1992, collective and private land ownership [was introduced](#) in Ukraine along with state ownership. Land within cities, towns and villages was deemed communal property. Residents of these localities could obtain land for private housing construction, and the land of enterprises was divided between their workers. The abrupt switch to market economy was accompanied by a lack of corresponding legislation. Gaps in legislation enabled corruption schemes, particularly in the land sector. Along with the lack of complex planning and zoning, this led to chaotic development in cities. In Kyiv, one of the most well-known schemes was obtaining land for fake student cooperatives, a scheme which was associated with the former mayor Leonid Chernovetsky.

Another problematic issue is land taxation and use. Land tax in Ukraine is different from real estate tax. If a developer does not own any land, it rents land from a community. While a company builds real estate, it pays rent to the local budget. As the building is completed, the land under it returns to communal ownership. An ACOAB or another managing company can sign a long-term lease for the land under their building and therefore pay money for it to the city budget. However, most land plots just remain in communal ownership. On the one hand, the community loses access to the land forever because housing has already been built on it. On the other hand, revenue from its use goes to

the developer and the owners of the real estate, while proper compensation is not reclaimed by communities through land tax.

#### **14. Outdated, missing or contradictory city planning documents lead to chaotic development.**

The main city planning documents in Ukrainian cities are General Plans (which determine the foundations of development, planning and construction), zoning plans (which determine the functional zones in cities), and detailed territorial plans. Many Ukrainian cities do not have up-to-date or complete city planning documents. De jure, development in a particular city can only take place in accordance with its General Plan. De facto, however, violations are quite widespread, particularly because the detailed territorial plans are often not coordinated with the General Plans, in violation of regulations. In Kyiv, for instance, some detailed plans allow construction in territories which are defined by the General Plan as green areas. Detailed territorial plans are often commissioned by investors who are interested in construction in a particular territory. As a result, the plans often reflect business interests rather than the needs of the city community. The procedures of public engagement in the development of city planning documents are too complicated and often implemented only formally, so many people cannot participate in them in practice. As of the beginning of 2022, Kyiv was in the process of developing a draft of its new General Plan for the period until 2040. The draft itself was criticized for supporting development in the city without taking into account infrastructural capacities, the needs of residents, or environmental impact. The drafting process was criticized for its lack of transparency and low level of engagement of independent experts or civil society.

## **15. The system of collecting data about housing does not allow us to properly assess the current state or to plan the future.**

Some of the information is collected by the State Statistics Service. In its annual collection, it publishes information on the total area of the housing stock, its condition, the number of housing units completed, etc. However, these data do not allow us to assess the effectiveness of housing policies. For several years now, the list of citizens who need to improve their residential conditions has not been maintained in a centralized manner. There are several different lists and queues in which people are waiting for housing, particularly social and temporary housing. Some people are registered on several lists at once, which improves their chances of obtaining housing but makes it more difficult to assess the need for housing. The State Registry of Property Rights to Real Estate was launched in 2013. However, it is incomplete, because it only contains digitized information about properties with which transactions (purchase or sale) have been made after 2013.

Most of the data about its population is gathered by Ukraine through the official system of registration of the place of residence. However, this source of information is not entirely accurate, because as of 2019, at least 12% of people did not live at their place of registration (around 25% among those who rent their housing). The latest census in Ukraine was done in 2001. The next wave of the census was supposed to be conducted in 2020, but the government decided to postpone it until 2023. Censuses and housing stock inventory are sources of crucial information for public policy planning, particularly in the field of housing. A census can provide unique information about the housing stock, its condition and ownership structure. The lack of accurate data on the number, composition and places of residence of the population makes it more difficult to develop long-term land, housing, and social policies.

## **16. The labor rights of employees in the construction sector are often infringed.**

[The Union of Construction Workers of Ukraine](#) emphasizes that one of the key problems is [non-compliance with safety rules](#) at construction sites, which leads to traumas and deaths among workers. In addition, many construction workers are [not employed officially](#) and have no labor contracts, which makes them vulnerable to various violations (unpaid or delayed wages, lack of social security, lack of paid sick leave or vacations).

# ● Challenges



### **17. Newly built housing and communal infrastructure can be destroyed again.**

Since the beginning of the full-scale war, the Russian army has already destroyed thousands of buildings. This number can increase, since shelling and bombing of Ukrainian territory continues. Some cities are under temporary occupation, so it is impossible to assess the scale of destruction there. One of the key risks of rebuilding is repeated destruction of newly built housing and communal infrastructure.

### **18. It will be more difficult to rebuild and update housing policies without up-to-date information on the condition of the housing stock, the movement and needs of the population.**

To properly plan the rebuilding of housing, we need information on the needs and resources of its future residents, the level of damage to infrastructure, and potential costs of restoration. The war makes it more difficult to collect and analyze data and limits the possibilities for planning the future.

### **19. Without updating the principles and priorities of public policies, the housing crisis will deepen.**

The old principles of housing policy in Ukraine, particularly subsidizing the purchase of housing, have already proven their low effectiveness. The need for housing is much wider than effective demand. Housing policies aimed at expanding ownership make it more difficult to develop the non-profit rental sector and hinder the creation of social and temporary housing. The lack of an updated approach to housing provision can lead to an increase in the number of homeless people; overcrowded housing; slower reconstruction of the housing stock; increased costs of purchasing and renting housing; lower quality and

obsolescence of housing, particularly newly built units; and lower access to housing.

**20. If unrealistic expectations of the speed and comprehensiveness of rebuilding are not fulfilled, it can lead to increased social tensions.**

Today, several possible sources of funding for housing reconstruction are discussed: the state budget, grants and loans from international partners, reparations. Each of these options has its own risks and shortcomings. State budget funds can be insufficient to cover the reconstruction of the entire housing stock that has been destroyed. Grants and loans from international partners will come with their own terms and requirements, and in case of credit funding money will need to be set aside to service the loans. The process of receiving reparations, particularly from the frozen assets of the Russian Federation, can take years. These challenges should be taken into account while planning and communicating the process of reconstruction. Not meeting the high expectations of the speed and comprehensiveness of rebuilding may exacerbate social tensions, feelings of injustice, and reduce trust in the government.

**21. Continuing ineffective housing provision programs will prevent the achievement of goals expected by society.**

Funding discount loans and supporting mortgages are not the mechanisms that will allow Ukraine to solve the problems of as many people as possible under the conditions of a housing crisis and limited resources. They fund the purchase of a low number of apartments and target people who already have savings. In the conditions of war and postwar reconstruction, it is risky to issue many such loans due to the lack of means among the population and economic instability.

**22. Without a clear system of distribution of the new housing, which would account for the needs of different social groups, many people will not be able to realize their right to housing.**

The process of rebuilding will take at least several years. The challenge is to create a transparent and clear system of distribution of the new housing. Without setting the order of priorities, there is a risk that many people will not be able to realize their right to housing. People who need housing include not only those whose homes have been destroyed or those who were displaced to another part of the country. There are also other groups of people whose needs should be taken into account while planning housing policies and distribution, including homeless people who did not have homes before the full-scale war began, as well as people who were renting housing and lost the means to pay rent.

**23. Without understanding the actual period of exploitation, there is a risk of creating low-quality temporary housing in which people will be forced to live long-term.**

One of the major challenges for local governments is the search for temporary housing. In the first month of the full-scale war, they managed to mobilize and refurbish thousands of residential and non-residential units (dormitories, schools, kindergartens, sports and culture institutions, subway stations) for the needs of IDPs and people who have lost their homes. However, the issue of searching for more sustainable, comfortable and long-term solutions arose soon.

One of the options for medium-term housing is the construction of so-called modular towns. Officials present these houses as temporary, but they can turn into permanent homes for many people. Without understanding the actual period of exploitation, there is also a risk of creating uncomfortable housing which will not be integrated with the rest of the city or town. If there is no planning or development strategy for such settlements, their residents may not have convenient access to

schools, hospitals, kindergartens, cinemas, public transit, and they eventually risk ending up in isolation.

#### **24. Without government regulation of the rental housing sector, its unaffordability and insecurity will increase.**

The number of people living in rental housing has already increased and will continue increasing. Without government support for the rental sector, there can be more cases of illegal evictions and contract violations. There is a risk that the uncontrolled rise of rent prices will make renting unaffordable for even more people and further exacerbate the housing crisis.

#### **25. Dominance of the interests of developers can lead to the construction of a lot of low-quality housing and deterioration of the urban environment.**

Since large construction and development companies have more resources to lobby their interests, they can gain more influence on shaping public policies than other stakeholders, including people who need housing. The indicator of the effectiveness of housing reconstruction can be defined as the number of square meters built rather than the affordability or quality of new housing. Given our previous experience of corruption in the construction sphere, introducing new transparent and integrity-based approaches can be a challenge. Without clear rules and strategies for the restoration of the housing stock, there is a risk of getting a lot of low-quality, uncomfortable housing which will not be adapted to climate change. Thus, a few decades later, Ukraine may face another problem of decrepit and outdated housing stock. There is a risk that dishonest developers will use the crisis to solve their old conflicts with communities in their own favor. Communities can end up with new construction at the cost of green areas, public spaces and architectural monuments.

## **26. Central and local governments may lack institutional capacity to deal with all the challenges of the housing crisis.**

In the first month of the full-scale war, local governments were rather successful at providing shelter to people who had lost their homes. However, the need for reconstruction and permanent housing increases the number of challenges, and dealing with them becomes more difficult. The development of the draft of the updated Housing Code was not preceded by an updated state housing policy concept. The lack of complex conceptual vision of the required change can be a challenge in the process of rebuilding as well. Both at the national and at the local level, there is a lack of experience or proper tools to maintain and manage housing in communal or state ownership, regulate the real estate market, develop the non-profit rental sector and alternative forms of ownership.

# ● Principles

## **27. The updated housing policy must center the person and their needs.**

Nobody should be left without a roof over their head: this is the goal which housing policy should be aimed at. The state housing policy must create and develop the housing provision models which will best meet the needs and means of various people. It is necessary to abandon the exclusive stimulation of private ownership of housing, because not everyone can afford it, and not everyone needs or wants it. The government's goal is balanced development of all mechanisms of housing provision allowed by the Constitution of Ukraine: not just the purchase of housing, but also its construction and renting. To make this possible, the government should not only restore the destroyed housing stock, but also update the state housing policy which will prevent us from recreating the existing problems and risks.

## **28. Ensuring access to housing is of higher priority than restoring assets.**

Reconstruction must start with providing high-quality and comfortable housing to all the people who need it. The goal of comfortable housing provision does not completely overlap with the goal of restoring lost property, particularly real estate. Some of the people who need homes now did not own any housing before the full-scale war began. At the same time, some of the destroyed properties were unused, so their reconstruction is not related to restoring access to housing and is less urgent under the current circumstances.

## **29. Public funding must increase access to housing and account for the urgency of needs.**

Due to limited funding, the importance of its proper distribution increases. The key principle must be the urgency of the needs of various groups of people. The priority in housing provision must be those who

have no resources of their own; the next in order of priorities are people who have money to rent but need help to purchase homes. The most effective use of resources requires that they should not be fragmented, and a system of priorities should be developed.

First of all, the government must fund the programs for creating and developing social and non-profit housing. The next step can be support for alternative forms of ownership, such as cooperatives, as well as for people who purchase housing for the first time. State housing programs should be reformed in accordance with this. To increase their effectiveness, taxation mechanisms must be reformed so that they, on the one hand, support the development of affordable housing, and on the other hand, limit speculative investment in real estate.

A necessary step is to end free-of-charge privatization of housing. All housing units purchased or built with budget funding or funding from international donors must remain non-profit and should not be eligible for privatization.

### **30. Government regulation and support for the private rental sector is required to protect the rights of tenants.**

Renting from individuals makes up the majority of the rental sector in Ukraine, so it is an important mechanism of housing provision. We need to develop effective mechanisms for protecting both tenants and landlords from illegal eviction, property damage and other contract violations. One tool for achieving this goal can be regulating rents—for instance, setting rent caps for different regions, limiting the annual raises of rent within the same contract, or other mechanisms. In the short term, one of the solutions can be a moratorium on evictions from rental housing, particularly for the duration of martial law.

Support for the rental sector can be one of the ways to solve the current housing crisis. Possible transitional solutions to consider are state subsidies (vouchers) to rent housing from individuals; public insurance of properties owned by individuals who rent them at discount prices;



establishing social rental agencies which sign long-term contracts with landlords and sublet housing units to other people.

### **31. The government must support and develop the non-profit rental housing sector.**

In the long term, the government should not only regulate and support the private rental sector, but also develop the non-profit rental housing sector. This housing can be owned by public institutions, cooperatives, private non-profit organizations which receive public subsidies.

Ukrainian legislation already includes the categories of “social” and “temporary” housing stocks which are managed by local governments. The state should develop and implement programs which will allow for regular expansion of these housing stocks. In addition, the government could help private non-profit organizations to enter the housing market through subsidies and tax credits.

Access to social and temporary housing should be simplified to allow different categories of people to apply for it. This will help avoid the marginalization of social housing.<sup>2</sup> New additional supply of good-quality rental housing at affordable prices will limit the rising rents in the private sector. The availability of non-profit housing of various forms of ownership, particularly state-owned housing, will allow Ukraine to effectively respond to and overcome future housing crises which can be due to wars, natural or technological disasters.

### **32. Real estate taxation should provide revenue to local budgets and reduce the share of empty housing and the spread of speculative investment.**

It is necessary to improve the administration of the real estate tax and reform the tax base. Real estate tax is viewed as a “good tax” because it

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<sup>2</sup> Aalbers, M. B., & Christophers, B. (2014). “Centring Housing in Political Economy,” *Housing, Theory and Society*, 31:4, 373-394, DOI: [10.1080/14036096.2014.947082](https://doi.org/10.1080/14036096.2014.947082).

has no significant effect on economic behavior (manufacturing, investment in labor force and human capital). Real estate tax is predictable and stable. In addition, it is difficult to evade, since buildings cannot be moved to another city or country. If real estate tax is administered at the local level and makes up a significant share of local budget revenue, it facilitates more autonomy for local governments and encourages them to spend on local infrastructure (such as schools, hospitals, public transit). The most reasonable way to use revenue from taxing residential real estate is to improve infrastructure, because these taxes will mostly be paid by local residents who will then use the infrastructure.<sup>3</sup> Reforming this tax will allow communities to get their fair share of revenue from the use of land plots they provide for construction. It will also facilitate the effective use of real estate and the appearance of new, previously empty rental units on the market.

One of the principles for updating the housing policy may be the introduction of vertical real estate taxation. The tax should be progressive and increase for every new property owned. In order to effectively reform the real estate tax and increase local budget revenue, it is necessary to reconsider the tax base, which is currently related to square meterage. The tax base can be the assessed value of property which will be different both for different types of real estate and for different locations.

### **33. Effective mechanisms should be introduced to prevent deterioration of the quality of the housing stock and excessive energy use.**

First of all, a mechanism of accumulating funds to maintain and renovate the housing stock should be set up—for example, by restoring mandatory contributions for major repairs in building maintenance fees. Another option can be mandatory housing insurance. It is also necessary to solve the problem of managing apartment buildings. First of all, managers need to be appointed for buildings whose form of

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<sup>3</sup> Slack, E., & Bird, R. M. (2014). The political economy of property tax reform.

management is still undetermined. The system of housing management must be improved to optimize the costs of exploitation of buildings throughout their life cycle and to extend it while preserving a comfortable standard of living.

The most economically appropriate way to reduce the use of energy resources is to improve energy efficiency. Given the mass nature of new construction after the war, it is reasonable to increase the current minimum requirements for the energy efficiency of new buildings from the existing class C to class A. This will help reduce energy use for heating and cooling by almost a half, save energy resources, and reduce the cost of utility fees for residents; it will also help reduce greenhouse gas emissions in the exploitation of these buildings.

### **34. Restoration of the housing stock must be complex in nature.**

Restoration of the housing stock must go along with the renovation of water supply and heating systems as well as other communications, and the construction of accessible transit and social infrastructure (kindergartens, schools, hospitals, green areas, public transit). It is also worth introducing an integrated approach to city and neighborhood planning. It will help account for the residential, social, and infrastructural needs of residents. It is necessary to develop and adopt up-to-date city planning documents using modern and participatory approaches to reduce the risks of illegal and chaotic development in cities. New construction and reconstruction must be based on the principles of human-centered approaches, social and physical inclusivity, gender sensitivity, and transit-oriented planning.

### **35. Housing policy must be well-founded, based on high-quality and updated data.**

The first step should be to examine the damaged housing stock to assess the losses. This will provide information about the amount of

housing that cannot be restored and about the buildings that can be repaired. It is also worth conducting a complex audit of the housing stock in order to better understand what kind of housing exists in Ukraine and what it is used for. An audit will help us understand how many vacant housing units are available to provide temporary accommodation to people. It is important to restore the technical documents for residential buildings. In addition, centralized data collection and registration of people who need housing should be restored. This applies not only to people who have lost their homes due to war, but also to people who had no homes before the war. It is important to reform the system of registration of the place of residence substantially, not just on the surface, and to conduct a census and housing stock inventory when it becomes possible. Without high-quality, up-to-date and reliable data, it is impossible to clearly define problems, develop solutions for them, or evaluate the effectiveness of previous policies.

### **36. Housing policies should be developed and implemented in a participatory way while taking into account the needs of various groups of people.**

Clear and accessible mechanisms should be developed to engage citizens in making urban planning decisions. Citizen participation should be ensured at all stages, from ideas to decision implementation. Information campaigns and discussions should start at the early stage of concept development. The participation process should be accessible, and everyone should be able to join regardless of their occupation.

Updated housing policies should also be developed with maximum possible engagement of all stakeholders, particularly the population, civil society representatives and independent experts. The simplification of construction procedures in Ukraine should be done without weakening protections for the labor rights of construction workers. In addition, opportunities for public participation in the process of decision making regarding construction should not be reduced.

### **37. A high-quality update of housing policies requires improving the institutional capacity of central and local governments.**

A lot of time and human resources are needed to develop and implement effective decisions based on the updated principles of housing policy. These tasks are impossible to complete through volunteer initiatives or NGOs. In order to successfully overcome the current housing crisis, capable government institutions are required to undertake leadership in this process and engage broader circles of independent experts, activists and researchers.

Government bodies and institutions that are going to form, maintain and manage the social, temporary and non-profit housing stocks must have transparent rules and procedures as well as safeguards in the form of public and expert control. These safeguards can include, for instance, supervisory boards and tenant associations (unions).

The areas of responsibility of different government bodies and institutions, particularly at the local and national levels, must be clearly divided and reviewed if needed. A new concept of the state housing policy has to be developed to serve as the basis for creating the new edition of the Housing Code.