

MUNICIPAL HOUSING STOCK IN UKRAINE

CHALLENGES &
OPPORTUNITIES

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ABBREVIATIONS

ADR	Alternative dispute resolution
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CMU	Cabinet of Ministers Resolution
CoE	Council of Europe
CPI	Corruption Perceptions Index
DABI	State Architectural and Construction Inspection
DBN	State Building Norms
DFC	International Development Finance Corporation
ECHR	European Convention on Human Rights
ECSR	European Committee of Social Rights
ECtHR	European Court of Human Rights
ESC	European Social Charter
FGD	Focus group discussion
GCA	Government controlled areas
HPIC	Housing Project Incubation Center
HUS	Housing Utilities Subsidy Program
ICCPR	International Covenant on Civil and Political Rights
ICESC	International Covenant on Economic, Social and Cultural Rights
IDP	Internally displaced person
IFIs	International Financial Institutions
IOM	International Organization for Migration
LSG	Local self-government (for the purpose of this study equals to "hromada" term)
MBS	Mortgage-backed securities
NBU	National Bank of Ukraine
NGCA	Non-government controlled areas
SSS	State Statistical Service
UDHR	Universal Declaration of Human Rights
URC2024	Ukraine Recovery Conference

I. EXECUTIVE SUMMARY

Ukraine's housing sector faces deep-rooted challenges shaped by historical, economic, and social factors. The privatization of housing after the declaration of independence in 1991, the absence of sound policies and the limited investment have translated into the lack of affordable housing options for millions of citizens. Deteriorating infrastructure, energy inefficiency, and rural-to-urban migration have also put enormous strain on the existing housing stock.

Local self-governments (hromadas) are tasked with addressing social housing needs but often lack the capacity and resources to do so effectively.

The housing crisis that brewed over decades has been compounded by the ongoing war, that has caused the displacement of millions of people, and over two million housing units damaged or destroyed.

The study explores the complex dynamics of Ukraine's housing crisis, examining the demographic shifts, privatization policies, and the urgent need to replace the existing intricate and outdated policy framework with a new legal and policy framework that provides solutions to all sectors of society.

The study also highlights the challenges the local self-governments are facing to address the housing crisis. The lack of resources and bureaucratic hurdles have been thwarting progress on social housing initiatives at hromada level.

Regulatory ambiguity stands out as one of the most significant challenges. The sector's reliance on Soviet-era legislation, such as the Housing Code of 1983, fails to reflect the realities of decentralization and modern housing needs. Fragmented responsibilities between ministries, local governments, and government agencies – caused by the absence of a cohesive national housing strategy – prevent hromadas from fulfilling their constitutional obligation to provide social protection to the people.

Given the underdeveloped social housing legal framework, the weak operating environment, and the lack of capacity in hromadas and local civil society organizations, the study emphasizes the need to focus on soft infrastructure building.

Key Recommendations

To address the identified barriers, the study proposes the following strategic interventions:

- Housing Pact (HPACT) – a voluntary self-regulation mechanism through which hromadas commit to operational standards, transparency, and accountability in managing social housing initiatives.
- Secondment of Legal Experts – deploying national lawyers to assist hromadas with navigating property transfers, legal disputes, and regulatory compliance, particularly concerning escheat and departmental housing.
- Housing Project Incubation Center (HPIC) – establishing a dedicated center to develop municipal housing projects, provide technical assistance, and guide hromadas in transforming ideas into actionable initiatives.

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- Capacity-Building Programs and Housing Hackathon – rolling out training initiatives to strengthen the knowledge of local self-governments and other civil society actors in project management, housing governance, and legal procedures. Once a year, organizing a municipal housing hackathon to encourage innovative solutions from hromadas, promote competition for funding, and create platforms for project ideation and development.
 - Housing Acceleration Program (HAP) – a three-month program supporting top hackathon projects to develop detailed operational Playbooks, ensuring project readiness, scalability, and long-term sustainability.
 - Ecosystem Engagement and Community Building – building networks between local governments, donors, and civil society to foster collaboration, increase visibility, and facilitate knowledge sharing across regions.
 - Housing Counseling Service – a support system providing counseling to individuals in need of social housing, eviction prevention, and affordable housing options for vulnerable populations.
 - Housing Transparency Portal – supporting local community-based organizations (CBOs) by establishing an online platform to track housing allocations, publish project data, and provide public access to project updates, enhancing oversight and accountability.
 - Housing Watchdog Initiative – empowering civil society organizations (CSOs) and CBOs to act as watchdogs by monitoring housing projects, ensuring compliance, and increasing public trust in housing programs.
 - Blockchain for Housing Records – introducing blockchain technology to ensure the permanence and immutability of housing records and transactions, preventing data tampering and reinforcing accountability at the municipal level. Alternatively, centralized architecture could be used. While it does not afford the same degree of protection against security breaches, centralized data structures are less energy intensive.

Adding to these challenges is the issue of energy inefficiency in the existing housing stock, which significantly drives up housing costs, particularly during winter. Energy bills in rural areas often surpass urban costs, and nearly half of the population relies on government subsidies to afford them. While these subsidies provide relief for low-income households, they also result in a considerable waste¹ of the State budget, propping up an inefficient energy system instead of fostering long-term solutions. Furthermore, private market housing dynamics, in the absence of substantial state-sponsored initiatives, have concentrated new housing in larger cities, exacerbating population outflows from smaller towns and rural areas. This trend undermines government efforts to stabilize regions and maintain balanced regional development, adding another layer of complexity to an already critical housing crisis. Addressing these interconnected issues is key to the recovery and sustainable development of Ukraine in the post-war era.

The full-scale invasion of Ukraine by the Russian Federation in February 2022 has not only caused immense human suffering but has also provoked a massive humanitarian crisis, with housing emerging as one of its most critical aspects. As a result of the invasion, more than two million housing units were damaged or destroyed, according to the third Rapid Damage and Needs Assessment². Over one-fourth of the damaged units are destroyed (547,010 units)³. The war also triggered mass displacement - as of April 2024, an estimated 3,548,000 people remain internally displaced in Ukraine, while 6,483,500⁴ are displaced abroad. The International Organization for Migration (IOM) reports that an estimated 4,734,000 people have returned to their place of habitual residence in Ukraine after being displaced for a minimum period of two weeks following the full-scale invasion in February 2022. At the time of writing this study, approximately 79,000 internally displaced persons (IDP) continued to live in collective sites.⁵

² Ukraine, Rapid Damage and Needs Assessment, February 2022 – December 2023, p.74

³ Ukraine, Rapid Damage and Needs Assessment, February 2022 – December 2023, p.75

⁵ UNHCR, CCCM Cluster, Ukraine Collective Sites Online Map, 31 January 2025.

2.1. The Dynamics of Ukraine's Housing Crisis

2.1.1. Demographic Shifts and Impacts on Housing

Over the past three decades, four key events and trends have significantly shaped Ukraine's housing landscape. One of the most consequential factors was the sharp population decline following independence. In the first two decades, Ukraine's population decreased by over 6 million people. While this demographic shift posed a severe obstacle to economic growth and development of the country, it inadvertently masked the shortcomings in housing policy. The shrinking population tempered demand, preventing the housing sector's inefficiencies from escalating into a full-blown crisis. This demographic cushion delayed the visible emergence of housing shortages, allowing systemic issues to persist beneath the surface.

Secondly, following the collapse of the Soviet Union in 1991, Ukraine experienced a significant industrial decline, particularly affecting factories in rural areas. From 1991 to 1998, in the broader industrial sector Ukraine's real GDP declined by a cumulative 62.1%⁶. This economic downturn led to large scale factory closures and significant job losses, causing unemployment, economic stagnation, and large rural-to-urban migration as individuals were looking for opportunities elsewhere.

During the years after independence, rural-to-urban migration led to an oversupply of housing in rural areas and a shortage in urban centers. According to data from the UNECE Report, as of January 1, 2013, Ukraine had 31.2 million square meters of vacant housing, of which 30.5 million square meters (98%) were in rural areas⁷. A large percentage of rural housing became vacant, with Sumy Oblast reporting the highest vacancy rate at 18%. In central regions with lower urbanization levels, such as Cherkasy, Chernihiv, Poltava, Khmelnytskyi, Vinnytsia, and Zhytomyr, rural housing vacancy rates ranged from 12% to 14%.

The outbreak of conflict in Donbas in 2014 forced nearly 800,000 people from non-government-controlled areas (NGCA) to relocate more permanently to government-controlled areas (GCA). This sudden shift created significant pressure on the existing housing stock in GCA, which had to absorb the influx. The majority of those displaced settled in urban or semi-urban areas where the availability of housing was already limited.

Finally, the full-scale invasion has resulted in the damage or destruction of 10% of Ukraine's total housing stock⁸. The widespread damage and displacement have placed immense pressure on the remaining housing stock, exacerbating the existing crisis. A noteworthy aspect is the housing left behind by the 6,483,500 people displaced abroad. However, there is a lack of systemic data to determine whether the temporary vacancy of these homes is alleviating the housing shortage or contributing to potential solutions.

2.1.2. Ownership-based Housing Model

In June 1992, Ukraine adopted the Law "On Privatization of the State Housing Stock," which kicked off the process of transferring state-owned housing free of charge to the

⁶ Kravchuk, R.S. (2002). The Ukrainian Economy in the 1990s, p. 13

⁷ United Nation Economic Commission for Europe (UNECE), Country Profiles on Housing and Land Management, Ukraine, p.19

⁸ Ukraine, Rapid Damage and Needs Assessment, February 2022 – December 2023, p. 75

residents already living in it. Mass privatization also extended to individuals on waiting lists for housing improvements, particularly between 1995 and 1998. While the privatization of housing stock continues today, it operates on a much smaller scale as the available properties for privatization dwindle. Overall, local authorities prioritized privatization for existing occupants over the development and preservation of social housing, significantly reducing the stock available for social and temporary housing allocations.

As a consequence of the above, the vast majority of Ukrainians reside in homes they own. According to the 2013 UNECE Report, official figures indicated that only 3.4% of households lived in private rental housing. However, the report questioned the accuracy of this statistic, referring informal estimates suggesting that the rental market might account for as much as 13% of the total residential stock. Despite discrepancies between official and unofficial data, one point remains clear—homeownership rates in Ukraine are exceptionally high by international standards.

High rates of private homeownership are a common feature among former socialist countries. In fact, the ten European Union nations with the highest levels of private residential ownership are all former socialist states⁹. With the exception of Croatia, the remaining nine countries are situated in Central and Eastern Europe.

While homeownership is a common aspiration globally, Ukrainians have distinct motivations driving this preference. Low trust in the system and the economy makes property ownership a crucial source of economic security. For many, owning a home is seen as a safeguard against uncertainty and instability. Additionally, Ukraine's strong family traditions foster an expectation to accumulate and pass down assets, including housing, to future generations.

Another factor contributing to the strong preference for homeownership in Ukraine may be the limited awareness of alternative forms of tenure security beyond ownership, rental, and traditional social housing. For many, the absence of ownership is equated with renting, which is often perceived as unstable and financially precarious. Public housing, meanwhile, carries a stigma of reliance on the state — something many Ukrainians view as compromising their dignity. These reinforce the idea that owning property is essential for maintaining both economic stability and personal pride.

The deep-rooted sentiment for homeownership among Ukrainians has found its way into the country's housing laws, policies, and the practices of relevant authorities. However, many view this as a key barrier to innovation in the housing sector and a significant driver of inefficiency. The state's pronounced bias toward ownership-based housing models has faced criticism on several fronts. It is often cited as a major factor impeding the development of a robust rental market, disadvantaging those who cannot afford or choose not to own property. Additionally, this ownership-centric approach is believed to contribute to housing shortages in urban areas and restrict labor mobility by tying people to specific locations.

However, attributing Ukraine's housing challenges solely to this ownership mentality may oversimplify the issue. While the focus on ownership plays a role in shaping the current housing landscape, it risks becoming a convenient explanation that obscures the more fundamental causes of the housing crisis.

⁹ Housing in Europe – 2024 Edition. <https://ec.europa.eu/eurostat/web/interactive-publications/housing-2024>

2.1.3. Private Market Participation in Housing Sector

There is a common narrative suggesting that Ukrainian housing policies are unfriendly to private markets and that the legal framework discourages private sector participation. However, this view often lacks objective grounding and may overlook historical context. The 1995 Housing Policy of Ukraine, which remains technically in force, explicitly recognized the need to accelerate the integration of the housing sector into the broader market economy. In the "Main Directions" section, the Policy outlines several conditions aimed at encouraging private market participation in housing development and management. In reality, Ukraine adopted a regulatory framework that not only facilitated private market involvement but also contributed to the rapid rise and subsequent collapse of a real estate bubble within a few years¹⁰.

In three years following December 2000, the Ukrainian Parliament enacted nearly a dozen laws and legal instruments to create an environment for the engagement of private market actors in housing sector¹¹. In August 2002, the then President signed a Decree "On Measures to Develop the Mortgage Market"¹². Following the Presidential Decree three important laws were enacted by the Parliament in June 2003 on different areas covering mortgage credit and management of housing construction by real estate operators¹³.

Following the pro-private market initiatives, Ukraine's private housing market expanded rapidly, eventually inflating into a speculative bubble. However, the 2008 global financial crisis caused the collapse of both the mortgage credit market and private housing construction, driven by two interconnected factors.

The collapse of Ukraine's mortgage credit market was linked to the de-pegging of the Ukrainian hryvnia (UAH) from its fixed exchange rate with the U.S. dollar (USD). Following the introduction of the hryvnia in 1996, Ukraine maintained a fixed exchange rate of 5.44 UAH per USD. Banks leveraged this stability by offering mortgages denominated in foreign currencies, particularly USD, as these loans carried lower interest rates than those denominated in UAH, which were burdened by high inflation.

In 2008, the exchange rate was adjusted to 8 UAH per USD, dramatically increasing the amount borrowers owed in local currency. This sudden rise in debt triggered widespread defaults, as many borrowers were not able to meet their inflated obligations. In response, the government imposed a moratorium on foreclosures and eviction¹⁴ to protect borrowers and prevent social unrest. While this intervention allowed many to retain their homes, it contributed to a growing share of non-performing loans in bank portfolios, further straining the financial sector.

The rapid rise in housing prices in Ukraine attracted a wave of investors who viewed real estate as a secure and lucrative investment. This fueled speculative demand, driving expansion in both the construction and banking sectors. As demand for mortgages grew, competition among lenders intensified, leading many banks to loosen their lending standards and extend credit to borrowers with limited financial stability. The easy

¹⁰ Journal of European Real Estate Research, House price bubble detection in Ukraine, Alona Shmygel, Martin Hoesli, 26 May 2023

¹¹ 2121-III of December 7, 2000; 2658-III of July 12, 2001; 2664-III of July 12, 2001; 2768-III of October 25, 2001; 435-IV and 436-IV of January 16, 2003; 898-IV of June 5, 2003; 978-IV of June 19, 2003; 979-IV of June 19, 2003; 1255-IV of November 18, 2003;

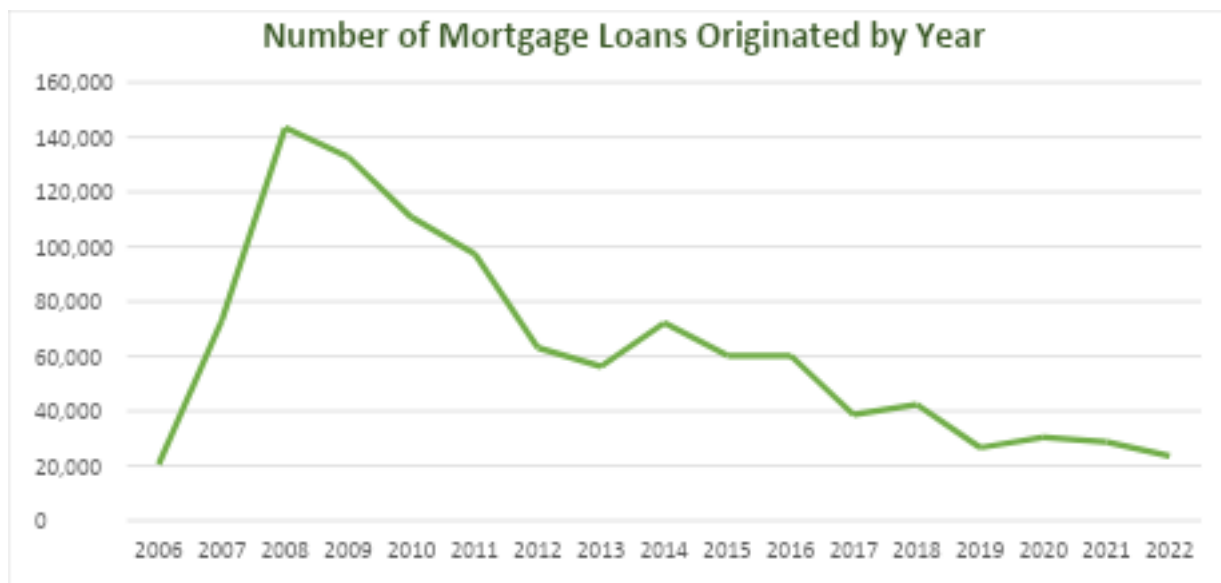
¹² 695/2002 of August 8, 2002

¹³ 898-IV of June 5, 2003; 978-IV of June 19, 2003; 979-IV of June 19, 2003

¹⁴ 533-VI of June 23, 2009

availability of credit, combined with weak regulatory oversight, contributed to an overheated housing market.

By the time the global financial crisis of 2008 hit, these underlying vulnerabilities became apparent. Property values plummeted, and loan defaults surged, triggering the collapse of the mortgage market and stalling housing construction. The bursting of the housing bubble dealt a significant blow to Ukraine's financial system, deepening economic instability and leading to a prolonged downturn in the real estate sector. Fifteen years after the 2008 global financial crisis, Ukraine's private housing market has yet to fully recover, with the large-scale construction boom of the early 2000s remaining elusive.



The chart above, based on statistics from the National Bank of Ukraine (NBU), reflects the growth and crash of the mortgage market in Ukraine. The market peaked in 2008, the year of the global financial crisis. The sharp decline in the volume of mortgage loan origination has continued to this day. The volume in 2022 reached the level of 2006, when the market was first developed. Some ongoing efforts to rejuvenate the mortgage market are summarized in section 5.7.3.

The government's experience during the crisis may have a lasting impact on future housing policy and its interaction with the private sector. This shift is reflected in the tone of the proposed Housing Policy law, which marks a departure from the market-driven focus of the 1995 Housing Policy. The earlier policy emphasized integrating the housing sector into the market economy, whereas the new proposals indicate a more cautious approach—likely shaped by lessons learned from vulnerabilities exposed during the crisis. The proposed law emphasizes transparency, civic participation, strategic planning, and accountability in housing policy implementation (See Chapter 2.2 for a comparison of the 1995 Housing Policy and the proposed draft law on Principles of Housing Policy).

2.1.4. Poor Public Sector Roles in Housing

Under existing law and policies, the scheme through which individuals receive state

support for housing can be simplified in the following four steps¹⁵.

- Application and Queue Management: households seeking improved housing conditions apply to their local self-government units. Applicants are placed on a waiting list managed by these local authorities, indicating their need for affordable housing interventions.
- Affordable Housing Programs: the government introduces various affordable housing programs, such as interest rate subsidies, down payment assistance, or other financial support mechanisms. Eligible households on the waiting list can choose programs that best meet their needs and financial capabilities. At the same time, local authorities may offer existing housing stock to individuals on the waiting list, often following a first-come, first-served basis.
- Provision of Social Housing: while awaiting permanent housing solutions, local self-government units may provide social housing to eligible households.
- Emergency Housing Assistance: individuals facing urgent housing crises, such as those resulting from natural disasters or conflicts, may receive temporary housing assistance from local authorities.

A notable aspect of Ukraine's social housing scheme is that it is not designed as a permanent housing solution for vulnerable populations or those unable to afford homeownership. Instead, it serves as temporary accommodation for individuals awaiting their turn for affordable housing. This limited and transitional approach to social housing in Ukraine contrasts sharply with the broader understanding in the EU and other countries, where social housing often provides long-term support and stability for low-income and marginalized groups.

The logic behind the scheme reflects the strong ownership bias embedded in both Ukrainian public policy and societal attitudes. However, the successful implementation of this model required resources, expertise, and institutional capacity that Ukraine has lacked over the past three decades. For the scheme to function effectively, the government needed to allocate sufficient resources to affordable housing and develop well-designed, sustainable housing programs. On the part of the population, it required stable income levels to meet their financial contributions to these initiatives. From the perspective of local self-governments, effective governance and the ability to manage and maintain the social housing stock were essential but often insufficient.

This combination of systemic gaps has led to a catastrophic failure of the model. As will be explored in subsequent chapters, the government has consistently struggled to develop and adequately fund sustainable housing programs. Meanwhile, local self-governments—previously hampered by institutional weaknesses and in need of structural reform—prioritized the privatization of public housing stock rather than maintaining or expanding it. This widespread sell-off¹⁶ further depleted the already limited supply of social housing.

The stark mismatch between the state's housing objectives and the resources and

¹⁵ The four steps are provided for the purpose of clarity on the primary mechanism of the State. There are other interventions of the government to materialize housing right of the people which include engagement with private market, provision of housing to government service holders through the respective government departments etc.

¹⁶ Privatization was often done free of charge or at negligible price

expertise available has created fertile ground for corruption. One area particularly rife with allegations involves the privatization of housing stock managed by local self-government units. Instead of serving public interests, this process has often been marred by irregularities, raising concerns about transparency and fairness in the allocation and sale of public housing assets.

2.1.5. Affordability

The data released by the State Statistical Service of Ukraine shows that, on average, Ukrainians spent 1,551 UAH per month, or 14% of their monthly income, on housing in 2021¹⁷. This figure includes payments for housing, communal services, and utilities. Disaggregated by location, spending was 15% in urban areas and 10% in rural areas. Of the 1,551 UAH spent on housing, approximately 9% came in the form of government subsidies, primarily through utility subsidies. Ukraine's national average housing cost of 14% is notably lower than the EU average of 19.7%¹⁸. A higher rate of homeownership free of mortgages or liens, and a less concentrated rental market are likely contributing factors to Ukraine's lower monthly housing expenses.

The data provided by the State Statistical Service, if read without context, can obscure the true picture of housing affordability in Ukraine. While the national average reflects a high concentration of existing homeowners, housing remains prohibitively expensive for those seeking to rent or buy. A recent IOM survey¹⁹ shows that, nationally, one-third (31%) of renters spend more than 70% of their household income on housing (including rent and utilities), while around half (54%) spend more than half of their income on these expenses. The same report indicated that 8% of respondents had missed rent payments, and 4% had moved to poorer quality housing to meet basic needs. These figures were notably higher among IDPs, with 18% missing rent payments and 17% relocating to lower-quality dwellings.

The situation is equally dire when it comes to the purchase of new housing units. As of mid-2024, Ukraine's housing price-to-income ratio²⁰ stood at 15.3²¹, reflecting significant affordability challenges. Among European countries, only Serbia (17.1) and Russia (16) report higher price-to-income ratios. In contrast, most Western European countries have ratios ranging between 7 and 10, highlighting a relatively more affordable housing market for prospective buyers in those regions.

2.1.6. Space Adequacy²²

According to 2021 data released by the State Statistical Service of Ukraine, a significant portion of Ukrainian households live in inadequate conditions, with many lacking sufficient living space. Around 35% of households fall below the minimum sanitary norm of 13.65 square meters per person according to the Housing Code of Ukraine, highlighting a

¹⁷ State Statistical Services of Ukraine, Socio-economic Situation: Households in Ukraine in 2021

¹⁸ Housing in Europe – 2024 Edition. <https://ec.europa.eu/eurostat/web/interactive-publications/housing-2024>

¹⁹ IOM (July 2024), Ukraine Housing Brief: Living conditions, rental costs and mobility factors

²⁰ Price to income ratio compares the median home price to the median annual household income. Higher ratios indicate less affordable housing.

²¹ Europe: Property Prices Index by Country 2024 Mid-Year https://www.numbeo.com/property-investment/rankings_by_country.jsp?title=2024-mid®ion=150

²² This section only discusses adequacy of space. Adequacy of housing is conditioned on seven other criteria which are not discussed in this section. Those criteria are: security of tenure; availability of services, materials, facilities and infrastructure; affordability; accessibility; habitability; location and cultural adequacy.

widespread issue of overcrowding. The problem is more pronounced in large cities, where 43% of households do not meet this standard, while rural areas fare slightly better, with 27% of households below the norm²³.

Particularly concerning is the situation for families with children. According to the same report a substantial number of households - 23% - live in spaces ranging from 9 to 13.65 square meters per person, while 7% have less than 7.5 square meters per person. Among children under 18, overcrowding is even more severe, with 72% living in inadequate space²⁴.

Apart from overcrowding, the IOM's 2024 survey reported that approximately 9% - or three million people - live in damaged but habitable houses, while 4% reside in unfinished homes. The degree of destruction caused by the war is particularly severe in the eastern oblasts, with Khersonska oblast having 52% of residents living in damaged but livable housing, followed by Donetsk (25%), Kharkivska (23%), Chernihivska (19%), and Mykolaivska (14%) oblasts²⁵.

2.1.7. Energy Efficiency

Ukraine's residential energy efficiency significantly lags behind Western European standards, largely due to an aging housing stock and historical government policies that have favored subsidies over modernization. A substantial portion of Ukraine's housing was constructed during the Soviet era, with approximately 60% of heat energy lost in residential buildings²⁶.

The building sector is responsible for nearly 40% of the country's total energy consumption, contributing a similar share to greenhouse gas emissions. The average energy use per building in Ukraine surpasses that of European countries by 30-50%²⁷. For instance, the Ukrainian government estimated that in 2016 that Ukrainian residential buildings consumed an average of 264 kWh per square meter annually, compared to an average of 90 kWh per square meter in European countries²⁸. Significant heat losses occur primarily through building envelopes with inadequate thermal insulation, as well as due to outdated and inefficient engineering systems. More than 80% of buildings constructed prior to 1994 are physically deteriorated, fail to meet current standards, and demonstrate low energy efficiency. Remarkably, even among buildings that have suffered significant damage, 80-90% are still expected to remain in use. Furthermore, heating, cooling, and water supply systems collectively account for roughly 70% of the energy consumed by residential and public buildings²⁹.

Historically, the Ukrainian government has responded to high energy costs by providing substantial subsidies to households, aiming to ease financial burdens without directly

²³ State Statistical Services of Ukraine, Socio-economic Situation: Households in Ukraine in 2021

²⁴ Ibid

²⁵ IOM (July 2024), Ukraine Housing Brief: Living conditions, rental costs and mobility factors

²⁶ Natalia Oliinyk (2014), Construction, Housing and Communal Economy of Ukraine.

https://unece.org/sites/default/files/datastore/fileadmin/DAM/hlm/prgm/other/smart_cities_2014/presentations/Nataalya_Oliinyk.pdf?utm_source=chatgpt.com

²⁷ National Recovery Council for Ukraine from the Consequences of the War, Draft Ukraine Recovery Plan, Materials of the Working Group "Construction, Urban Planning, Modernization of Cities and Regions of Ukraine." https://uploads-ssl.webflow.com/625d81ec8313622a52e2f031/62dea0e2c3d07530ddabddc6_Будівництво%2C%20містобудування%2C%20модернізація%20міст%20та%20регіонів.pdf

²⁸ https://voxukraine.org/en/energy-efficiency-of-residential-buildings-there-are-successes-but-they-are-few?utm_source=chatgpt.com

²⁹ bid

addressing the underlying inefficiencies. One such initiative is the Housing Utilities Subsidy (HUS) program. At various times, this program has supported up to 40 to 50 percent of households, making it the largest social assistance scheme in Ukraine. Historically, the HUS program has accounted for 1 to 2.5 percent of the country's GDP³⁰.

2.1.8. Poor State of Ukraine Housing Stock

Ukraine's housing stock, as of early 2022, consisted of approximately 20 million units distributed across multifamily buildings, dormitories, and various types of single-family houses. Multifamily buildings dominate urban areas, accommodating 67% of the urban population, with this figure rising to 79% in larger cities³¹. In contrast, single-family homes, including dachas, garden houses, and country cottages, are more prevalent in rural areas.

A key challenge facing Ukraine's housing sector is the age and condition of these buildings. Soviet-era constructions (pre-1991) make up about 88% of the multifamily housing stock, while only 12% consists of newer, post-independence structures. The prevalence of aging Soviet-era apartments, particularly the Khrushchyovkas, is a significant issue. These low-rise, low-cost apartment blocks were intended as temporary housing during the Soviet era but continue to serve as long-term residences for millions of Ukrainians.

The Khrushchyovkas are known for their poor insulation, thin walls, and outdated heating systems, resulting in high energy consumption and substandard living conditions³². Originally designed to last 25 years, many have far exceeded their lifespan, leading to significant deterioration. Lack of routine maintenance, coupled with the shift in responsibility for upkeep from the state to individual residents post-independence, has further accelerated their decline.

A major factor contributing to the decline of these buildings is the lack of regular maintenance. During the Soviet era, maintenance was state-managed; however, following Ukraine's independence, the responsibility shifted to residents³³. This transition occurred without adequate support or resources, leaving many occupants ill-prepared to manage upkeep³⁴. Consequently, common areas like staircases, roofs, and technical infrastructure have suffered from neglect. Only 38% of households in 2018 lived in buildings that had undergone thorough renovations in 2001 or later³⁵.

Additionally, economic constraints have hindered proper maintenance. Many residents, particularly in economically disadvantaged regions, lack the financial means to fund necessary repairs or upgrades. This financial strain has led to a reliance on makeshift solutions, such as unauthorized extensions or facade modifications, which are often

³⁰ Anna Alberini, Nithin Umapathi (2021), Government Assistance When Household Bills are High: Lessons from Ukraine. https://www.brookings.edu/articles/government-assistance-when-household-energy-bills-are-high-lessons-from-ukraine/?utm_source=chatgpt.com

³¹ Ukraine, Rapid Damage and Needs Assessment, February 2022 – December 2023, p.75

³² Khrushchyovkas, K-7 building analysis https://issuu.com/earleyarchitectureanddesign/docs/up960183_-_dissertation/s/27099866?utm_source=chatgpt.com

³³ During the Soviet era, ZhEKs (Housing Maintenance Offices), state-owned entities, were responsible for the maintenance and management of residential buildings, common areas, and utilities. Operating under a centrally planned system, they oversaw housing that was largely state-owned, with tenants paying minimal rent. Maintenance and repairs were heavily subsidized by the state, which was not the case after independence.

³⁴ The shift toward private homeownership was formalized with the establishment of homeowner associations (OSBBs) under Ukraine's 2001 Law on Associations of Co-owners of Multi-apartment Buildings. The law aimed to create homeowner associations responsible for maintaining common areas. As of 2020, OSBBs managed approximately 30% of Ukraine's multi-apartment buildings.

³⁵ Housing Policy in Ukraine: Current State and Prospects for Reform, 2019, P. 63

executed without professional oversight. These uncoordinated alterations can exacerbate structural problems and further degrade the buildings' integrity.

The aesthetic uniformity of Soviet-era architecture has also contributed to the current state of disrepair. The monotonous design of these buildings has led to a lack of community ownership and pride, resulting in minimal collective effort toward maintenance³⁶. In contrast, Western European countries have invested in modernizing their housing infrastructure, emphasizing energy efficiency and sustainability, which has fostered a sense of communal responsibility for upkeep.

2.1.9. Housing and Stability of the Regions

Past housing initiatives, primarily by private markets, have often been concentrated in major urban centers such as Kyiv, Kharkiv, and Lviv, driven by higher profitability and market demand. This urban-centric focus contributed to regional imbalances, with smaller towns and rural areas left underdeveloped. This trend has worsened since the conflict and full-scale war began, as IDPs gravitate toward safer and more prosperous cities, placing additional pressure on urban housing markets.

Ukraine's Action Plan on Demographic Recovery (2024-2027)³⁷ emphasizes the need to distribute housing development more equitably across regions. The plan highlights measures such as promoting the construction of social and temporary housing in smaller towns and villages, alongside incentives for private developers to invest outside of major metropolitan areas. This initiative aims to stabilize populations in less urbanized areas and alleviate overcrowding in major cities, thus supporting broader regional stability goals.

Historically, limited government investment in housing construction outside urban centers, coupled with the dominance of market-driven private sector development, has led to housing shortages in rural regions. The Recovery Plan of Ukraine³⁸ acknowledges this imbalance and proposes expanding the non-profit rental housing sector, converting non-residential buildings for temporary housing, and introducing affordable mortgage programs with lower interest rates.

A critical component of this strategy involves reinforcing local governance. The decentralization reforms completed in 2021 have empowered municipalities to play a larger role in housing development. However, many local governments still lack the financial and institutional capacity to drive large-scale housing projects.

2.2. An Overview of Legal and Policy Frameworks

Chapter 5 of this paper will provide an elaboration of the laws and regulations relevant to the housing sector. This chapter, however, will offer an overview of the broader principles and frameworks that inform the scope and intent of the laws and programs introduced in the housing sector. The following three legal instruments will be discussed in this section:

- the relevant Article of the Constitution – as the overarching normative frame
- the Housing Policy – as the primary derivative policy directive

³⁶ Finding a Future for Ukraine's Destroyed Cities, https://www.curbed.com/2022/05/ukraine-cities-rebuilding-kyiv-comfort-town.html?utm_source=chatgpt.com

³⁷ Resolution of the Cabinet of Ministers of Ukraine No. 1091-p dated November 1, 2024 "On Approving the 2024–2027 Action Plan for the Demographic Development Strategy of Ukraine Until 2040"

³⁸ [Ukraine's National Recovery Plan, National Recovery Council, July 2022](#)

- the Housing Code – as the primary operational legal framework.

2.2.1. Housing as a Constitutional Right and Ukraine's Housing Policy

Housing is recognized as a constitutional right in Ukraine, a distinction that is uncommon in Western constitutional traditions. Article 47 of the Constitution of Ukraine reads as following:

“Everyone has the right to housing. The State creates conditions that enable every citizen to build, purchase as property, or to rent housing. Citizens in need of social protection are provided with housing by the State and municipal authorities, free of charge or at a price affordable for them, in accordance with the law.

No one shall be forcibly deprived of housing other than on the basis of the law pursuant to a court decision.”

The significance of housing being a constitutional right is that it legally binds the parliament and the executive authorities of the State. Parliament cannot pass law which is inconsistent with the constitution, and the executive authorities are obliged to fulfill the intent of the constitution. This is a critical aspect that all housing actors, government or non-government, must bear in mind while working on housing policies and programs.

For clarity, it is important to emphasize that under Article 47, the State's obligation is to create conditions that facilitate access to affordable housing. This wording allows the government flexibility to seek innovative solutions, including collaboration with the private market. However, the obligation becomes absolute when an individual requires social protection, necessitating direct intervention by the State.

In addition to the housing right pronounced in Article 47, the Constitution of Ukraine also guaranteed its citizens the right to an adequate standard of living which includes adequate housing. Article 48 of the Ukrainian Constitution writes as following:

“Everyone has the right to a standard of living sufficient for himself or herself and his or her family that includes adequate nutrition, clothing and housing.”

In 2021, article 48 of the Ukrainian Constitution was substantively interpreted by the Constitutional Court of Ukraine³⁹. The court stressed that the legislator is obliged to consider the individual right to a dignified standard of living. All programs, laws and regulations should be designed to uphold this fundamental principle.

This constitutional provision is also reflected in the housing legislation, in particular in by-laws governing protection of vulnerable groups and their right to adequate living conditions (provision of housing and care in residential care facilities for the elderly, in orphanages, etc.).

Although housing is not universally recognized as a constitutional right across most western nations, many have adopted laws over the last two decades that establish housing as a legal right for their populations or specific vulnerable groups.

In Finland, it is treated as a fundamental right, and in the Netherlands, acknowledged as a

³⁹ Decision of the Constitutional Court of Ukraine No. 7-r(II)/2021 dated October 20, 2021 (regarding PJSC "Chernihivoblbud").

basic right in the Constitution.

In France, the DALO Law (2007) guarantees housing as an enforceable legal right, requiring the government to provide housing to individuals who lack adequate shelter. In Scotland, the Homelessness (Scotland) Act 2003 legally obliges local authorities to provide housing for individuals who are unintentionally homeless or at risk of becoming homeless. In Canada, the National Housing Strategy Act (2019) declares housing a fundamental human right and establishes mechanisms for the federal government to address housing needs, with a particular focus on vulnerable populations. In Ireland, there are ongoing discussions and campaigns to amend the Constitution to include housing as a fundamental right.

These examples described above highlight the significance of Ukraine enshrining housing as a constitutional right - a provision whose importance is often underappreciated. These developments also illustrate that Ukraine is not an isolated case in recognizing housing as a binding constitutional obligation. An increasing number of nations are acknowledging the need to recognize housing at least as a legal right, if not a constitutional one. Furthermore, these examples underscore a critical lesson from some countries in Europe and around the world: housing should be viewed primarily as an individual right, rather than solely as a component of government-driven economic and social planning.

Ukraine currently lacks an effective housing policy. While the 1995 Housing Policy technically remains in force, it is neither actively promoted by the government nor referenced by civil society. In January 2025, the Cabinet of Ministers introduced a draft law on the Fundamental Principles of Housing, aimed at defining the overarching framework for state housing policy. This initiative reflects a positive shift, with lawmakers stepping in to setting up the foundational guidelines for national, regional, and local housing policies.

The draft law is not intended to serve as the housing policy itself but rather as a framework upon which housing policies at all levels will be developed. It places responsibility on the Cabinet of Ministers to adopt a National Housing Policy⁴⁰. The Cabinet's Action Plan on the Strategy of Demographic Development of Ukraine for the Period up to 2040 anticipates the law's adoption by 2025⁴¹. The adoption of the law in 2025 is also mentioned in Ukraine's Facility Plan⁴².

Despite the outdated nature of the 1995 Housing Policy and the government's commitment to replace it, studying the policy remains valuable for building and preserving institutional memory. The 1995 Housing Policy of Ukraine marked a pivotal shift in the country's approach to housing, reflecting the broader post-Soviet transition towards a free-market economy. As Ukraine emerged from the collapse of the Soviet Union, the newly independent state sought to reduce the government's dominant role in housing provision, promoting private sector involvement and individual homeownership as key drivers of economic growth and stability. The policy embodied the philosophy that market forces, rather than state planning, should govern housing development and distribution.

At the heart of the 1995 Housing Policy was the recognition that Ukraine's transition to a market-oriented housing sector required the privatization of state-owned housing stock. By

⁴⁰ Article 7(3) of the draft law provides that The State Strategy of Housing Policy of Ukraine shall be adopted by the Cabinet of Ministers of Ukraine.

⁴¹ Goal 6, item 24.

⁴² [Ukraine Facility Plan](#), Reform 7: Ensuring access to housing for people in need, p.128

enabling tenants to purchase their homes, often at minimal cost, the government aimed to foster widespread homeownership. This approach aligned with international trends at the time, where post-socialist nations across Central and Eastern Europe were undertaking similar privatization drives. The policy also envisioned the creation of a robust mortgage market, encouraging banks and private developers to invest in housing construction and financing.

The 1995 Housing Policy faced challenges in its implementation, providing important lessons for future improvements. Local governments, instead of expanding social housing, pursued aggressive privatization of public properties, drastically depleting the available stock for vulnerable populations. Simultaneously, the mortgage and real estate markets spiraled into a speculative bubble, the inevitable collapse of which devastated individuals and destabilized the financial system. Opaque practices in public and private sectors hindered fair housing allocation. Private market-driven real estate projects fixated on high-profit urban areas, widening regional disparities and accelerating the economic decline of smaller towns and rural communities. The unchecked expansion of urban real estate came at the direct expense of balanced regional development, leaving many regions under-resourced and marginalized.

2.2.2. The Housing Code

The Housing Code of Ukraine is set to be replaced by the draft law on the Fundamental Principles of Housing Policy. Until the new law is enacted, the Housing Code remains in full force.

The Housing Code of Ukraine, enacted in 1984 during the Soviet era, serves as the primary operational legal framework governing housing relations in the country. Its intended purpose is to regulate the allocation, utilization, and maintenance of housing stock, ensuring citizens' rights to adequate living conditions. The Code outlines procedures for providing residential premises, managing housing resources, and delineates the responsibilities of both tenants and housing authorities.

Despite its foundational role, the Housing Code has become increasingly outdated and misaligned with Ukraine's transition to a market economy and democratic governance. Critics argue that the Code perpetuates Soviet-era bureaucratic practices, hindering the development of a modern, efficient, and equitable housing sector. For instance, the "housing queue" system, designed to allocate housing to citizens in need, has been criticized for its inefficiency and lack of transparency. Although the queue system remains a valid mechanism for housing allocation, it has not been centrally administered since 2015, leading to a fragmented understanding of actual housing needs across the country⁴³.

The Housing Code has several areas for improvement. Its provisions fail to address contemporary challenges such as the regulation of the private rental market, protection of tenant rights, and the facilitation of affordable housing development. Moreover, the Code's outdated regulations have been linked to systemic issues, including the deterioration of housing stock, inadequate maintenance, and the proliferation of informal housing arrangements. These deficiencies have contributed to a housing crisis characterized by a lack of affordable options, substandard living conditions, and regional disparities in housing availability.

The draft law on the Fundamental Principles of Housing Policy No. 12377, developed in

⁴³ <https://www.ukrinform.ua/rubric-society/2556836-zitta-v-kvartirnij-cerzi-stan-do-nei-i-zabud-rokiv-na-sorok.html>

2024⁴⁴, represents a comprehensive reimagining of Ukraine's approach to housing. This proposed legislation aims to address long-standing deficiencies in the current housing framework, replacing the outdated Housing Code with a more nuanced and inclusive structure that aligns with modern socio-economic realities and international best practices. The draft law reflects the government's intent to move beyond the free-market-driven philosophy of the 1995 policy, embracing a more balanced approach that combines market mechanisms with stronger state oversight and intervention to ensure equitable access to housing.

One of the core features of the draft law is its explicit recognition of housing as not only a commodity but a fundamental right that requires state facilitation. This is reflected in provisions aimed at expanding affordable housing initiatives, including mechanisms for social housing, subsidized homeownership, and state-supported credit schemes for housing construction. By embedding principles such as accessibility, social integration, and strategic planning, the draft law introduces a holistic framework that seeks to harmonize public and private sector involvement in housing development.

A notable innovation in the draft law is the creation of the Unified Information and Analytical Housing System. This centralized database will track housing availability, state support recipients, and the housing needs of vulnerable populations. Such a system is expected to enhance transparency, facilitate data-driven policy decisions, and streamline the distribution of housing resources.

Another particularly significant feature of the draft law is the introduction of Affordable Housing Actors, a designated category of entities responsible for developing and managing affordable housing projects. These actors can include public enterprises and private developers, all operating under state oversight and incentives. By broadening the scope of participants in affordable housing provision, the draft aims to leverage the expertise and resources of various sectors, fostering innovation and increasing housing supply. Additionally, the draft introduces a social rental housing model, which establishes a permanent category of housing units allocated for low-income and vulnerable populations at subsidized rates. This model draws inspiration from successful European practices, creating a sustainable mechanism to address long-term housing insecurity while preserving state ownership of key assets. These targeted interventions represent a decisive step towards expanding the social housing sector, addressing gaps that the 1995 Housing Policy and Housing Code failed to fill.

The draft also emphasizes the importance of energy efficiency and sustainability in housing development, aligning with Ukraine's broader efforts to modernize its infrastructure and reduce energy consumption. Provisions for the reconstruction and retrofitting of existing housing stock highlight the government's recognition of the urgent need to address the deteriorating condition of Soviet-era buildings.

In contrast to the heavily prioritized privatization and market liberalization in the past, the new draft law introduces more robust protections for tenants and mechanisms to prevent speculative market bubbles. By regulating public-private partnerships and reinforcing the role of local self-government bodies in housing provision, the draft law aims to decentralize housing management while maintaining state oversight to prevent corruption and ensure equitable regional development.

⁴⁴ <https://itd.rada.gov.ua/billInfo/Bills/Card/55543>

The current draft of the law signals a clear departure from the laissez-faire approach of the 1990s, reflecting lessons learned from past failures. Unlike the 1995 policy, which underestimated the risks of rapid privatization and left large segments of the population without adequate housing options, the new framework aspires to create a resilient housing system that balances economic growth with social equity and regional stability.

III. PURPOSE AND SCOPE

3.1. Objective of the Study

The objective of this study is to provide practical, actionable insights to help local self-government authorities and donors identify innovative approaches to expand and develop municipal housing stock. By offering clear solutions and highlighting potential opportunities, the report seeks to equip decision-makers with tools to navigate existing challenges and drive forward housing initiatives at the municipal level.

While the study aims to offer straightforward solution options, it also addresses deeper, underlying issues that often go unrecognized. This study endeavors to identify these overlooked gaps and challenge prevailing assumptions, fostering a more comprehensive understanding of the barriers to housing development.

A key aspect of this study is its focus on learning from past experiences. By analyzing what went wrong, what could have been done differently, and the gaps in the capacities that have hindered progress, the study will highlight pathways for improvement and fostering development. The study emphasizes the importance of leveraging existing structures and working within the current landscape to unlock opportunities and address pressing housing challenges, realizing that ongoing reforms to Ukraine's legal framework and operational environment will take time to fully materialize.

This study also seeks to promote a multiplication of actions by exploring ways to trigger the engagement of various stakeholders. It aims to identify methods for building confidence among key actors who may hesitate to engage until conditions improve. By recommending mechanisms for collaboration and synergy between humanitarian organizations, development agencies, state actors, civil society, and the private sector, the study aspires to create a more dynamic and responsive housing ecosystem.

Ultimately, this study does not advocate for ideal conditions but instead highlights practical steps that can be taken now to stimulate housing development, address urgent needs, and lay the groundwork for long-term, sustainable growth in municipal housing stock.

3.2. Scope of the Study

This study aims to explore and analyze the landscape of municipal housing in Ukraine, with a particular emphasis on social housing, local self-governance, and the legal and policy frameworks that shape public sector housing development in Ukraine. In the context of an acute housing crisis, exacerbated by the war, the study is designed to provide a forward-looking assessment of the challenges and opportunities facing Ukraine's housing sector.

A primary focus of the study is to examine the evolving role of a LSG units in the implementation and expansion of social housing programs. The study seeks to assess how the recent decentralization reform that has been completed in 2021 impacted the capacity of the hromadas to develop, manage and allocate housing stock at the municipal level.

The study also aims to evaluate the current housing stock, demand dynamics, funding spectrum and resource constraints that influence public housing delivery at the local level.

This includes an analysis of the soviet era departmental housing, service housing, social housing, temporary housing stock, and mechanisms for property reclamation by the LSGs. Moreover, it requires examination of the adequacy of the legal and regulatory framework. This includes a review of international law standards, existing Ukrainian legislation, the identification of regulatory gaps, and an analysis of how these frameworks impact the ability of hromadas to drive housing initiatives. The study also paid attention to the aspiration of the government to move to a more modern housing legal policy frame as reflected in the draft law on the Fundamental Principles of Housing. Finally, the study aimed to identify key intervention strategies for humanitarian and development actors to make meaningful contributions, even under the current challenging circumstances of regulatory uncertainty.

To ensure a comprehensive understanding of housing challenges and opportunities across Ukraine, this study employed a rigorous selection process to identify 13 hromadas for detailed qualitative analysis. The selection process began with the 710 hromadas that participated in the quantitative survey, all of which provided complete and consistent responses. From this baseline, a multi-stage approach was adopted to narrow down the hromadas based on relevance, experience, and engagement in housing initiatives.

Initial Relevance Screening: The first stage of the selection process involved assigning all eight experts involved in the study to evaluate the 710 hromadas based on their quantitative responses. Each of the eight experts was tasked with independently identifying the top 30 hromadas that demonstrated substantial housing-related activity and capacity. This included factors such as the availability of public housing, ongoing housing programs, and the existence of relevant municipal enterprises.

Scoring Matrix Evaluation: The shortlisted hromadas were assessed using a scoring matrix based on ten key criteria:

- Experience in collaboration with international organizations and non-governmental actors on housing or related infrastructure projects.
- Number of internally displaced persons (IDPs) in need of housing.
- Existence of housing programs at the local level.
- Existence of public housing items under the ownership of the LSG.
- Existence of a communal enterprise responsible for managing housing-related issues.
- Capacities of LSG staff dedicated to housing issues.
- Local budget allocations for housing initiatives.
- Evidence of innovative, proactive and transparent approaches to solving housing challenges.
- Engagement in housing development projects over the past five years.
- Willingness to participate in the study and openness to discussing housing challenges and opportunities (based on the details from the quantitative responses provided).

Final Selection: the scoring process resulted in the selection of 13 hromadas for qualitative engagement. The selection process was conducted collaboratively by all eight experts to ensure fairness and consistency. Among the selected hromadas, in Makarivska, Brovarska, and Yemilchynska in-person focus group discussions (FGDs) were held. The remaining hromadas participated through online written questionnaires and follow-up phone calls to clarify and expand on their responses.

The following hromadas were selected for their diverse capacities, geographic representation, and demonstrated engagement in housing-related initiatives:

1. Brovarska (Kyiv region): demonstrated experience in collaborating with organizations such as UNHCR, USAID and NEFCO. The community has land and engineering infrastructure available for further housing projects.
2. Makarivska (Kyiv region): actively engaged in housing-related projects, including daycare construction and social infrastructure repairs, in collaboration with NEFCO, UNHCR, and other partners.
3. Khmel'nitska (Khmelnytsky region): converted a non-residential building into housing and actively collaborates with NEFCO, and partners with UNHCR to convert a defunct kindergarten into Temporary IDP housing.
4. Kovel'ska (Volyn region): developing housing for 4,000 IDPs, including new construction and renovation projects, with support from NEFCO.
5. Perechyn'ska (Zakarpattia region): focused on infrastructure improvements and worked with UNHCR partners to research barriers to housing.
6. Vinnytska (Vinnytsia region): biggest IDP hub in oblast, active in housing-related energy efficiency projects, including thermal modernization and water supply reconstruction, supported by USAID, NEFCO, and UNICEF.
7. Rokytniv'ska (Rivne region): collaborates with UNDP and has experience, high number of IDPs supported locally.
8. Yemilchyn'ska (Zhytomyr region): Initiated reconstruction of a locally present abandoned facility for housing, supported by USAID and GOVERLA.
9. Vradiv'ska (Mykolaiv region): engaged in housing projects with support from USAID and GOVERLA, including procurement of specialized equipment.
10. Kelmenetska (Chernivtsi region): providing targeted financial assistance for rental housing costs for up to 6 months through the "Cash for Rent" project, implemented by the international NGO SOS Children's Villages Ukraine in partnership with SOS Children's Villages Hermann Gmeiner Fund Germany e.V.
11. Kaluska (Ivano-Frankivsk region): actively collaborating with multiple organizations, including UNHCR, People in Need, and IOM, on housing, and community development projects.
12. Iampilska (Vinnytsia region): collaborating with PIN, EU-UNDP, the Ukrainian Social

Investment Fund, and Kusanone on housing and social infrastructure development projects.

13. Konotopaska (Sumy region): de-occupied territory, LSG engaged in housing and recovery initiatives with "Restoration of Ukraine," GIZ, and PIN.



This methodical approach ensured that the study focused on a diverse group of hromadas with varying levels of resources, experience, and challenges that allowed the experts to propose actionable, sustainable, and inclusive solutions that not only address the housing need of the displaced population but also contribute to the long-term resilience and growth of Ukraine's housing sector.

IV. METHODOLOGY

The study is grounded in a mixed-methods approach, incorporating both quantitative and qualitative research methods to provide a comprehensive understanding of the housing challenges and opportunities faced by IDPs and other conflict-affected populations. By combining structured data collection, stakeholder engagement, and legal and policy analysis, the study aims to generate actionable recommendations to guide housing policy and program development for humanitarian as well as development, shelter, and other housing actors. This methodology draws upon established practices from previous studies while tailoring its approach to the unique complexities of Ukraine's housing landscape.

4.1. Quantitative Data Collection

To establish a robust baseline for municipal housing stock across Ukraine, a comprehensive data collection process was initiated. A structured digital questionnaire, consisting of 58 questions, was distributed to 1,469 LSGs. The questionnaire, designed with input from housing policy experts, adhered to national standards such as the Classifier of Buildings and Structures (NK 018:2023) and sought to capture both quantitative and qualitative information relevant to the research objectives. Recognizing the diverse capacities of LSGs, a dedicated consultant was assigned to provide ongoing support remotely, addressing questions and ensuring the consistency and accuracy of the collected data.

The first set of questions focused on collecting general information about each hromada, including the name of the hromada and its location. Respondents were asked to specify whether the hromada was a relocated community due to the ongoing conflict and, if applicable, to provide its temporary address. These questions established the foundational context necessary to analyze the impact of displacement on housing management and planning.

The subsequent section explored the human resource capacity of the hromadas, focusing on the availability of housing issues related personnel. This section also examined whether the hromadas operated municipal enterprises dedicated to housing, requesting details about their staffing levels and annual turnover.

Also, LSG representatives were asked to report implemented housing projects and/or providing housing to residents, including legal and policy frameworks in place at the local level. The questionnaire included a question on whether hromadas had adopted formal procedures for forming and allocating housing stock, and to list any active housing programs or projects.

The questionnaire paid special attention to the housing needs of IDPs. Respondents were asked to report the number of registered IDPs within their community and the extent to which municipal housing stock had been used to accommodate them.

A significant portion of the questionnaire was devoted to the inventory and classification of the housing stock owned by LSGs. Questions included number and types of residential properties under municipal ownership, including single-family homes, multi-family buildings, and dormitories. Additional questions focused on the condition and suitability of these properties for habitation, using established sanitary and technical standards as benchmarks. This section also explored mechanisms employed by the hromadas to

expand their housing stock, such as new construction, reconstruction of existing structures, or reallocation from non-residential to residential use.

Financial aspects were another critical focus of the questionnaire. Communities were required to indicate their annual budget allocations for housing in 2023 and 2024, as well as the funding they had received through partnerships with international organizations. The questionnaire also captured data on the average rental and purchase prices for housing within the community, providing insight into the affordability of housing options for residents.

In the end, the questionnaire included questions on the readiness of hromadas to collaborate on housing initiatives. Questions explored their prior experience working with non-profit organizations on housing or infrastructure projects, their capacities to provide transparent reporting on housing programs and to co-finance future initiatives. These questions were designed to identify communities with the potential for strategic partnerships and capacity-building efforts.

This detailed and comprehensive questionnaire was designed to capture detailed information on the availability, condition, and utilization of municipal housing resources, respective capacities of LSGs, the number of IDPs residing in each hromada, and related factors.

Responses were received from 710 hromadas, each providing their answers only once. This response rate of approximately 48 percent ensured a reliable dataset, offering a confidence interval of 95 percent with a margin of error of 2.48 percent. However, not all respondents provided answers to every question. Specific gaps included incomplete budget figures and details of implemented housing programs. To address these limitations, supplementary information was sourced from secondary datasets, including NGO assessments, World Bank reports, and data from the State Property Fund. Additionally, publicly available data such as municipal budgets (via openbudget.gov.ua), average housing rental and purchase prices (via lun.ua), and IDP resident statistics (via the Ministry of Social Policy's official infographics) were used to validate and contextualize findings.

Finally, the study may underrepresent housing needs in regions with limited accessibility due to ongoing conflict or infrastructural damage. The sensitivity of the topic also called for careful adherence to the "do no harm" principle, ensuring that the study did not impose undue risk on participants or stakeholders.

4.2. Qualitative Data Collection

To complement the quantitative data, qualitative methods were employed to delve deeper into the systemic issues affecting housing availability and access. The original methodology planned for FGDs with thirteen hromadas selected based on their reported capacities, experience in implementing housing programs, type of hromada (mix of rural and urban), and cooperation with international organizations on housing programs. In addition to these criteria, the selection of participating hromadas was guided by a structured approach, ensuring regional diversity and engagement in municipal housing initiatives.

Each FGD was planned for 120 minutes, ensuring sufficient time to explore key topics in detail. To facilitate thorough and informed discussions, LSGs were provided with a list of

questions in advance. This allowed participants to prepare and gather necessary information prior to the discussions, ensuring a productive and focused exchange of ideas.

The FGDs focused on uncovering practical challenges and systemic barriers faced by local authorities in implementing housing programs. The FGDs utilized open-ended questions designed to encourage detailed and nuanced responses. 8 comprehensive focus areas for the qualitative research component:

- Administrative and Operational Capacity - examining institutional readiness to manage housing programs, including availability of qualified staff, maintenance services, utility companies, land/premises resources, and infrastructure connectivity potential.
- IDP Housing Needs Evaluation - identifying the number of IDPs requiring social housing, assessing overall community demand, and analyzing employment opportunities in the area.
- Safety and Security Infrastructure Assessment - evaluating environmental safety conditions, physical security measures, and overall living conditions for potential residents.
- Financial Sustainability Planning - analyzing the community's capacity for co-financing projects, long-term maintenance capabilities, and economic feasibility of housing initiatives.
- Partnership Development Assessment - examining past experiences with humanitarian organizations, potential for new collaborations, and track record in infrastructure projects.
- Community Engagement and Commitment - gauging local government and community support for IDP housing initiatives, including willingness to provide long-term support.
- Monitoring and Reporting Systems - assessing mechanisms for program evaluation, beneficiary feedback collection, and transparency in project reporting.
- Policy Implementation Framework - analyzing perspectives on housing policies at both national and local levels, including regulatory challenges and opportunities

The FGDs were attended by officers from various departments, including housing, economy, construction, and social protection, among others. This diverse representation ensured that discussions captured a broad spectrum of perspectives and operational realities, adding legitimacy and depth to the findings.

However, logistical challenges — particularly the timing of the study coinciding with the end-of-year administrative workload—limited the feasibility of conducting all FGDs as originally planned. While three FGDs were successfully held in person, the remaining planned FGDs could not be realized. To address this gap, researchers adapted the methodology by distributing structured written questionnaires to the other hromadas. These questionnaires mirrored the thematic focus of the planned FGDs, covering key issues such as administrative inefficiencies, resource limitations, and innovative strategies for housing management.

To enhance the quality of data collected through these written responses, researchers conducted follow-up clarifications over the phone with representatives from LSGs that submitted questionnaires. These phone-based discussions aimed to clarify and expand on

the written feedback, ensuring a level of interaction and depth necessary for robust qualitative analysis. While this approach differed from the original plan, it provided valuable insights and maintained the study's objectives of exploring systemic barriers and opportunities within the housing sector.

4.3. Desk Review

The legal and policy landscape of Ukraine's housing sector was analyzed through a comprehensive review of legislative and policy documents, as well as government housing programs from the past and surveys conducted by various organizations on the housing sector. This desk research involved a thorough examination of primary legal texts, including the 1995 Housing Policy, the 1983 Housing Code of Ukraine, and the 2024 Draft Law on the Fundamental Principles of Housing Policy. Additionally, executive orders, by-laws, and relevant amendments were scrutinized to assess both systemic strengths and regulatory gaps within the existing framework. All relevant laws and legal instruments enacted in Ukraine since independence were also examined to provide a holistic understanding of the evolving housing landscape.

A critical aspect of this analysis involved the review of secondary materials, encompassing reports from international organizations, academic studies, policy briefs, and publications from the United Nations Economic Commission for Europe (UNECE), the International Organization for Migration (IOM), and the World Bank. These materials provided valuable insights into comparative housing policies, affordability indices, and the socio-economic factors influencing housing accessibility in Ukraine. Judicial precedents were also examined to evaluate the practical enforcement of housing laws and identify barriers to their implementation.

Further, the study assessed currently operational housing programs to evaluate their scope, funding levels, and tangible impact on beneficiaries. Special attention was given to programs that are underfunded or inactive, identifying opportunities for revitalization or reform. Additionally, conceptual housing initiatives under development were analyzed to gauge their feasibility, projected outcomes, and potential contributions to addressing affordable housing shortages, tenant protections, and equitable regional development. This multi-faceted approach ensured that the analysis was grounded in both primary legislation and a wide range of secondary sources, allowing for a nuanced understanding of Ukraine's housing landscape and the evolving policy environment.

4.4. Data Integration and Analysis

The findings from the quantitative and qualitative components, as well as the policy analysis, were synthesized to present a comprehensive view of Ukraine's municipal housing landscape. This process involved triangulating data from multiple sources to identify patterns, discrepancies, and areas requiring targeted interventions. A correlation table was developed to map the collected data against the legislative framework, highlighting gaps and opportunities in the current system.

The selection of 13 pilot LSGs for in-depth analysis was guided by the data collected, ensuring a representative sample of diverse practices and challenges. Insights from these communities were integrated with secondary data to provide a nuanced understanding of housing program implementation across various contexts.

V. HOUSING IN UKRAINE: LEGAL FRAMEWORKS

The paradox of Ukraine's housing sector lies in the fact that, despite its current underdeveloped state, it is governed by an extensive and complex legal framework. Over the past three decades since independence, housing legislation has primarily evolved in response to immediate needs and external factors. This has resulted in a fragmented legal framework, with provisions scattered across various laws enacted at different times. Remarkably, some Soviet-era legislation, despite conflicting with the spirit of more recent laws, still remains in force, further complicating the landscape. Moreover, adding to the complexity, many housing-related provisions are embedded in broader legislation not explicitly focused on housing, requiring lawyers to navigate multiple laws from diverse sectors.

The complexity of Ukraine's housing legal framework has led to some misconceptions, often driving stakeholders away from engaging with the sector. Despite the weaknesses of the existing system, certain narratives - such as the belief that housing legislation is predominantly Soviet-era and hostile to private market participation—are often blown out of proportion by stakeholders. This perception persists even though a series of market liberalization laws have been enacted and actively utilized by market participants in the past. The lack of clarity and fragmented nature of the legal framework have discouraged and disincentivized many stakeholders from engaging fully in the housing sector.

For example, the humanitarian sector has actively sought opportunities to contribute to social housing and affordable housing for vulnerable populations over the past decade, beginning with the outbreak of the conflict in 2014. However, these efforts have rarely translated into meaningful engagement or large-scale projects. A common belief that developed within humanitarian and development circles during the first eight years of the conflict was that Ukraine's housing laws were not conducive to external involvement. While there is some truth to this perspective, another contributing factor was the humanitarian sector's difficulty in navigating the complexities of the legal framework.

LSGs have also been significantly affected by this complexity. Their capacity for creativity and initiative is often constrained by a lack of legal clarity, fostering concerns about potential scrutiny from the prosecutor's office for exceeding their authority. This uncertainty has created a climate of hesitation, further limiting innovative approaches to addressing housing challenges at the local level.

The study aims at providing a holistic view of the legal frameworks, and simplifying the complexity by grouping the legal frameworks under thematic and programmatic areas to enable stakeholders to easily navigate through the law relevant to their areas of interest. The analysis of the remaining part of this chapter, however, has to be read in conjunction with the overarching legal and policy framework discussed in Chapter 2.2.

A brief analysis of international legal standards is provided to allow readers to compare Ukraine's housing legal framework with its international obligations.

5.1. International Law Standards

5.1.1. The Right to an Adequate Standard of Living in International Law

The right to adequate standard of living, including housing, is a cornerstone of international human rights law. According to Article 25 of the Universal Declaration of Human Rights (UDHR) “Everyone has the right to standard of living adequate for the health and well-being of himself and of his family including [...] housing.” This foundational principle is operationalized through the International Covenant on Economic, Social and Cultural Rights (ICESCR), which creates an obligation for state parties to progressively realize the right of people to adequate housing through legislative and other measures.

5.1.2. Adequate Housing

Adequate housing extends beyond the mere provision of four walls and a roof. This includes the right to privacy, protection against forced eviction, and the guarantee of non-discriminatory access to housing. The UN Committee on Economic, Social and Cultural Rights (CESCR), through General Comment No. 4, states the key elements of adequate housing include:

- Security of tenure – legal protection against arbitrary eviction or displacement.
- Availability of services, materials, and infrastructure – access to essential services such as water, electricity, and sanitation.
- Affordability – housing costs must not threaten or compromise the ability to afford other basic needs.
- Accessibility – housing must accommodate disadvantaged groups.
- Habitability – housing must provide adequate space and protection from elements, ensuring physical safety.
- Location – housing must be situated to ensure access to employment, education, and healthcare.
- Cultural adequacy – housing must respect and reflect the cultural identity and way of life of residents.

5.1.3. Regional International Law Instruments and Mechanisms

In Europe, the right to housing is reinforced through key international instruments such as the European Convention on Human Rights (ECHR) and the European Social Charter (ESC). Although housing is not specifically mentioned in the ECHR, the European Court of Human Rights (ECtHR) has interpreted it through Article 8 - Right to Respect for Private and Family Life to include housing rights, especially in cases involving forced evictions, home destruction, and tenancy rights violations.

In contrast, the ESC (European Social Charter) explicitly addresses the right to housing in Article 31 (of the Revised ESC), which requires signatories to guarantee affordable housing conditions, prevent and mitigate homelessness, and promote access to housing. The

Council of Europe (CoE), which oversees the implementation of the ESC, emphasized that housing is fundamental to guarantee broader social and economic rights.

Ukraine has signed and ratified both the ECHR (1997) and paragraphs 1 and 2 of Article 31 (right to housing) of the Revised ESC (2006). While the ECHR has a regional enforcement mechanism through the ECtHR, non-compliance with the ESC is addressed through monitoring by the European Committee of Social Rights (ECSR) and can lead to recommendations by the Committee of Ministers of the Council of Europe. It should be noticed the ESC lacks direct enforceability through national courts, as well as Ukraine has not ratified the Additional Protocol to the ESC governing collective appeal procedure.

5.1.4. Contextualizing Housing Rights for Marginalized and Displaced Groups

The right to housing is also contextualized, through different international instruments, to address the challenges of marginalized and displaced population. Frameworks such as the Guiding Principles on Internal Displacement and the Pinheiro Principles provide targeted guidelines to address housing, land, and property rights (HLP Rights) in contexts of displacement and post-conflict recovery.

- The Guiding Principles on Internal Displacement – while not legally binding, these principles articulate IDPs rights to protection from displacement and to return to their homes voluntarily and with dignity. The Principles emphasize non-discrimination, property restitution, and durable solutions.

- The Pinheiro Principles (2005) – also non-binding, establishes the right to restitution of HLP rights or to receive compensation if restitution is not possible.

For women, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) pronounces equal access to housing and protection against gender-based violence that affects housing rights.

In war and armed conflict settings, relevant for Ukraine, frameworks like the Fourth Geneva Convention safeguard housing rights for civilians, explicitly prohibiting the destruction of property in occupied territories. Similarly, the International Covenant on Civil and Political Rights (ICCPR) affirms protections against arbitrary interference with one's home, reinforcing the indivisibility of housing rights within the broader spectrum of civil and political freedoms.

5.2. Housing Standards in Ukraine

Section 5.1.2. outlined international legal standards for adequate housing. This section provides a brief description of Ukrainian standards in the housing sector. For an assessment of the practical realization of these standards, please refer to Sections 2.1.5. through 2.1.8.

It is important to note the inconsistency in the Ukrainian legal framework governing standards in the housing sector, including standards to residential buildings, social and temporary housing standards. The relevant standards are governed by various regulations and may differ based on several criteria (type of the building, type of the housing stock, etc.).

For example, general requirements for the design and construction of residential premises are established by the State Building Codes of Ukraine (such as DBN B.2.2-15:2019), which include requirements for individual elements of houses (for example, the height of residential premises), the level of comfort and parameters of apartments, dormitories, mechanical resistance and stability of buildings, engineering equipment, heating, ventilation and air conditioning, safety and accessibility of the house, energy efficiency and energy saving.

According to the CMU's Resolution No. 219 of March 19, 2008, temporary minimum norms for the provision of social housing are as follows:

- 6 sq. m. of living space per person – in social dormitories for families and single citizens;
- 22 sq. m. of total area for a family of two and an additional 9.3 sq. m. of the total area for each subsequent family member – in apartments, manor (single-family) houses from the social housing stock⁴⁵.

Regarding the temporary housing, the CMU's Resolution No. 422 of March 31, 2004 states that residential spaces from temporary housing funds are provided based on the following criteria:

- at least 6 sq. m. per person for dormitory rooms and multi-family apartments;
- at least 13.65 sq. m. per person with a minimum total of 35.22 sq. m. per family for individual housing units (apartments or houses).

Under the CMU's Resolution No. 495 of April 29, 2022, IDPs and their families may be provided with the housing from temporary accommodation funds. The need for residential spaces from the housing fund is set at a minimum of 6 square meters per person.

It may be necessary to amend laws and regulations to standardize or define acceptable ranges of square meters that ensure adequate quality of living. It is important to note that the draft law on the Fundamental Principles of Housing provides for approval of the general and minimum requirements for the consumer quality of housing (requirements for the area, operational, sanitary, hygienic and other characteristics of housing suitable for permanent residence).

⁴⁵ Resolution of the Cabinet of Ministers of Ukraine "On the Establishment of Temporary Minimum Standards for the Provision of Social Housing" No. 219 of March 19, 2008.

5.3. Social Housing: Legal Framework

5.3.1. Mechanisms of Social Housing

The concept of social housing within the Ukrainian legal system, which reflects a distinct approach compared to Western European models, is detailed in section 2.1.4. The foundation of social housing as a right is enshrined in Article 47 of the Constitution of Ukraine, which states:“ [...] Citizens in need of social protection are provided with housing by the State and municipal authorities, free of charge or at a price affordable for them, in accordance with the law”.

Social housing in Ukraine is governed primarily by the following key laws: the Law on Housing Stock of Social Purpose (2006), the Law on Local Self-Government (1997), the Housing Code of Ukraine (1984) and the Law on Ensuring the Housing Rights of Dormitory Residents. Additionally, CMU’s Resolution No. 682 (2008) regulates implementation of the Law on Housing Stock of Social Purpose and CMU’s Resolution No. 219 (2008) provides temporary minimum standards for social housing provision. Below is an overview of how each legal instrument contributes to the operationalization of social housing.

Law on Housing Stock of Social Purpose

- Definition and Eligibility

Social housing is defined as housing provided to low-income individuals and vulnerable groups who are unable to secure housing through the private market.

Eligibility is determined based on income, family size, and special social needs (e.g., orphans, people with disabilities, IDPs).

- Role of Local Governments

Local self-governments are responsible for identifying and registering eligible beneficiaries.

Housing is allocated based on waiting lists maintained by local authorities⁴⁶.

- Management and Maintenance

Local governments manage and maintain the housing stock. Tenants contribute financially based on their income.

Non-payment of maintenance fees can lead to termination of social housing agreements.

Law on Local Self-Government

- Municipal⁴⁷ Responsibility

Empowers municipalities to develop, manage and expand social housing stock.

Grants municipalities the authority to allocate land and resources for the construction of social housing.

⁴⁶ Please refer to Section 2.1.4 for an explanation of the waiting list

⁴⁷ The term Municipal in the context of social housing or municipal housing refers to the local self-government unit known as hromada, regardless of whether such unit is city, town or rural based hromada.

- Budget and Partnerships

Local councils⁴⁸ can allocate funds for social housing development from municipal budgets.

Municipalities can partner with non-governmental organizations (NGOs) and international donors to expand social housing capacity.

Encourages cooperation between local governments and private developers to increase social housing stock through public-private partnerships (PPPs).

- Oversight and Monitoring

Establishes supervisory councils involving local officials, civil society, and hromada representatives to monitor social housing allocation.

Housing Code of Ukraine

- Legacy Framework

Provides the foundational structure for public housing but is outdated and partially incompatible with modern practices.

Initially focused on state-controlled housing allocation.

- Tenant Protections

Includes provisions protecting tenants from arbitrary eviction.

Allows appeals against decisions by local housing authorities.

Law on Ensuring the Housing Rights of Dormitory Residents

- Use of dormitories transferred to local communities

Governs transfer of dormitories to the municipal ownership and their further use

Sets out state and municipal authorities

Determines authorities of the local self-governments and state authorities regarding implementation of housing rights of dormitory residents, maintenance, and use of dormitories

Includes prohibition of eviction, relocation, and resettlement of dormitory residents.

CMU No. 682, 23 July 2008

- Implementation Standards

Approves the procedure for allocating social housing

Regulates the registration process, rent calculation, and annual income monitoring of social housing tenants.

⁴⁸ Local council is the legislative body of the hromada or local self-government unit

Mandates that local self-government unit should conduct annual income monitoring

CMU No. 219, 19 March 2008

Establishes temporary minimum standards for social housing provision

5.3.2. Process for Allocation of Social Housing

The allocation of social housing follows a dual system combining waiting lists and scoring mechanisms to ensure housing is distributed based on both need and urgency.

1. Waiting List – The Formal Queue:

- Applicants meeting basic eligibility criteria are placed on municipal waiting lists.

2. Prioritization Within the List:

- When housing units become available, a scoring system is applied to prioritize applicants.

- This process evaluates factors like:

Number of dependents.

Disability status.

IDP status and duration of displacement.

Household income level.

- This ensures vulnerable groups receive housing even if others applied earlier.

3. Oversight of Allocation:

- Local supervisory councils oversee the allocation process, ensuring transparency.

- These councils include civil society actors and hromada representatives.

5.3.3. Key Legal Gaps

The key laws governing social housing were enacted in three different decades with different socio-economic and political realities. Yet, they are expected to work in harmony with each other. More importantly, no new law has been passed in the last two decades. As a result, the legal framework for social housing contains some inconsistencies and areas that may need updating.

- Outdated Legislative Framework

The reliance on the Soviet era Housing Code prevents the adoption of modern social housing policies aligned with current socio-economic realities.

There is no comprehensive national strategy for social housing development that reflects evolving housing needs.

- Limited Legal Remedies

There is no structured mechanism for tenants to appeal eviction or allocation decisions

- Transparency Issues

Information on social housing availability, waiting lists, and allocation is often inaccessible.

- Inadequate Tenant Security

Eviction protocols remain ambiguous, with few clear avenues for legal recourse.

- Discrimination, and Inclusion Gaps

These laws, while enacted, did not take into account specific needs of social groups that traditionally faced inclusion challenges.

5.4. Temporary Housing: Legal Framework

5.4.1. Mechanisms of Temporary Housing

Temporary housing in Ukraine is designed to provide immediate relief to persons in need of shelter e.g. refugees, people displaced due to the natural disaster, war, eviction, and other reasons. This form of housing serves as a short-term solution until more permanent accommodations become available.

Key Legislative Framework:

- Law of Ukraine No. 1706-VII (2014): Establishes the rights and freedoms of IDPs, including access to temporary housing.
- Cabinet of Ministers Resolution No. 495 (29 April 2022): Outlines procedures for forming housing funds for the temporary residence of IDPs.
- Cabinet of Ministers Resolution No. 422 (31 March 2004): Approves the procedure for forming housing funds for temporary accommodation and the procedure for providing and using residential premises from temporary housing funds.

5.4.2. Process for Allocation of Temporary Housing

Registration and Eligibility:

- Application Submission: IDPs must apply to local authorities, providing necessary documentation to verify their status and need for housing.
- Eligibility Criteria: applicants must be registered as IDPs and demonstrate the lack of suitable housing in government-controlled areas.

Waiting List and Prioritization:

- Waiting List: eligible applicants are placed on a waiting list managed by local authorities.

- Prioritization: a points-based system prioritizes applicants based on vulnerability factors, such as but not limited to:

Families of servicemembers-IDPs who participated in military/ national security and defense operations: 50 points.

Repeatedly displaced IDPs: 27 points.

Persons, who remained in their hromadas, but whose homes were destroyed as a result of the armed aggression of the Russian Federation: 27 points.

Allocation and Tenure:

- Allocation: housing is allocated to applicants with the highest scores, ensuring those in greatest need receive priority.

- Tenure Duration: typically, temporary housing is provided for up to one year, with the possibility of renewal based on continued eligibility.

- Occupancy Conditions: under the CMU's Resolution No. 495, residents are usually required to cover utility costs, while the accommodation itself is provided free of charge. The CMU's No. 422 provides that the tenant should pay for the provided housing.

5.4.3. IDP Temporary Housing vs Other Housing for Vulnerable Populations

Temporary housing is often confused with social housing, collective sites, and crisis housing. The table below offers a comparative analysis of these four distinct housing interventions targeted at vulnerable populations.

Aspect	Social Housing	Temporary Housing for IDPs	Collective Sites	Temporary Housing/Shelter
Purpose	Long-term affordable housing for vulnerable groups	Short-term shelter for IDPs and displaced persons	Emergency communal/state/ private shelter for 10+ IDPs	Immediate, short-term shelter during displacement
Duration	Depends on financial vulnerability and lasts until the tenant loses right to use the housing.	Up to 1 year (with possibility of extension) if there are no changes in IDP status or alternative housing.	6 months (with possibility for extension)	Up to 1 year (with possibility for extension)
Legal Framework	Law on Social Housing Stock (2006), Housing Code (1983)	Law on IDPs (2014), CMU Res. No. 495 (2022)	CMU Res. No. 930 (2023)	CMU Res. No. 422 (2004) + Governed by emergency decrees and local measures

Tenure Rights	Secure, non-privatizable	Renewable, non-privatizable	Renewable, non-privatizable	Renewable, non-privatizable
Target Groups	Low-income families, persons with disabilities	IDPs, conflict-affected populations	IDPs without alternative shelter	Refugees, displaced populations
Living Conditions	Residential premises	Individual/semi-private units	Shared spaces	Individual/family units in repurposed buildings
Management	Municipalities, local councils/ state authorities /private entities	Local councils, state, and humanitarian actors	Legal owner of the premises (State, LSG, NGO etc)	Municipalities, NGOs, or international partners
Ownership	Municipal/state/ private ownership	Municipal/state ownership	Public or private buildings	Public buildings (e.g., dormitories, schools)
Cost to Residents	Rent based on income	Free (utilities paid by residents)	Free (utilities sometimes be paid by residents)	Free or minimal contribution
Transition Path	Permanent solution	Leads to social or permanent housing	Uncertain, may lead to temporary housing	Temporary, followed by transition to formal housing stock

5.5. Service Housing: Legal Framework

5.5.1. Introduction

Service housing can be owned by the state, municipal companies or organizations. They are residential properties allocated to government employees or personnel in specific sectors. Unlike social or temporary housing, these properties are not open to the general public. They meet the housing needs of public sector employees, addressing workforce requirements in sectors such as education, healthcare, law enforcement, and military service. These properties, primarily owned by the relevant public sectors, are more often governed by sectoral rules and regulations. The analysis provided in this section covers only the general legal frameworks.

5.5.2. Key Legal Instruments Governing Service Housing

1. Housing Code

- Establishes the foundational principles for state-owned and service housing.
- Provides guidelines for allocation, tenure conditions, and the return of housing upon termination of employment.

2. Law on Local Self-Government

- Empowers local self-governments to manage and allocate service housing within their jurisdictions.

3. Resolution of the Council of Ministers of the Ukrainian SSR "On Official Residential Units" No. 37 of February 4, 1988

Approved the list of categories of employees who can be provided with official residential units and the procedure for providing such premise

4. Resolutions and Sectoral Regulations:

- Ministries (such as Defense,) issue orders governing the distribution and management of housing for their personnel.
- Specific resolutions regulate housing for military personnel, police officers, and educators, ensuring priority access based on service needs.

5.5.3. Mechanisms of Allocation and Use

Eligibility and Allocation:

The allocation of service housing is governed by sectoral regulations issued by relevant ministries and municipal authorities. Allocation procedures vary by sector, reflecting local needs and workforce demands. The provision of residential premises for foster families is also carried out in accordance with service housing legislation (Article 46-1 of the Housing Code).

Tenure and Conditions of Use

Official residential premises are provided at the request of an employee in accordance with the decision of the relevant administration of the enterprise, institution, organization, on the basis of which the executive body of local self-government issues a special order that is the basis for moving in.

On the basis of a special order between the lessor (housing and maintenance organization, and in case of its absence - the relevant enterprise, institution, organization) and the tenant - a citizen in whose name the order was issued, a lease agreement for official residential premises is concluded.

Transfer and Privatization of Service Housing

- Service housing can be transferred to municipal ownership if no longer required by the relevant institution. This process is governed by Article 30 of the Housing Code.

5.5.4. Departmental Housing: Legal Framework

Departmental housing shares the same nature as service housing discussed in the previous subsection. The difference in terminology reflects the distinction between two periods – the Soviet era and the post-independence era.

Departmental housing refers to residential properties originally constructed and managed by Soviet-era enterprises and state institutions to accommodate employees. After the dissolution of the Soviet Union and the subsequent privatization of state enterprises, much of this housing stock was transferred without clear legal ownership.

Unlike social housing or cooperative housing, departmental housing often exists in a legal gray area, with properties falling into disrepair or becoming the subject of ownership disputes. The 2013 UNECE Report⁴⁹ suggests that its size was 1.7% of the national housing stock. It is possible that some of these properties have been absorbed by hromadas in the ten years since the UNECE Report was published. However, there is a common consensus on the presence of a large stock of departmental housing, the fate of which needs to be resolved.

5.6 Ownerless real estate

5.6.1. Legal framework

According to the Law on Social Purpose Housing Fund, the transfer to communal ownership of a property recognized as ownerless is one of the ways for local self-government bodies to form a social housing fund.

The mechanism of acquisition of ownerless and deceased property into communal ownership is regulated by the Civil Code, the Civil Procedure Code, the Law on State Registration of Property Rights, the Resolution of the Cabinet of Ministers of Ukraine "On State Registration of Property Rights to Real Estate and Their Encumbrances" No. 1127 dated December 25, 2015. In addition, local self-government bodies may approve their

⁴⁹ United Nation Economic Commission for Europe (UNECE), Country Profiles on Housing and Land Management, Ukraine, p.19

own procedures and mechanisms that detail the identification and registration of ownerless real estate into communal ownership.

An ownerless thing is a thing that has no owner or whose owner is unknown. Acquisition of ownership of an ownerless immovable thing is carried out considering the following:

- ownerless immovable things are registered at the request of the local self-government body, on the territory of which they are located, by the body that carries out state registration of rights to real estate;
- an announcement about the registration of ownerless real property is published in print media;
- after one year from the date of registration of the ownerless immovable property, it may be transferred to communal ownership by court decision.
- an application for the transfer of ownerless immovable property to the ownership of a territorial community shall be submitted to the court at the location of this property by the body authorized to manage the property of the relevant territorial community and shall be considered in a separate proceeding;
- a court decision is the basis for state registration of ownership.

5.6.2. Key legal gaps

In practice, local self-government bodies sometimes face difficulties in registering ownerless real estate in the ownership of the territorial community, such as:

- Difficulties in identifying and accounting for problem units

In practice, this issue is resolved in various ways, in particular, through receiving information from community residents about buildings that are not used or by identifying such objects by officials of executive bodies.

Historically, there has been a problem of accounting for the housing stock, which remained after the termination of the activities of the enterprises and was transferred to territorial communities. A significant part of such objects has not yet been registered as property of the relevant communities in the state register, which creates legal uncertainty. Although most residents have privatized their apartments in such facilities, there are still facilities that have not yet been privatized or even inhabited. Previously, the accounting of such objects was carried out by housing and maintenance offices. However, after their liquidation, part of the relevant information was lost, which complicates the further management of this property.

- Insufficient institutional capacity of local self-government bodies

Local governments often face a lack of institutional capacity, which includes a lack of well-established monitoring procedures and a limited number of employees needed to ensure effective and timely registration of communal ownership of real estate.

The procedure of state registration of ownership of ownerless property is a complex and multi-stage process that requires significant administrative efforts. In particular, this includes:

conducting a commission inspection of the discovered real estate;

registration of such property as ownerless;

publication of the relevant notice in print media to identify the possible owner;

applying to the court to establish the fact that the property is ownerless;

applying to the state registration authorities for registration of ownership rights on the basis of a court decision.

In addition to the main stages, the procedure for registering the right of communal ownership to ownerless real estate may also include the following actions:

- Assigning an address to a real estate object in case of its absence, which is a prerequisite for further registration of property rights.
- Conducting a technical inventory of real estate, in particular in cases where information about the technical characteristics of the relevant object is not available in the Unified State Electronic System in the field of construction.
- Obtaining information on the availability of registered property rights or their encumbrances on property, which could be issued before the full functioning of the register.

This set of actions requires a high level of coordination between local self-government executive bodies, courts, and state registrars. In conditions of limited resources and staffing, this may result in delays in procedure implementation, which, in turn, hinders effective property management and its timely transfer to communal ownership.

VI. Unpacking Social Housing in Ukraine: Realities, Challenges and Road Ahead

This chapter focuses exclusively on permanent social housing stock, excluding temporary and crisis housing from the discussion. While temporary and crisis housing also fall under the jurisdiction of local self-government units, they are not addressed here. Over the past decade, displacement crises and substantial support from the international humanitarian community have led to better regulation of temporary and crisis housing through legal frameworks. Interestingly, local self-governments have demonstrated greater efficiency and resourcefulness in managing temporary housing compared to traditional social housing.

The exclusion of temporary housing from this chapter does not reflect its lack of importance but is rather a deliberate decision to concentrate on long-term, sustainable solutions for social housing. This study aims to address the structural and systemic challenges of permanent social housing, which remains underdeveloped and not responsive to the pressing needs of vulnerable population.

6.1. Facts and Challenges

6.1.1. Social Housing is Almost Effectively Non-Existent in Ukraine

The number of social housing units in Ukraine is so limited that it is practically negligible. The concept that individuals in need of housing improvement can apply for affordable housing and receive social housing while awaiting their turn has proven to be a complete failure. According to a recent survey of the Housing Institute conducted in May 2024, the national social housing stock comprises of a meagre 924 housing units of which 825 units are habitable⁵⁰. Of the 825 habitable units 722 units are currently allocated⁵¹. The same survey found only 164 of the hromadas, or 11% of all hromadas in Ukraine, have any social housing at all.

Under Ukrainian law, individuals living in substandard conditions, the homeless, or those considered vulnerable are entitled to social housing. According to a 2021 survey by the State Statistical Service (SSS), which sampled 7,600 individuals, 35 percent of Ukraine's population live in housing conditions that fall below the national minimum standard of living⁵². In legal terms, these statistics can be interpreted that one in every three Ukrainian is currently living in a housing condition that make him/her eligible to state intervention in terms of housing improvement.

The SSS statistics is from 2021. The situation mentioned in the statistics has been further exacerbated by the damage and destruction of two million housing units between 2022 and 2024 as a result of the war. When factoring in this war damage, the number of individuals entitled to social housing could reach several millions⁵³.

⁵⁰ Housing Institute Survey (May 2024)

⁵¹ *ibid*

⁵² State Statistical Services of Ukraine, Socio-economic Situation: Households in Ukraine in 2021

⁵³ Report Reports available in public domain suggest that between **500,000 to one million** people are currently on the housing queue and entitled to social housing. However, these figures do not accurately reflect the present demand for social housing. Firstly, the data is based on surveys and assessments that are **10 to 15 years old**. Secondly, many individuals—particularly younger generations—do not apply to the housing queue at all, recognizing that the process is stagnant and unlikely to yield results.

The nearly non-existent status of social housing in Ukraine is not solely reflected by the lack of housing stock but extends to more fundamental issues. In some cases, local governments lack a clear understanding of what social housing entails. In all three hromadas where the study conducted face-to-face FGDs, there was no social housing stock available. Moreover, there were no dedicated departments, staff, internal regulations, or criteria for managing social housing.

The question arises - how did Ukraine reach a point where the law and policy state one thing, yet the implementing authorities lack the knowledge or understanding to enforce it? The answer lies in policies established during the 1990s. The 1992 Privatization Law granted ownership rights to households for the residential properties they occupied.

The issue arose when local governments continued privatizing properties transferred to their balance sheets. Over time, this practice significantly depleted the housing stock that could have been allocated for social housing. Although a law prohibiting the privatization of social housing stock was introduced in 2006, unplanned privatization⁵⁴ has continued⁵⁵ to this day, circumventing the 2006 law, which applies only to properties formally designated as social housing.

In most of 13 hromadas, which were selected for FGDs, property privatization occurred as recently as last year, albeit at a much smaller scale. This demonstrates how deeply entrenched privatization practices remain, even in the face of legal restrictions.

6.1.2. Current Social Housing Stock

As of May 2024, the national social housing stock comprised 924 housing units of which 825 units are habitable⁵⁶. Nationally a total of 2,515 persons live in 722 social housing units allocated. Out of the habitable units, 722 units have been allocated where a total of 2,515 persons are currently residing.

The 924 social housing stock in Ukraine represents an alarmingly small fraction of the overall housing market, which includes approximately 20 million housing units across the country. Social housing accounts for less than 0.00005% of the total housing stock. When compared to the 1,469 hromadas that form the backbone of Ukraine's local governance system, there is less than one social housing unit per hromada. In countries across the European Union, social housing typically accounts for 10-30% of the total housing stock. For example, the Netherlands and Austria maintain social housing shares exceeding 20%, while France and the UK fall within the 15-20% range.

As reflected in the diagram below, based on the Housing Institute Survey in May 2024, only 164 hromadas, or 11% of all hromadas in Ukraine, have any social housing at all. Even within the existing 924 social housing units recorded, only 825 are reported to be suitable for living, and just 722 units are currently occupied.

⁵⁴ United Nation Economic Commission for Europe (UNECE), Country Profiles on Housing and Land Management, Ukraine, p.10

⁵⁵ All hromada attending in person FGD confirmed the continuation of privatization on ad hoc basis. For the impact of mass privatization see CEDOS, Housing Policy in Ukraine, November 2019, p 19-23

⁵⁶ Housing Institute Survey (May 2024)

1469 territorial communities in Ukraine

164 (11%) territorial communities have social housing facilities*

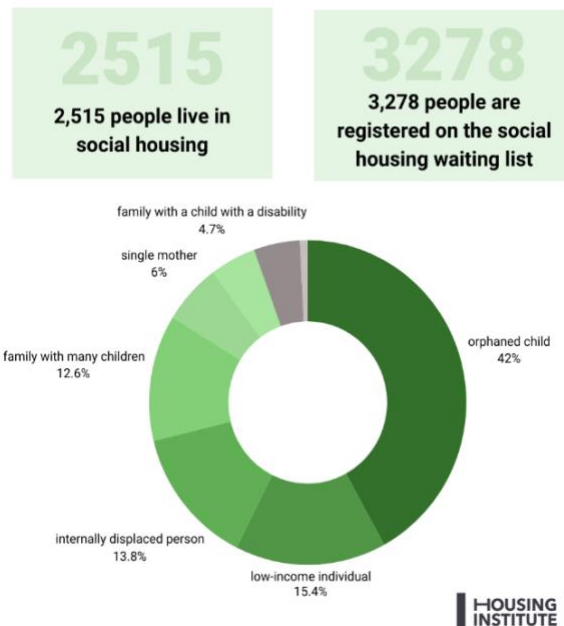
100% of the facilities are under municipal ownership

Leaders:



34 m² is the average size of the facilities

*in accordance with the Law of Ukraine "On the Social Housing Stock"
12,925 local self-government bodies in Ukraine



Source of information: Housing Institute survey data collected in May 2024

The 3,278 people registered on the social housing waiting list reveal very little about the actual demand for social housing in Ukraine. This waiting list cannot serve as a reliable metric for gauging demand, as most people do not see the value in registering.

Firstly, the queue rarely moves, making it seem pointless to apply for inclusion. Secondly, in 89% of hromadas, there is no social housing stock available, rendering registration little more than an academic exercise.

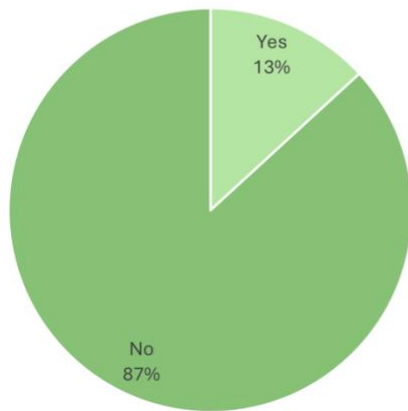
Regarding the current usage of the 722 social housing units that are occupied, data from the Housing Institute shows that the average unit size is 34 sq.m. The demographic composition of residents includes 42% orphans, who are over 16 years old, 15.4% low-income individuals, 13.8% IDPs, 12.6% large families, 6% single mothers, and 4.7% families with children with disabilities.

6.1.3. Knowledge and Preparedness of Hromadas

A critical barrier to the expansion of social housing lies in the limited technical capacity of LSGs to manage and develop public housing initiatives. Many local governments lack the necessary bylaws, housing departments, and operational frameworks to effectively oversee social housing programs. This is reflected in the study's survey data, where only 13% of LSGs reported having a legal framework for creating housing funds, and just 16% had established procedures for the allocation of housing. The overwhelming absence of these critical elements (87% and 84%, respectively) highlights the systemic gaps in institutional readiness.

Chart: Existence of legal Framework and Procedure for Allocation of Housing at the Local level

Existence of Legal Framework for the Creation of Housing Fund



Existence of Procedure for Allocation of Housing

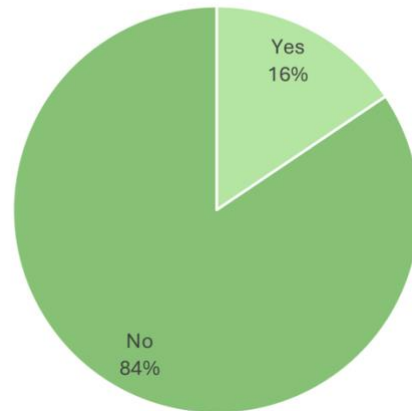
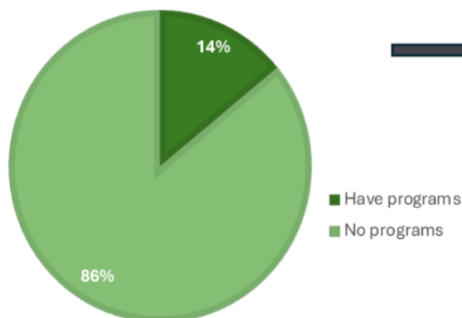
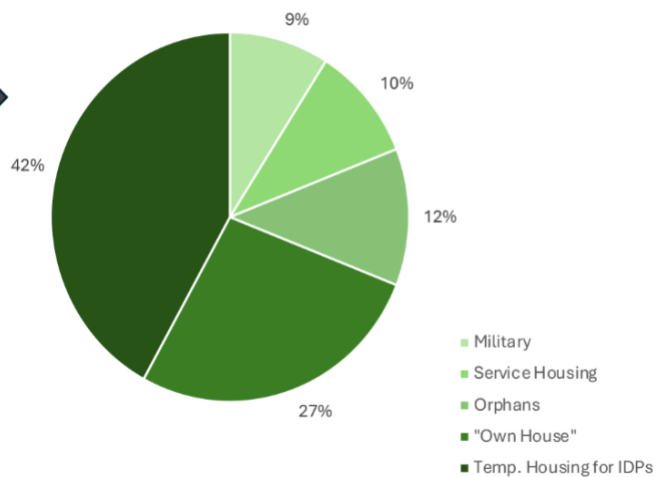


Chart: Types of Implemented Housing Programs at the Local Level

LSG reporting implementation of housing programs



Types of implemented programs



Moreover, hromadas often lack dedicated personnel with expertise in housing policy, legal frameworks, and public-private partnerships. This absence of institutional knowledge hampers the ability of local governments to navigate complex legal processes, secure funding, or engage in long-term housing projects. One of the hromadas that participated in the face-to-face FGD highlighted the need for training its sole in-house lawyer on the process of reclassifying administrative properties as residential.

The lack of institutional readiness also reflects in the implementation of housing programs. Only 14% of hromadas reported having any housing programs in place, with the majority (86%) lacking any initiatives. Among the implemented programs, temporary housing for IDPs dominates at 42%, followed by rural housing "Own House" initiative (27%).

6.1.4. Budget Allocation for Housing Related Activities

The budgetary allocation for social housing and other housing related activities in Ukraine remains minimal, reflecting both limited resources and a lack of prioritization by LSGs. Many hromadas allocate the bulk of their housing budgets to temporary housing, crisis accommodation, or emergency repairs rather than investing in long-term social housing stock. An analysis of budgetary allocations under budget code 1060, which addresses housing-related issues broadly, reveals that housing expenditures account for less than 2% of their total budgets. For this analysis, 15 hromadas of varying sizes (five large, five medium, and five small, determined by budget size) were examined. Larger cities like Kyiv allocated only 1.07%, Lviv 0.97%, and Uzhgorod 1.04% of their total budgets to housing under this code. Smaller communities fared even worse, with Monastyryshche dedicating a negligible 0.01%, Brody 0.05%, and Radekhiv 0.11%. These figures highlight a widespread lack of prioritization for addressing housing challenges, particularly in smaller municipalities where resources are already stretched thin.

However, two communities stand out as exceptions: Ivano-Frankivsk and Uman, where allocations for housing under budget code 1060 represent 5.68% and 5.82% of their total budgets, respectively. Odessa also demonstrates a slightly higher-than-average commitment at 2.09%, suggesting moderate prioritization compared to other larger cities. These examples indicate that, while rare, certain communities are making significant efforts to address housing challenges.

The effective execution of allocated funds also varies widely, revealing additional challenges. Larger cities like Uzhgorod (99.95%), Lviv (94.27%), and Kyiv (91.09%) exhibit high execution rates, effectively utilizing their limited housing budgets. In contrast, Ivano-Frankivsk, despite its relatively high allocation, has an execution rate of only 45.62%, pointing to potential issues such as bureaucratic delays, project mismanagement, or capacity constraints in implementing housing initiatives.

Overall, the data illustrates a troubling pattern: the majority of hromadas allocate only a small fraction of their budgets to housing initiatives, and even in cases where higher allocations are made, challenges in execution persist. This low prioritization is especially evident in smaller hromadas, where allocations are often symbolic rather than substantive.

6.1.5. Impact of Local Self-Government Reform on Social Housing

The decentralization reforms that culminated in 2021 significantly reshaped the landscape of local governance in Ukraine. These reforms aimed to transfer power and resources from the central government to local self-government bodies, granting them greater autonomy in decision-making, budget management, and public service delivery, including housing.

Key milestones in this reform process include:

- 2014 – The launch of decentralization reform under the "Concept of Reforming Local Self-Government and Territorial Organization of Power."
- 2015-2017 – The consolidation of hromadas through voluntary amalgamation.
- 2021 – The formal completion of the decentralization process, establishing approximately

1,469 hromadas with jurisdiction over local housing policies.

The absence of well-resourced local governments has been a significant factor contributing to the current crisis. Before amalgamation, the small size of local councils limited their ability to develop the capacity required for complex programming. With smaller budgets and fewer resources, these councils could only afford to fund essential positions, leaving little room for specialized expertise.

The amalgamation process provided local governments with the scale needed to diversify their competencies. At the same time, legislative changes allowed for increased revenue to flow to LSGs, strengthening their financial base.

However, the reform was only completed in 2021, and within a year, the country was plunged into war. The realities of war—particularly managing emergencies and supporting IDPs—have inevitably placed additional strain on the already steep learning curve of local governments.

Despite these challenges, it is fair to say that hromadas are now in a stronger position than ever before in terms of capacity, openness, and resources. While significant hurdles remain, local governments today are better equipped to manage responsibilities compared to any point in the past.

6.1.6. Revenue Generation and Enhanced Capacity Post-Reform

Despite the challenges, decentralization has expanded revenue generation opportunities for hromadas. Local governments now retain a higher percentage of personal income tax revenues and benefit from increased property tax collection. This fiscal empowerment provides municipalities with greater flexibility to invest in housing initiatives.

For example, data from the Ministry of Finance shows that between 2016 and 2021, the revenue of amalgamated hromadas grew by an average of 60%, driven by enhanced tax collection and local economic activities. Some urban hromadas have begun leveraging these additional resources to develop land lease programs and collaborate with private developers on affordable housing projects.

However, the uneven economic development between urban and rural hromadas means that revenue generation capacity varies significantly across the country. Wealthier hromadas near large cities have experienced greater growth, while smaller rural communities continue to struggle with budget deficits, limiting their ability to invest in social housing.

6.1.7. Transparency Issues in Housing

According to Transparency International, the housing and land sectors rank among the most corruption-prone areas in Ukraine. According to Transparency International's Corruption Perceptions Index (CPI) 2023, Ukraine scored 36 out of 100, ranking 104th out of 180 countries⁵. This represents an improvement from previous years, indicating progress in anti-corruption efforts; however, it also underscores the persistent challenges that remain.

Examples of corrupt practices include:

-
- Illegal privatization of municipal housing stock, reducing the pool of available social housing.
 - Manipulation of housing queues, with applicants required to pay bribes to secure priority placement.
 - Embezzlement of funds allocated for housing renovations, leading to incomplete or substandard projects.

Aside from the corruption index, a 2012 report of Transparency International Ukraine outlined wide areas of corrupt practices in the housing sector involving local self-governments.⁵⁷ Outside the housing sector, other reports on corruption, continue to portray negative impressions about local self-governments.⁵⁸

This persistent issue undermines public trust and deters potential donors and private investors from participating in housing initiatives. One of the FGD participants informed the study that during the hromada amalgamation process, they identified discrepancies involving 17 real estate assets that existed on paper but could not be physically located.

6.1.8. The Issue of Departmental Housing Stock and Non-Transferred Properties

A significant obstacle to expanding Ukraine's social housing stock is the non-transfer of departmental housing to municipal ownership. Departmental housing refers to residential properties that were historically owned by state enterprises, ministries, and various government agencies during the Soviet era. These units were intended to house employees and their families, but following the dissolution of the Soviet Union, their legal status became ambiguous.

There is no reliable data on the size of the departmental housing stock. The 2013 UNECE Report⁵⁹ suggests that size was 1.7% of the national housing stock. However, given that the report is more than 10 years old, and some of these assets might have been absorbed by the hromadas. However, there is a general consensus that the departmental housing stock is still very meaningful. This unclaimed or poorly managed stock represents a significant missed opportunity for expanding social housing.

6.1.9. Hromada Human Resources Capacity

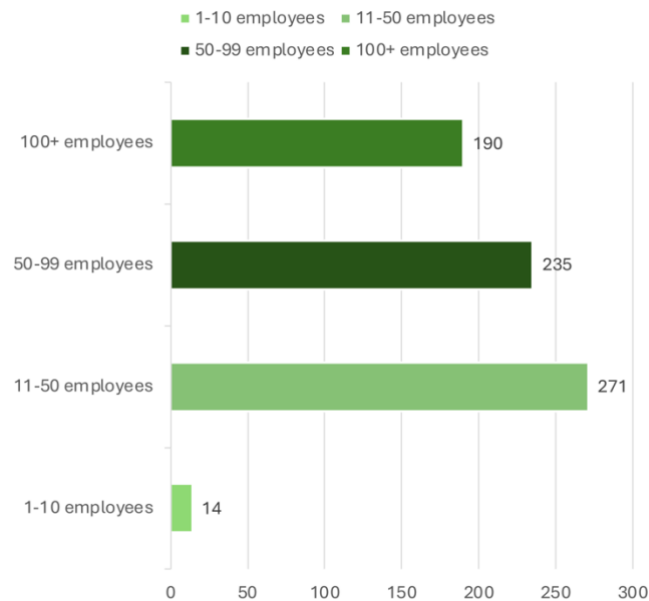
The study surveyed both the general human resource capacity of the hromadas, as well as human resources allocated to their housing related activities. The charts below provide a general picture of human resources at the 710 hromadas that participated in the survey.

⁵⁷https://ti-ukraine.org/wp-content/uploads/2016/12/corruption_and_the_housing_sector_in_ukraine_-_by_ti_ukraine_eng.pdf

⁵⁸<https://www.atlanticcouncil.org/blogs/ukrainealert/ukraines-new-privatization-faces-array-of-old-obstacles/>

⁵⁹ United Nation Economic Commission for Europe (UNECE), Country Profiles on Housing and Land Management, Ukraine, p.19

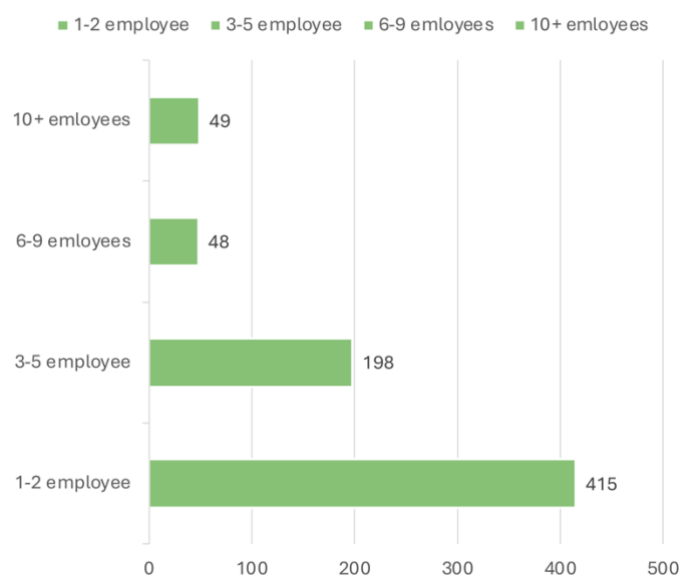
Official # of Employees in the Hromada



The chart demonstrates that around 60% of the hromadas (top two groups) have 50 to 100+ employees. This concentration of medium-to-large organizations suggests some potential for resource mobilization but also underscores the need for targeted strategies to address uneven resource distribution.

The chart below shows the number of hromada employees involved in housing-related activities. It should be interpreted with the understanding that the employees listed include those engaged in all types of housing-related tasks, including the maintenance of housing and administrative buildings within the hromada.

Total Number of Housing Related Employees of the Hromada



The chart shows that 58% of the hromadas have negligible staffing for housing related activities. In most cases these 1 to 2 employees are employees engaged in repair and maintenance. This data highlights a stark shortage of dedicated personnel in housing functions, which severely limits the ability of LSGs to manage complex housing stock

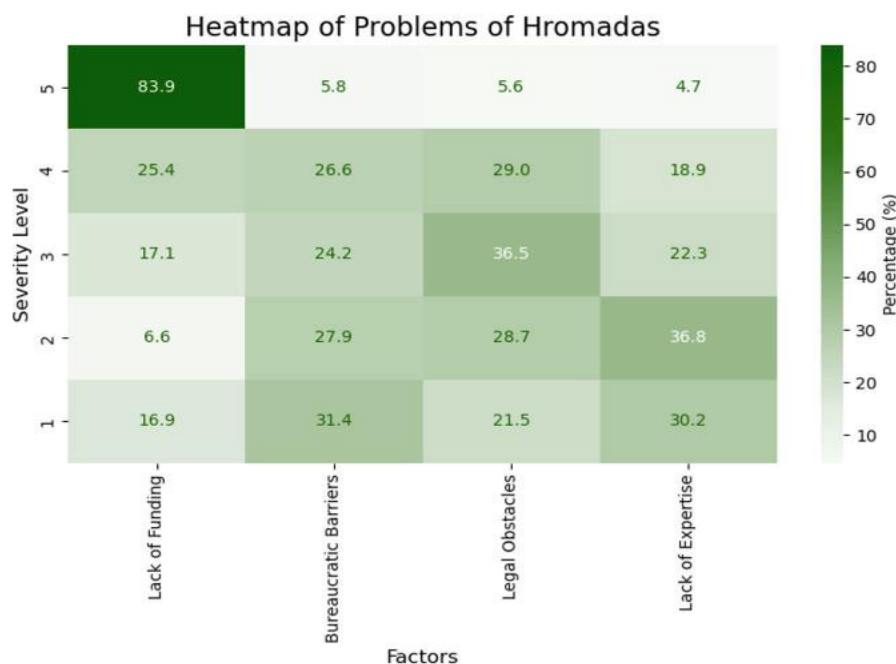
transfers, engage in municipal housing program design, or implement large-scale solutions.

6.1.10. Barriers to Addressing Housing Challenges

The survey sought information on the barriers that hromadas face in addressing departmental housing challenges, focusing on financial, procedural, and structural issues. With particular emphasis on identifying the severity and prevalence of these challenges across various LSGs, respondents were asked to rate the severity of different barriers. This approach provided insights into the most critical hindrances to housing development and effective management.

The challenges faced by hromadas in addressing departmental housing issues are compounded by a combination of severe financial, procedural, and structural obstacles. Among these, the lack of funding emerges as the most pressing issue, with 83.9% of hromadas identifying it as a Level 5 problem in terms of severity. This corresponds to an overwhelming 464 respondents and underscores the urgent need for financial resources to enable the transition of departmental housing into municipal ownership. Bureaucratic barriers, while less critical than funding issues, are still significant, with 26.6% of respondents rating them as a Level 4 challenge. This reflects the procedural inefficiencies and administrative delays that hromadas often encounter when navigating housing-related initiatives.

Legal obstacles further complicate the situation, with 36.5% of hromadas perceiving these issues at Level 3 and 29.0% at Level 4. These figures illustrate the persistent and multifaceted legal complexities that hinder housing development. Moreover, a lack of expertise within hromadas exacerbates these challenges. With 36.8% of respondents identifying, it as a Level 2 problem, capacity gaps and limited technical knowledge significantly undermine efforts to address housing stock issues effectively.



The percentages in the heatmap are calculated for each severity level, from Level 5 (most severe) to Level 1 (least severe)

VII. Social Housing Challenges: Root Causes and Issues to be Addressed

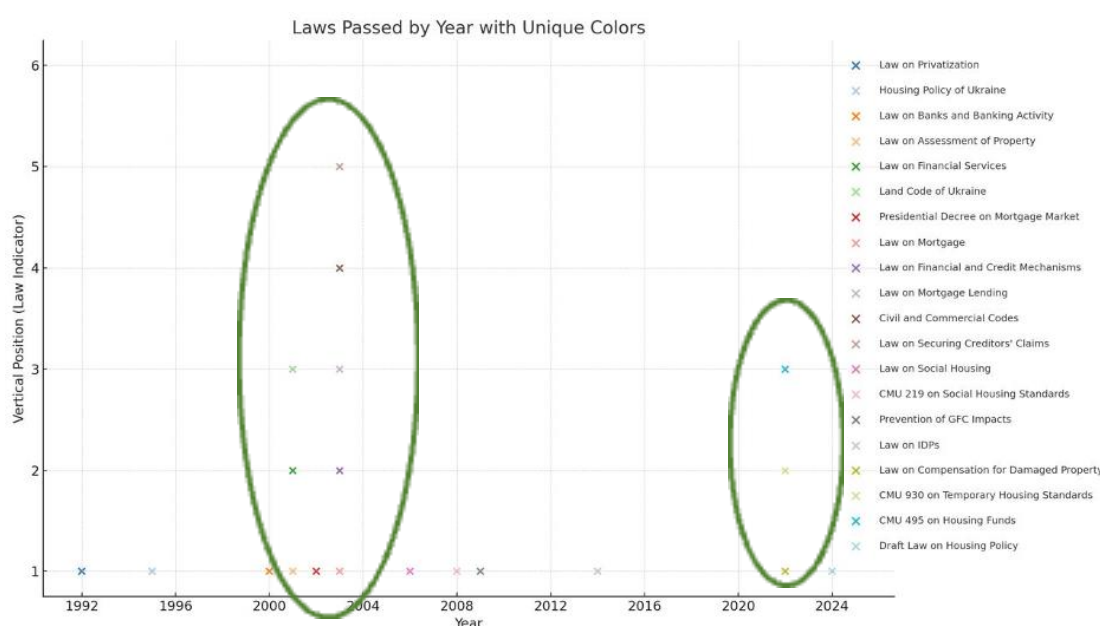
7.1. Government Policy

The macroeconomic policies of the 1990s, as reflected in the 1995 Housing Policy, materially contributed towards Ukraine's current housing crisis. At the time, Ukraine embraced the wave of neoliberal economic principles that were gaining momentum globally. Free markets, deregulation, privatization, and a reduced role for government intervention were central to these principles.

As mentioned in sections above, the blanket privatization of Ukraine's housing stock proceeded unchecked, with little to no government oversight, until 2006. It was only then that the government took its first steps toward regulation by introducing the Law on Social Housing. Until that point, state intervention in addressing housing needs had been virtually nonexistent. The focus, as illustrated in the chart below, was on empowering the free market rather than developing mechanisms to ensure long-term public housing solutions.

The prevailing narrative often attributes Ukraine's housing crisis to the absence of government policy in the housing sector. However, this overlooks a crucial point—the government did have a policy, and it actively adhered to it. This policy corresponded to the global economic trends of the time, aligning closely with what is often referred to as Reaganomics.

To see this in historical context, under the neoliberal policy of Margaret Thatcher, the UK in the 1980s initiated the privatization of council flats that had previously formed the backbone of England's social housing sector. Similarly, the large-scale privatization of housing stock by local authorities in Ukraine was not merely an oversight or administrative error. Rather, it was a direct consequence of the economic philosophy guiding national policy during that period.



The diagram above highlights 20 laws and executive orders that form the foundation of

Ukraine's housing sector. With the exception of the 2024 draft law, the remaining 19 are currently in force. The first red circle indicates that half—ten of the 20 legal instruments—were enacted between 2000 and 2003. This cluster of legislation, consisting of nine laws and one Presidential Decree, was primarily aimed at creating a favorable environment for the growth of the mortgage market and real estate industry.

As previously discussed, these efforts succeeded in fostering rapid expansion in both sectors. However, the boom was short-lived, as both the mortgage market and real estate industry experienced significant crashes within a few years.

The second red circle highlights the period following the escalation of the war, during which the next highest concentration of legal instruments was created. With the exception of the draft law, these instruments primarily focus on temporary housing, addressing immediate displacement and emergency shelter needs driven by the war.

In essence, the legal framework of Ukraine's housing sector has been shaped by two major forces – the neoliberal privatization drive of the 1990s and the reactive, crisis-driven response to war. There has been no sustained government intervention through policy or law to secure housing as a fundamental right. Housing has been left to the market during periods of stability and to piecemeal, short-term solutions during moments of crisis. This pattern reflects a failure of governance, where long-term structural needs are consistently neglected, and the housing sector oscillates between deregulation and emergency response, with nothing in between.

7.2. Lessons from the 90's Policy Issues for Today's Social Housing Environment

Ukraine's privatization and market liberalization in the 1990s happened under socio-economic and political conditions that differed significantly from those in the United States or the UK⁶⁰. Ukraine did not have the adequate legal and institutional safeguards necessary to manage the risks associated with such policies— weak oversight, corruption, and inadequate regulation.

As reflected in Section 6.1.1 through 6.1.7, Local governments, who had the primary legal responsibility for addressing housing needs, were poorly equipped and unprepared to handle the challenges posed by mass privatization. The absence of capacity, resources, and coherent governance structures left municipalities unable to mitigate the fallout. Yet, attention remained fixated on the promise of market reforms rather than the realities of Ukraine's fragile institutional landscape. This disconnect between policy ambition and implementation capacity proved to be a critical oversight, laying the groundwork for systemic housing issues that persist today.

The strong inclination towards social housing that is currently observed within the government, civil society, and international actors should also be contextualized to avoid repeating past mistakes. Transporting international best practices from Western European countries will only be useful if they are adapted to Ukrainian social and political realities. As Ukraine undergoes wartime rehabilitation and reconstruction, it is more relevant to study how Europe rehabilitated its housing sector after the Second World War, rather than

⁶⁰ It is arguable that privatization happened unplanned and as a result the State lost its capacity to directly manage housing policy through state owned housing stock. See CEDOS, *Housing Policy in Ukraine*, November 2019, p 19-23

focusing solely on how Europe handles housing today.

During an FGD in one of the hromadas, where 60% of the population is rural, the need for social housing in the urban center was identified by local government representatives as one of the most pressing issues. The hromada is predominantly agricultural, with no major industries in the urban centers. Employment generation is limited to certain service-based industries, such as convenience stores, schools, and hospitals. The hromada is concerned about the increasing number of young people moving to the city due to limited economic prospects in the villages. It is possible that the housing challenges identified in the urban center reflect an economic problem rooted in the inability to sustain the agricultural sector. Social housing in the urban center, if unaccompanied by measures to address the root causes of migration, may become a pull factor, accelerating rural-urban migration without providing sustainable livelihoods.

The government's social housing ambitions must be an integral part of its economic and social policy, as well as its post-war rehabilitation strategy. Municipalities and civil society housing actors must align their goals and ambitions with national and regional strategies. This holistic approach was absent during the last market-driven housing construction boom – a lesson that must not be overlooked this time.

7.3. Sustainable Actions with Strong Risk Mitigation Plans

Housing is a significant, high-cost investment. It is expensive to build and requires considerable time to complete. Addressing the housing needs of millions could take decades. Therefore, any social housing program must be designed with the resilience to withstand foreseeable risks and adapt to unforeseen challenges. Historically, Ukraine has faced economic and social crises approximately once in every ten years since independence.

Diagram: Major disruptions in Ukraine's economy since 1991



The diagram above illustrates major disruptions in Ukraine's economy since independence. The post-independence economic crisis began to stabilize in 1996 with the introduction of the hryvnia and economic liberalization⁶¹. The global financial crisis led to a 15% economic contraction in 2009. The economy experienced another downturn, contracting by 16% over two years following the 2014 conflict. The escalation of war in 2022 resulted in a 29% economic decline in a single year.

Though Ukraine did not contribute to any of the crises, it paid the prices for all of them. Social housing programs must acknowledge this reality and factor in its own in-built resilience model that can sustain a period of economic downturn.

7.4. Missing Spirit of Self Governance

The Constitution of Ukraine guarantees the right of residents of a territorial community to

⁶¹ Liberalization also created oligarchy, corruption, and economic inequality

independently resolve local issues. In 1997, Ukraine ratified the European Charter on Local Self-Government. The Charter acknowledges the safeguarding and reinforcement of local self-governments in different European countries as an important contribution to the construction of Europe based on the principles of democracy and decentralisation of power. Ukraine's Sustainable Development Goals (SDG) foresee critical contributions from LSGs through ensuring good health and well-being, improving the quality of education, introducing affordable and clean energy, fostering economic growth, and reducing inequality (SDG Goals 3, 4, 7, 8, and 10 respectively).

Following its commitment to the principles of local self-government, Ukraine underwent a decade-long, extensive process of local self-government reform, successfully completing it in 2021. Despite the process being finalized and 1,469 local self-government units fully operational across the country, the absence of the true spirit of self-governance acts as an invisible force, limiting local governments from reaching their full potential.

It remains common for hromadas to expect direction from centralized authorities on issues that fall exclusively within their own self-government jurisdiction. The study found this trend in all three hromadas where face-to-face FGDs were conducted. The issues for which these hromadas sought central government assistance included even basic matters, such as drafting social housing allocation policies and changing the designated use of property owned by the hromada.

All three LSGs that participated in the face-to-face FGDs expressed interest in exploring innovative housing solutions, including partnerships with private market actors. However, none of the three could provide examples of concrete steps taken to pursue such ideas. A representative from one hromada noted that fear of scrutiny from the prosecutor's office discourages hromadas from engaging in initiatives that are not clearly defined by existing rules and regulations.

The absence of the true spirit of self-governance is evident in the way LSGs handle abandoned, unclaimed, and disputed real estate. As mentioned earlier, a significant amount of departmental housing stock has yet to be transferred to the hromadas. While central government departments are often blamed for the delays, it is equally important to question how assertively hromadas have pursued these transfers.

Hromadas frequently adopt a lenient approach in asserting their legal claims over property, whether state-owned or privately held. During one of the FGDs, the study team visited two large housing complexes that had remained vacant for approximately 20 years. These complexes, owned by a private party, were located within walking distance of the hromada office. Despite this, the hromada had made no effort to date to pursue real estate tax claims or explore legal avenues to address the prolonged abandonment which has resulted in significant tax revenue losses for the hromada.

7.5. Low Confidence in Hromadas

While the study did not survey the general population, secondary reports overwhelmingly suggest low confidence in hromadas' capacity to implement housing programs transparently and accountably. At two FGD locations, hromada representatives acknowledged that they would benefit from capacity-building support. However, the lack of confidence largely stems from the historical role of Ukrainian hromadas in managing housing stock. Hromadas must address this image crisis. They need a rebranding effort

that allows those governed by high ethical standards to build distinct identities based on their strengths and achievements. Positive branding will be particularly important under the draft Housing Policy, which envisions LSGs engaging more actively with donors, civil society, and private market actors to implement social housing strategies.

When asked by the study team about measures to improve confidence in hromadas, one hromada highlighted its commitment to transparency by regularly publishing decisions and information on its web portal, along with fostering greater interaction with local civil society actors. Another hromada emphasized its growing reliance on digital tools, including the adoption of digital processes for procurement.

VIII. Recommended Social Housing Program Interventions

The current legal, policy, and operational environment is not yet conducive to the transparent and accountable implementation of large-scale social housing initiatives. For this reason, the recommended actions described in this section aim to address some of the root causes and obstacles hindering large-scale adoption of social housing in Ukraine.

A comprehensive legislative reform in the housing sector is essential to create the foundational pillars necessary for unlocking the potential of local self-government units. The reforms would enable local authorities to actively engage in the housing sphere and provide opportunities for civil society and non-profit organizations to play complementary roles.

Legislative processes take time, particularly on matters of significant public interest. The draft law on the Fundamental Principles of Housing, which aims to shift from a free-market approach to a more balanced intervention-focused policy, is likely to undergo extensive parliamentary debate. Ukraine's private real estate sector, which played an influential role in driving legislative activity in the early 2000s, may have a legitimate interest in participating in these discussions. For these reasons, there is a risk that the timeline for housing policy reform may face delays.

All relevant stakeholders must, therefore, continue to advocate for swift comprehensive reforms in housing-related legal and policy frameworks.

Even if reform is delivered on time, challenges will remain regarding the preparedness of local self-governments to initiate processes and integrate civil society and other non-profit housing actors.

There is significant interest from multiple major stakeholders in engaging with the social housing sector. The humanitarian community, in particular, has long awaited regulatory clarity and a conducive environment to collaborate with local self-governments in providing social protection for vulnerable populations. As Ukraine's reconstruction and rehabilitation agenda advances, other actors are also seeking opportunities to engage in the social housing sector.

In light of the above, the best strategy for humanitarian and development intervention in social housing at this stage would be to focus on the underlying soft infrastructure needed to prepare hromadas to participate effectively in social housing programming.

The following interventions are recommended to equipping hromadas and CSOs with the necessary tools and expertise may prove essential once opportunities arise.

8.1. Housing Pact: HPACT

The harsh reality for potential social housing actors is that this sub-sector lacks both a workable framework and established best practices. As shown in the chart in Section 6.1, the only areas with visible regulatory frameworks are the mortgage market, real estate development, and temporary housing. Local self-government units, having recently undergone amalgamation through reform, now face the difficult task of operating in a poorly regulated social housing environment. Housing is a high-cost initiative, and securing funding or investment commitments from donors or private market investors under such

uncertain conditions will be extremely challenging.

This study recommends that hromadas address the regulatory void by adopting self-regulation to fill the gap left by the absence of statutory frameworks.

8.1.1. Introduction of Self-Regulation in Public Housing Sector

Self-regulation provides for industries or professional sectors to take charge of setting and enforcing their own rules and standards, without waiting for the government to intervene. Instead of relying on external oversight, businesses establish their own guidelines, often through industry associations or independent bodies created by the sector. This approach gives industries the flexibility to manage their affairs, ensuring that best practices are followed creating no obstructions for adaptability to changes and innovations.

Self-regulation became widespread practice in early 20th century. For instance, The Advertising Standards Authority in the UK ensures advertisements are truthful and not misleading. In the US, the Financial Industry Regulatory Authority regulates brokerage firms and exchange markets, complementing government oversight. Some self-regulatory bodies are even global in nature. For instance, the World Fair Trade Organization is a global network that ensures that businesses comply with ten fair trade principles, including no child labor, fair wages, and respect for the environment.

The Study recommends the creation of a Housing Pact (HPACT). HPACT is a voluntary commitment by participating local self-government units to adhere to standards essential for the transparent and accountable implementation of social housing programs.

8.1.2. Scope and Function of HPACT

HPACT will establish inspection teams responsible for evaluating compliance with certain predefined standards and issuing accreditation certificates to LSG units. To ensure continued accreditation, inspections will be conducted on a regular basis, preferably annually.

The initiative will be overseen by a steering committee composed of representatives from the humanitarian, development, and Ukrainian civil society sectors.

The standards to which the local self-government commits may include, but are not limited to:

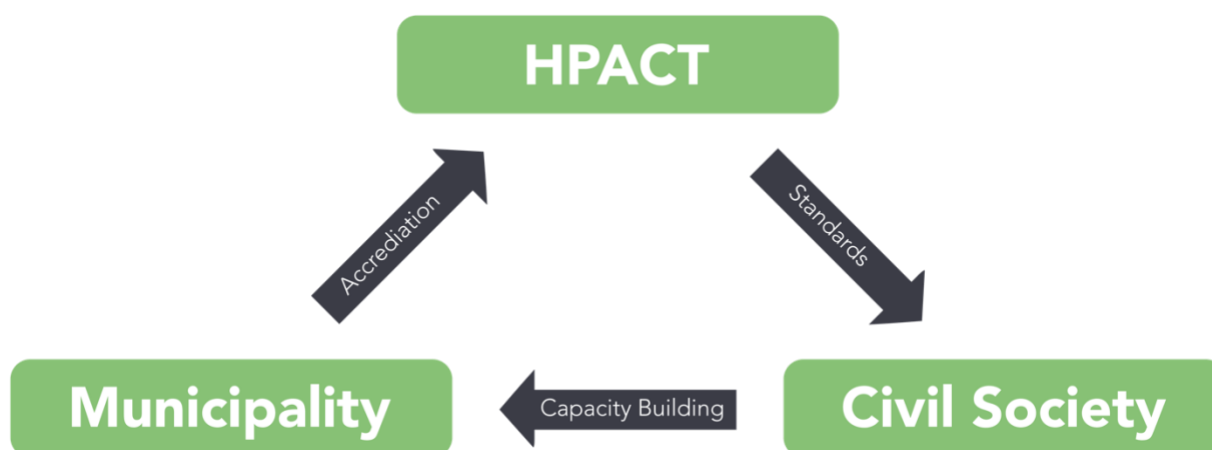
- Adherence to Ukrainian government public procurement standards.
- Existence of anti-corruption mechanism.
- Existence of by-laws, regulations and resolutions essential for social housing.
- Existence of complaint and feedback mechanism
- Existence of housing grievance redressal mechanism
- Existence of a civil society oversight body required under the social housing law
- Existence of policies on inclusion, gender equality, and environmental protection

8.1.3. Motivation of Housing Stakeholders to Participate in HPACT

One limitation of the current approach to engaging with hromadas is that they are expected to prove their trustworthiness without being provided with clear standards. HPACT addresses this by giving hromadas a clear understanding of the goals that need to be achieved. This clarity will motivate hromadas to actively pursue these goals, as accreditation through HPACT will significantly enhance their ability to secure funding.

On the other hand, donors, humanitarian, and development actors invest considerable time and resources in identifying ethical partners for collaboration. Even after identifying suitable hromadas, these actors often have to dedicate additional resources to ensure the hromada complies with ethical standards. With HPACT, hromadas are encouraged to proactively engage in self-education and capacity-building, reducing the burden on external actors and fostering a more efficient partnership process.

HPACT will also create an important space for local civil society actors to participate in the social housing sphere. The chart below demonstrates the relationship between HPACT, local civil society and hromada.



In addition to defining the standards, HPACT will also prepare civil society actors to act as capacity builders. Hromadas will have the option to partner with these civil society actors to build the necessary capacity for meeting the standards.

8.2. Secondment of National Lawyers to Hromadas

Another high-impact social housing initiative would involve creating a pool of highly skilled lawyers to be seconded to hromadas. This secondment would be limited to hromadas that demonstrate strong motivation to enhance their legal and institutional capacities. Before deployment, the lawyers would undergo extensive training to ensure they are well-prepared for their roles.

The seconded lawyers would assist hromadas in meeting the requirements for HPACT accreditation. Additionally, they would support hromadas in securing legal ownership of properties that have yet to be formally transferred to their jurisdiction.

8.3. Training and Legal Support

8.3.1. Housing Training Institute

The draft law places significant responsibility on hromadas to implement social housing programs for their populations. The era when hromadas could simply privatize housing stock and avoid further housing responsibilities will come to an end with the enactment of the new law.

As a result, most of the 1,469 hromadas will need to train multiple employees on a range of legal and administrative issues. This training will need to be ongoing, as new laws and procedures emerge, and as new employees and civil society actors join the hromadas.

Establishing a dedicated training facility offering courses will be essential. Such entity would not only address the evolving training needs of hromadas but also serve as a platform for humanitarian and development actors to efficiently disseminate awareness and educational materials across the country

8.3.2. National Hotline for Housing Counseling

A National Hotline for Housing Counseling can serve as a vital lifeline for Ukrainians navigating the country's complex housing landscape, especially in the current context of displacement. With more housing initiatives expected from the government and local self-governments, a housing counseling service can help guide people in need by outlining available options for social housing, affordable housing programs, subsidies, and financing solutions tailored to their income levels.

The hotline can also support families facing eviction, providing legal advice, mediation services, and connections to emergency housing solutions. For individuals struggling with mortgage defaults, counselors can walk them through options under their mortgage agreements or link them to state-supported debt relief programs.

8.4. Housing Project Incubation Center: HPIC

The objective of the Housing Project Incubation Center (HPIC) is to transform municipal housing ideas into actionable projects. HPIC itself will not fund housing projects. Its role will be to nurture ideas and provide the support needed to turn them into viable projects. HPIC will achieve its objective through the following four steps.

8.4.1. Annual Hackathon

Each year, HPIC will host an Annual Municipal Housing Hackathon – a five-day event bringing together three groups: hromada teams, mentors, and donors/real estate developers.

Hromadas with strong ideas and motivation will be invited to send a team to participate. Teams must include at least one hromada representative and local civil society member, as well as ensuring the participation of woman and youth.

Mentors will be drawn from the humanitarian, development, and civil society sectors actively engaged in housing projects. The third group will include donors, private market actors, and individuals interested in supporting or investing in municipal housing initiatives.

On the first two days, HPIC experts will provide training to the participating hromada teams. The training will cover housing rights and policy, housing law and processes, housing challenges and opportunities, and the basic principles of project cycle management.

On days three and four, each hromada team will work on developing their ideas into project proposals. Each team will be assigned a mentor, whose role will be to guide the teams through the complexities of law and project design. The mentor will also assist in preparing slides and multimedia materials for the presentation on day five.

On day five, a marketplace for municipal housing projects will be organized. The event will be open to everyone interested in supporting or investing in municipal housing initiatives. At the marketplace, each team will deliver a ten-minute presentation to the audience. A panel of judges will score the presentations based on pre-defined criteria and select the top ten projects. The judges will also provide feedback after each presentation.

8.4.2. Housing Acceleration Program

The top ten projects from the hackathon will be selected for a three-month Acceleration Program. The goal of the program is to assist each of the ten teams in developing their Playbooks – comprehensive operational handbooks for their respective projects.

Each Playbook will include 20 to 25 detailed modules covering all aspects of the operational framework. These modules will address the project plan and team, project viability, funding options, implementation mechanisms, monitoring and evaluation (M&E) framework, internal coordination, beneficiary selection criteria, grievance redressal mechanisms, risk factors, and mitigation measures.

The Playbook will serve as a blueprint to guide the successful execution and sustainability of the projects.

8.4.3. Ecosystem Engagement and Community Building

The HPIC will, as ongoing activities, organize networking events, investor meetups, and donor engagement sessions designed to expand the visibility of the hromadas it support. It will also facilitate branding and marketing initiatives to highlight successful housing projects, positioning hromadas as leaders in social housing development. Regular webinars and knowledge-sharing sessions will be organized to keep hromadas within HPIC network informed about policy updates, funding opportunities, and best practices in housing and urban development.

8.5. Initiatives to Enhance Transparency and Accountability

8.5.1. Housing Watchdog Initiative

Support should be provided to local civil CSOs to act as independent watchdogs, particularly in hromadas with high volume housing activities. The provision of public oversight and community participation in governance, enshrined both in the Social Housing

law and the law on Local Self-Government, are often underutilized.

The CSOs capacity should be strengthened so they can monitor housing projects, track allocations, and oversee the fair distribution and management of social housing units. The Law on Social Housing allows for community involvement in housing oversight, while the Law on Local Self-Government provides a framework for supervisory boards, public hearings, and grievance redress mechanisms.

One particularly useful tool for CSOs would be to a Unified Information-Analytical Housing System, which is proposed by the DL 12377 “On Fundamental Principles of Housing Policy”, and the Online Map for IDP’s housing, which is mentioned in Law 4080.

8.5.2. The Housing Anti-Corruption Center

The Housing Anti-Corruption Center will be dedicated to combating corruption in the housing and urban development sectors, with a specific focus on identifying, preventing, and dismantling corrupt practices at the local level across Ukraine. The Center's primary aim will be to promote transparency, accountability, and ethical governance by developing effective mechanisms to detect corruption schemes and mitigate risks in housing-related projects and policies. Through targeted research, public awareness campaigns, and capacity-building programs for local authorities and stakeholders, the Center will strive to create a corruption-resistant environment that ensures fair allocation of resources and fosters public trust in the recovery and development processes.

8.5.3. Developing Blockchain Prototype

A good housing project proposal must demonstrate procedural checks and balances that uphold transparency and accountability while minimizing the risk of corruption. Conventional methods for ensuring transparency and accountability are well-established, and hromadas will receive support in implementing these measures if they engage with the HPAC or HPIC processes outlined above.

In addition to these traditional approaches, an innovative and highly effective measure for enhancing transparency and accountability can be achieved through the use of blockchain technology. Blockchain’s decentralized and tamper-proof nature ensures that records, transactions, and decision-making processes are permanently logged and verifiable, reducing opportunities for manipulation or fraud. This can provide a new layer of trust and oversight in housing projects, fostering confidence among donors, investors, and community members.

Historically, local self-government units have numerous examples where records were destroyed, erased, or altered for various reasons. During one of the FGDs, the deputy head of a hromada shared that after the hromada underwent amalgamation in 2020, there were reports of 17 real estate objects missing from official records with no trace of documentation.

In addition to tampering with records, there have also been instances in many hromadas of manipulated transactions. Sometimes, commercial transactions cannot be traced back or linked to one another, creating significant opportunities for corruption and mismanagement. This lack of transparency in record-keeping and financial transactions leaves gaps in accountability and undermines public trust in local governance.

The utilization of blockchain technology will not only ensure the permanence of records but also guarantee their immutability, preventing any unauthorized alterations or deletions. Every transaction will be securely encrypted and time-stamped, creating a transparent and verifiable ledger that cannot be tampered with. This technology will enable end-to-end traceability, ensuring that transactions are not only trackable in real-time but that the entire chain of events can be reconstructed, starting from the very first transaction.

Ukraine's social housing landscape is drawing increased interest from several high-stakes actors. With housing expected to become a major focus of the Ukraine Recovery Program, there is a strong likelihood of large-scale involvement from local governments in the housing sector. This period may mark the first significant engagement of local self-governments in expanding housing stock and managing large-scale housing projects.

Given the long-term ramifications of these initiatives, it is essential that this effort is built on innovative and forward-looking technologies. This study, therefore, strongly recommends exploring the use of blockchain technology to enhance efficiency, promote transparency, and mitigate the risk of corruption.

Annex I.

Existing programs, models and mechanisms in the housing sector in Ukraine

Although this study primarily focuses on municipal housing initiatives, it is crucial to consider the broader landscape of housing solutions in Ukraine, including state programs. Below we provide an overview of key housing solutions that should be taken into account when developing and implementing municipal housing programs, as they may affect demand by offering alternative housing options.

1. Rural Housing Construction Financing Program

The Rural Housing Construction Financing Program (also called “Own House”) is designed to address the housing needs of rural communities in Ukraine by providing targeted, affordable loans. The program seeks to promote rural development by helping eligible citizens access safe and sustainable housing.

Eligibility and Special Provisions

The program supports Ukrainian citizens who permanently reside or plan to relocate to rural areas, are registered as IDPs. Eligible applicants must demonstrate their ability to repay the loan while ensuring that their family income, after monthly payments, exceeds the legislated minimum subsistence level. Prioritization is given to young specialist, employed at the local organizations and vulnerable groups, including IDPs, war veterans, and their families during periods of mobilization.

The program offers loans only once per lifetime for housing construction or purchase. Exceptions are made for individuals whose houses were damaged or destroyed due to the war, provided they have no outstanding debts from previous loans.

Loan Terms and Conditions

The program offers flexible and favorable loan terms. Loans are available for up to 20 years, extending to 30 years for young families or single parents under the age of 35. The annual interest rate is set at 3%, with significant exemptions for families with three or more children and for military personnel actively serving during wartime.

Loan amounts are tailored to specific housing needs, with maximum limits of 600,000 UAH for new construction, 350,000 UAH for renovations or energy-efficient upgrades, and 500,000 UAH for purchasing existing housing. Additionally, 150,000 UAH is available for connecting properties to essential infrastructure. To maintain affordability, the financed property's size is capped at 120 square meters of residential space.

Additional Information About the Program

This program is a cornerstone of rural development, offering tailored financial support to ensure demographic stability and economic growth. By fostering access to affordable housing, it strengthens community resilience and promotes sustainable development in Ukraine's rural areas.

Legislative Framework:

1. Decree of the President of Ukraine No. 222/98 of March 27, 1998 "On Measures to Support Individual Housing Construction in Rural Areas."
2. Cabinet of Ministers Resolution No. 1597 of October 5, 1998 "On Approval of the Rules for Providing Long-Term Loans to Individual Rural Housing Developers."
3. Cabinet of Ministers Resolution No. 1211 of August 3, 1998 "On the Procedure for Formation and Use of Funds for Supporting Individual Housing Construction in Rural Areas."

Strength

1. Various opportunities for financing the program (state and/or local budgets)
2. The possibility of exempting certain categories of persons from paying interest for the use of the loan
3. Low interest rate (3% per annum)
4. A wide list of purposes for which a loan can be provided (construction, completion, reconstruction of residential buildings, purchase of housing, etc.)
5. Exemption of certain categories of persons from payment of penalties for late payment

Weakness

1. The maximum loan amount is quite limited

International experience

In the USA, various mechanisms are used to build affordable housing in rural areas. Support programs are important for rural communities, as they often face difficulties in accessing capital, lack of capacity of non-profit organizations, and low interest from developers. The provision of funding is administered through the United States Department of Agriculture (USDA) through the implementation of appropriate programs, namely:

- Through the Section 502 Program, two types of support are provided: first, these are 30-year loans that help low-income households buy housing in rural areas, as well as build, repair, reconstruct or relocate housing. Secondly, these are guarantees for loans issued by approved lenders.
- The Section 538 Guaranteed Rural Rental Housing Program, which allows you to reduce the cost of building new affordable rental housing with five or more apartments by providing guarantees for loans issued by private lenders. The requirements for tenants of such properties stipulate that their income must not exceed 115% of the average income for this region at the time of occupancy, and the rent cannot exceed 30% of this threshold.
- Multifamily Housing Preservation and Revitalization Loan program, which allows

restructuring loans for existing rental housing in rural areas and housing for agricultural workers.

- The Section 533 Housing Preservation Grant Program provides grants to repair or renovate homes and rental homes in poor condition for low-income and very low-income rural residents. Funding is provided to nonprofits, state and local governments, and Native American tribes to carry out renovation work. In addition, support is available to rental homeowners for the repair and reconstruction of their facilities, which will be provided to low-income and very low-income tenants.

2. Housing Loan Program for IDPs and ATO/JFO veterans

This Housing Loan Program is specifically designed to support IDPs, war veterans, and their families in overcoming housing challenges. By providing affordable, long-term loans, this program offers a pathway to stable and suitable housing for individuals who have been displaced or impacted by war. It focuses on those who lack adequate housing or whose properties are located in areas affected by combat or occupation.

Eligibility and Special Provisions

This program is open to two groups that include IDPs and ATO/JFO veterans and their families

To qualify, applicants must meet specific housing conditions:

- Be registered in the queue for improvement of housing conditions, or
- Own housing with an area smaller than 13.65 sq.m per person, excluding properties in active combat zones or temporarily occupied territories, or
- Have no housing ownership, except for properties located in occupied/affected by war areas.

Additionally, applicants must prove their ability to repay the loan by demonstrating that their household income, after monthly payments, remains above the legislated minimum subsistence level. Borrowers are also required to contribute at least 6% of the housing cost upfront, including any additional expenses for housing exceeding the program's normative standards.

Loan Terms and Conditions

- Loan Duration:

Borrowers can repay the loan over a maximum period of 30 years, provided they are no older than 65 at the time of full repayment.

- Interest Rate:

A fixed, low-interest rate of 3% annually ensures affordability.

- Loan Calculation:

Each family is entitled to a normative housing area of 52.5 sq.m for a single person or a family of two, plus an additional 21 sq. m for each extra family member.

The cost per square meter is determined by the order of the Ministry of Infrastructure but cannot exceed the regulatory maximum, adjusted by regional coefficients. Regional coefficients influence the maximum price per square meter:

1.75: Kyiv, Dnipro, Lviv, Odesa, Kharkiv.

1.50: Regional centers and cities with populations over 300,000, or within 15 km of these centers.

1.25: Cities with populations between 100,000 and 300,000.

1.00: All other settlements.

Self-Funded Costs:

Borrowers must personally finance any costs exceeding the program's housing area or price caps.

Legislative Framework:

Cabinet of Ministers of Ukraine Resolution No. 980 of November 27, 2019 "On Approval of the Procedure for Using Funds Allocated in the State Budget for Providing Preferential Long-Term State Loans to Internally Displaced Persons, Participants of the Anti-Terrorist Operation, and/or Participants of the Joint Forces Operation for Housing Purchase."

Strength

1. A wide range of housing that can be purchased under the program (apartment or single-family house; which were commissioned or reconstructed 50 and 35 years ago, respectively)
2. The period for which a loan can be granted is quite significant
3. Low interest rate (3% per annum)
4. Recipients can independently choose the objects for the purchase of housing in which the loan funds can be directed
5. Possibility of simultaneous inclusion in two register lists of candidates, provided that there are several grounds for obtaining a loan at the same time
6. Possibility of submitting an application in different ways: at the location of the candidate, sending by mail or electronic communication

Weakness

1. The program is funded from the state budget and grants, whose resources are often limited. Due to the budget deficit, funding is not available to meet the demand.
2. The objects for the purchase of housing must be located within the administrative-territorial unit at the place of registration of the application for the intention to receive a loan

International experience

The practice of providing loans on preferential terms to persons affected by hostilities is widespread in the world. For example, in Croatia, certain categories of family members of dead and missing veterans, as well as veterans and volunteers of the Croatian War of Independence, have the right to receive a loan for the purchase, construction, completion of housing, improvement of housing on more affordable terms than market conditions, or

financial support for the purchase/construction of their first home, completion or improvement of living conditions. The maximum loan repayment period is from 15 to 35 years, depending on the type and area of housing. The right to receive such support is enshrined in the Law of Croatia "On Croatian Veterans of the Patriotic War and Members of Their Families" and is detailed in the Regulation on the Provision of Housing for Family Members of Deceased and Missing Croatian Veterans, Persons with Disabilities as a Result of Hostilities and Volunteers of the Patriotic War

3. eOselia Mortgage Program

The eOselia Mortgage Program, introduced in October 2022, is a state-backed initiative designed to make homeownership more attainable for Ukrainians. Initially, the program targeted military personnel, security forces, healthcare workers, teachers, and scientists, offering them affordable mortgage options. As of August 1, 2023, the program expanded its reach to include other Ukrainian citizens who meet specific housing criteria.

Eligibility and Target Groups

3% Interest Rate is available to:

- Members of the Armed Forces, national security services, and police officers.
- Healthcare professionals employed by state or municipal medical institutions.
- Teachers and researchers working at state or municipal educational or research facilities.

7% Interest Rate is available to:

- War veterans, combat participants, individuals disabled due to war, and families of deceased war veterans or defenders of Ukraine.
- IDPs and their first-degree family members.
- Ukrainian citizens who either lack residential real estate or own less than 52.5 square meters for a single-person household, with an additional 21 square meters for each extra family member. Properties located in areas of active hostilities or temporary occupation are not counted toward this limit.

Starting from the 11th year, rates increase to 6% and 10%, respectively.

Program Requirements and Housing Criteria

1. Age Limitations:

Applicants must be at least 18 years old and no older than 70 by the end of the mortgage term.

2. Housing Ownership Criteria:

Applicants and their family members must own less than 52.5 square meters of living space for a single-person household, with an additional 21 square meters for each family member.

3. Eligible Properties:

- Apartments: Maximum of 52.5 sq. m for one person, with an additional 21 sq. m for each subsequent family member.
- Houses: Maximum of 62.5 sq. m for one person, plus 21 sq. m per family member.

- For military personnel, law enforcement, educators, medical staff, and IDPs: Properties up to 10 years old are eligible in regions severely affected by the war (Chernihiv, Sumy, Kharkiv, Zaporizhzhia, and Kherson oblasts).

- For other categories and regions: Properties up to 3 years old are eligible.

- The property must be located within Ukraine, excluding territories under temporary occupation or active hostilities.

4. Property Cost Limitations:

The cost of the property must align with the region's average housing price, established by the Ministry for Communities and Territories Development of Ukraine (e.g., 26490 UAH/sq. m in Kyiv as of October 2024). Regional multipliers apply:

2.0 for Kyiv, Dnipro, Lviv, Odesa, Kharkiv, and other large cities or settlements near regional centers.

1.75 for smaller settlements with populations below 300,000.

Any cost exceeding these limits must be covered by the borrower as part of the down payment.

Loan Terms and Costs

The eOselia program offers favorable terms for borrowers:

1. Mortgage Term: Loans are available for up to 20 years

2. Initial Down Payment: Borrowers must provide at least 20% of the property price upfront. For borrowers under 25 y.o. – 10 % down payment.

3. IDPs can use housing compensation certificates as part of their down payment.

4. Borrowers are responsible for covering fees related to property insurance, assessments, and legal services.

Legislative Framework:

Cabinet of Ministers of Ukraine Resolution No. 856 of August 2, 2022 "On Certain Issues of Providing Affordable Mortgage Lending to Ukrainian Citizens Through the Private Joint-Stock Company 'Ukrainian Financial Housing Company'."

Strength

1. Clear regulation of the program at the legislative level

2. A simple and straightforward way to apply for participation in the program (through the Diia application)

Weakness

1. The limited choice of real estate objects available for purchase under the program is due to the establishment of clear deadlines for commissioning such housing

2. Banks issue loans considering the estimated rather than the real market value of housing (the buyer must cover the

3. Affordable lending conditions (low interest, long loan repayment period, the ability to choose new buildings)

4. Fixation of the loan amount in hryvnia during the entire payment period, regardless of changes in the exchange rate and dynamics of real estate prices (advantage for a potential buyer)

5. A wide list of possible participants in the program, including priority categories of the population

6. The ability to use "eRecovery" certificates to buy housing under the program

difference through the first installment, which may be burdensome)

3. Mandatory additional payments for concluding a contract can be an additional financial burden for the buyer

4. Sellers can refuse to sell housing, the purchase of which is financed under the program, since its terms provide for the transfer of funds in the national currency. This creates additional difficulties for sellers, in particular due to restrictions on cash withdrawals within the established limits, as well as risks associated with possible fluctuations in the exchange rate

5. Banks may refuse to approve a loan due to a low credit rating of the borrower, even if he meets the requirements set by the program

6. The process of executing an agreement may take longer than with standard bank lending or the purchase of real estate

International experience

Preferential mortgage programs are a fairly common mechanism for obtaining access to housing in the world. According to OECD data, programs can be conditionally classified as follows⁶²:

- mortgage guarantees. Such measures may be aimed at a wide range of persons or limited to a certain category of citizens, but are mainly aimed at providing housing for persons who purchase housing for the first time and are citizens of countries in which such guarantees are provided, or live in such countries on a permanent basis. In Estonia, mortgage guarantees for the purchase of new or renovation of housing are provided to young professionals, young families, war veterans and buyers of energy-efficient housing ("Eluasemelaenu käendus"). In Italy, there is a program aimed at expanding families' access to the purchase and energy efficiency of housing, which offers state guarantees in the amount of 50% of the principal amount of the loan. Persons regardless of age can become participants in the program, but special attention is given to young people under 35 years of age and single-parent families with dependent children ("Fondo garanzia per i mutui per la prima casa"). In Slovenia, persons under 38 years of age who have Slovenian citizenship or the right of permanent residence have the opportunity to purchase their first home under state guarantees ("Zakon o stanovanjski jamstveni šemi za mlade").

- subsidies for the purchase of housing through contributions to special savings accounts. Such mechanisms exist, in particular, in Poland, New Zealand, Great Britain, Austria and

⁶² OECD Affordable Housing Database, Indicator PH

2.1 Public spending on grants and financial support for homebuyers: <https://www.oecd.org/en/data/datasets/oecd-affordable-housing-database.html> (page 4).

Turkey. For example, in the UK, people aged 18 to 39 can open a Lifetime Individual Savings Account to buy their first home or to save for the future. The government provides an additional bonus of 25% if the conditions of the program are met.

- cancellation of mortgage debt for homeowners with excessive debt. Such measures are mainly aimed at alleviating the financial burden for vulnerable categories of the population by providing monetary support (New Zealand, Portugal), advance payments (Australia), deferred payments (Brazil, Poland, Canada), mortgage refinancing (Turkey), etc.

4. KfW-Funded Preferential Mortgage Program for IDPs

KfW-Funded Preferential Mortgage Program is a targeted initiative designed to support IDPs in Ukraine by providing affordable housing loans. Funded by the German development bank KfW, this program offers long-term mortgages at a fixed interest rate of 3% to help IDPs secure stable housing.

Eligibility and Special Provisions

The program is exclusively available to individuals covered under the Law of Ukraine “On Ensuring the Rights and Freedoms of Internally Displaced Persons”. To qualify, applicants must meet the following conditions:

1. Housing Ownership Criteria: Applicants and their family members must not own residential property, except for properties located in active combat zones or temporarily occupied territories.

2. Proof of Solvency: Applicants must demonstrate their financial ability to make monthly repayments while maintaining a household income above the legislated subsistence minimum after deductions for loan repayments and other mandatory expenses.

3. Consent to Credit History Access: Applicants must agree to provide access to their credit history and authorize the collection and sharing of credit-related data in compliance with Ukrainian legislation.

4. Down Payment: A minimum of 6% of the property value must be contributed upfront, along with any additional costs for housing that exceeds the program’s normative area or price limits.

Exclusions:

Applicants or their family members who have previously received state-funded housing support, compensation, or preferential loans are ineligible unless their prior housing is no longer accessible due to its location in active combat zones or temporarily occupied territories.

Loan Terms and Conditions

1. **Loan Duration:** Up to 30 years, with repayment terms not extending beyond the borrower’s 65 years of age.

2. **Interest Rate:** A fixed annual rate of 3% for the entire loan period.

3. Property Size Norms: 52.5 m² for a single person or a two-person household + additional 21 m² for each additional family member.

4. Property Cost Limits:

The property's cost must not exceed the calculated regional price cap, determined using the formula:

Maximum Cost = Average Cost per sq. m (as set by the Ministry of Infrastructure) × Regional Coefficient.

Regional coefficients are:

- 1.75: Kyiv, Dnipro, Lviv, Odesa, Kharkiv.
- 1.50: Regional centers, cities with populations over 300,000, or settlements within 15 km of regional centers.
- 1.25: Cities with populations between 100,000 and 300,000.
- 1.00: Other settlements.

Any costs exceeding the program's maximum must be covered by the borrower.

Additional Information About the Program

In order to give families a fair chance to get a loan, candidates are determined by a generator of random numbers. Families are assigned a number, and a generator determines who will buy an apartment.

According to the State Youth Housing Service, as of December 25, 2024, the number of registered applications to the Register List of Candidates for Preferential Mortgage Loans for IDPs at the expense of KfW grant funds was 34,686⁶³.

On October 17, 2024, the selection of winners No. 19 was held, according to the results of which 800 people were able to apply for a loan in accordance with the Lending Program funded by KfW⁶⁴. Among the IDPs who successfully benefited from the KfW-funded Loan Program are IDP families who received a loan for their own housing in different regions of Ukraine: in Volyn, Dnipropetrovsk and Chernivtsi⁶⁵.

In July 2024, the Accounting Chamber found that according to the results of an audit of the effectiveness of the KfW-funded lending program, only one of the six IDP candidates selected for preferential mortgages was able to apply for a loan. The audit covered 2021-2023 and the first quarter of 2024. As a result of 15 selections, only every sixth applicant out of the selected 4230 winners was able to apply for a loan. This is 669 families (55.8% of the planned number).

⁶³ <https://www.molod-kredit.gov.ua/zhytlovi-prohramy/kredyt-dlia-vpo-kfw/stan-reiestratsii-podanykh-anket>

⁶⁴ <https://www.molod-kredit.gov.ua/zhytlovi-prohramy/kredyt-dlia-vpo-kfw/rezultaty-vidboru-peremozhtsiv>

⁶⁵ Information from the website of the State Youth Housing Service: [Success stories of our clients: Own housing is the basis of a happy life](https://www.molod-kredit.gov.ua/pres-tsentr/novyny/zhytlo-dlia-vpo-molodizhka-mistsevi-zhytlovi-prohramy-rehionalni-viddilennia-fondu-pratsiuiut), <https://www.molod-kredit.gov.ua/pres-tsentr/novyny/zhytlo-dlia-vpo-molodizhka-mistsevi-zhytlovi-prohramy-rehionalni-viddilennia-fondu-pratsiuiut>.

Legislative Framework:

Cabinet of Ministers of Ukraine Resolution No. 451 of April 28, 2021 "On the Provision of Preferential Mortgage Loans to Internally Displaced Persons Using Grant Funds Provided by the Credit Institution for Reconstruction (KfW)."

Strength	Weakness
1. Clear regulation of the program at the legislative level	1. Lending is carried out exclusively within the available grant funds
2. A simple and straightforward way to apply for the program	2. The right to receive a loan is limited to only to officially registered IDPs
3. A wide list of housing that can be purchased under the program	3. The period within which documents for housing must be submitted for obtaining a loan is not clearly defined (the period is determined by the State Youth Housing Service, but cannot be less than 30 days)
4. Regular selection procedures	
5. Available lending conditions (significant loan term, low interest rate)	4. It is necessary to regulate in more detail the issue of loan repayment in case of loss or damage to mortgage housing
6. Funds received as a result of loan repayment (in the amount of 1.6% per annum for the use of the loan), accrued penalties, other payments under the loan agreement are directed to the further provision of preferential mortgage loans to IDPs	
7. The ability of the selection winner to independently choose the object that will be purchased under the program	

International experience

In Germany, KfW actively provides funding through other programs, including Homeownership for families and the KfW Home Ownership Program, which aim to cover the costs of building and buying a home. Under the Homeownership for Families program, loans are provided to families with children and single parents with a middle or low income, the loan amount can vary from 170,000 to 270,000 euros. The KfW Home Ownership Program allows to get a loan of up to 100,000 euros to any to a person who plans to buy or build housing for further residence in it⁶⁶.

⁶⁶ Source of information: <https://ukrfinzhytlo.in.ua/minahropolityky-ta-ukrfinzhytlo-obhovoryly-zapusk-spetsialnykh-umov-po-ieoseli-dlia-ahrariiv/>

5. Provision of State Support for the Construction or Purchase of Affordable Housing ("Affordable Housing Program")

The Affordable Housing Program aims to enhance access to housing through state support in the form of financial contributions and preferential mortgage loans.

State support involves payments from the state and/or local budgets according to the following percentages of the price of the housing:

- 30% of the cost of construction (purchase) of affordable housing and/or provision of a preferential mortgage housing loan;
- 50% of the cost of construction (purchase) of affordable housing and/or preferential mortgage housing loans for certain categories of combatants, persons with disabilities as a result of the war and families of deceased (deceased) war veterans;
- 50% of the cost of construction (purchase) of affordable housing and/or preferential mortgage housing loan for IDPs.

Eligibility Requirements:

- Citizens registered as needing improved living conditions.
- Individuals and families without owned living space or with living space less than 13.65 sq.m per person.
- Officially registered IDPs registered, who lack alternative housing.

Standard Area for Calculation:

- 21 sq. m per person, with an additional 10.5 sq. m per family.

Market Value Restrictions:

State support is calculated based on the local market value of housing but is capped at a defined maximum per square meter (as defined by the Ministry for Communities and Territories Development order).

Eligibility and Allocation Process

1. Applicants must submit their request to the regional department of the State Youth Housing Service (Derzhmolodzhytlo), accompanied by necessary documentation.
2. The service forms candidate and recipient lists and submits them to a commission established by the Ministry of Youth Housing.
3. Once approved, the recipient enters into an agreement with the regional department of the State Youth Housing Service to manage the funds.

Legislative Framework:

CMU Resolution No. 819 dated 10 October 2018 "Some Issues of Providing Citizens with Affordable Housing".

Strength

1. A wide range of eligible individuals for support under the program
2. The ability of the recipient of support to independently choose an object
3. Availability of a list of basic requirements for developers fixed at the regulatory level
4. The requirement to include a clause in the housing purchase agreement, concluded between the recipient of state support and the developer, specifying the developer's liability for failing to meet the deadline for the commissioning of the real estate.
5. Various opportunities for financing the program (state and/or local budgets)

Weakness

1. Limited choice of financing objects (construction objects and newly built objects)
2. Imposing an additional financial burden on the recipient of assistance in the form of remuneration (reimbursement) to the State Youth Housing Service for servicing funds in accordance with the agreement on servicing funds concluded between them (0.7% of the amount of state support)
3. Lack of adequate funding

International Experience

The provision of compensation for part of the cost of housing is a component of the mechanisms used in different countries to solve the problem of housing provision. At the same time, compensation can take various forms, including grants and subsidies, and be implemented at the national or local levels. Examples of the implementation of such a mechanism for ensuring access to housing are⁶⁷:

- The Tenant (Incremental) Purchase Scheme for Existing Local Authority Houses in Ireland. To use such a tool, a person must receive social housing support for at least ten years and have a minimum income of €12,500. Applicants can receive a discount of 40% to 60% of the cost of housing belonging to local government funds;
- State aid for the purchase or construction of housing ("Valsts palīdzība dzīvojamās telpas iegādei vai būvniecībai"), provided in Latvia in the form of a one-time subsidy for large families to reduce the cost of the down payment on a loan provided by a commercial bank;
- A program aimed at providing decent housing in Mexico ("Vivienda Digna"). Beneficiaries of the program can be households with incomes below the poverty line, living in housing that does not meet quality and living space requirements. At the same time, the preferential right to receive assistance has, in particular, single mothers and households, a member of which is a person with a disability, a child under the age of 14. The subsidy can be provided for the purchase (construction) of new or improvement of existing housing.

⁶⁷ OECD Affordable Housing Database,

PH Indicator 2.1 Public spending on grants and financial support for homebuyers: <https://www.oecd.org/en/data/datasets/oecd-affordable-housing-database.html>

6. Long-term preferential loans for construction (reconstruction) and purchase of housing for young families and single young citizens

The program is implemented at the national level and is part of the State Program for Providing Youth with Housing (2013–2026), aimed at creating conditions for young families and individuals to secure housing.

Eligibility Criteria

A candidate for a loan can be a single young citizen of Ukraine or a young family represented by one of the spouses who has reached the age of 18 at the time of signing the loan agreement. The term "young family" includes:

- husband, wife, each of whom is up to 35 years old inclusive, and their minor children;
- a family in which the husband or wife is a scientist under the age of 40 inclusive, who has a doctoral degree, provided that the age of the other spouse does not exceed 35 years inclusive, and their minor children;
- single young citizens under the age of 35 inclusive, or scientists under the age of 40 inclusive, with a doctoral degree, and their minor children.

Additional Conditions:

- Applicants or their family members must either:

Be registered as needing improved living conditions or own no housing.

Own housing that does not exceed 13.65 sq. m per person (excluding property located in areas listed as combat zones or temporarily occupied territories, as defined by the Ministry of Reintegration of Temporarily Occupied Territories of Ukraine).

- Applicants must demonstrate solvency, ensuring their average monthly income (after loan payments) is not less than the legally defined subsistence level per household member. Also, candidates must provide consent for credit history checks and meet additional creditworthiness requirements.

Loan Terms

- Loan Period: Up to 20 years.
- Interest Rate: 7% per annum.
- Down Payment: Minimum 6% of the total housing cost.
- The loan amount is calculated based on:

Normative housing area: 52.5 sq. m for a single person or a family of two, plus 21 sq. m for each additional family member.

The lower value of the contractual or normative housing cost.

Eligible apartments must be built within the last 50 years or reconstructed within the last 35 years.

Maximum Cost Limitations:

- The cost per square meter of housing:

For large cities (population >300,000) or nearby settlements: Cannot exceed 1.75 times the average regional construction cost set by the Ministry of Regional Development.

For other settlements: Cannot exceed 1.5 times the average cost.

If the purchased housing exceeds the normative area or cost, the borrower must cover the excess cost from their own funds.

Legal Framework

1. Resolution of the Cabinet of Ministers of Ukraine No. 488 dated May 11, 2011 "Issues of Use of Funds Provided in the State Budget to Increase the Authorized Capital of the State Specialized Financial Institution 'State Fund for Assistance to Youth Housing Construction.'"

2. Regulation on the Procedure for Granting Young Families and Single Young Citizens Long-Term Soft Loans - Approved by the decision of the Board of the State Youth Housing Service on November 8, 2023.

Strength

1. A fairly wide list of housing that can be purchased under the program
2. Expansion of opportunities for scientists (with an increased age limit up to 40 years)
3. There is a mechanism for regularly informing applicants about the outcomes of their program participation applications by publishing the relevant information on the websites of the State Youth Housing Service
4. Providing candidates with the opportunity to change the region of lending in case of recognition of the relevant territory as a territory where hostilities are taking place, or temporarily occupied after registration of application forms
5. The mechanism of the revolving fund is used, in particular, the funds received as a result of the repayment of loans are directed to the provision of new loans

Weakness

1. Insufficiently clear regulation (conditions, requirements for candidates and the procedure for obtaining a loan are regulated at the level of acts of the State Youth Housing Service)
2. Lack of a clearly established deadline for submitting documents for the selected housing (which is quite long for obtaining a loan (this period is defined in the announcement of the State Youth Housing Service))
3. Lack of explicitly defined ways to inform candidates about the possibility of obtaining a loan

International experience

Ensuring access to housing for young people and young families is an important issue that attracts the attention of governments in different countries. For example, the Government of Spain has decided to provide guarantees for the purchase of the first home for residents

of Spain under the age of 35 and families with children. As a general rule, the provision of such guarantees is carried out by the Official Credit Institute ("Instituto de Crédito Oficial; ICO")⁶⁸ for a period of up to ten years in the amount covering up to 20% of the loan amount. Loans under ISO guarantees can be obtained from any credit institution that has joined the program⁶⁹.

The overall objective of ICO is to promote economic activities that ensure the growth and development of the country, in particular in the social, cultural, environmental and innovation spheres, providing financing for investment operations, as well as guarantees for international projects, working in collaboration with public and private institutions. Funding from ICOs can be provided in a variety of ways, including: through loan programs (ICO determines the amounts of each loan program, loan goals, interest rates and repayment terms, and provides funds to financial institutions), direct financing and guarantees, provision of venture capital. As the State Financial Agency ICO, it manages official financial instruments to support exports and provide aid⁷⁰.

⁶⁸ https://www.ico.es/en/web/ico_en

⁶⁹ <https://www.ico.es/es/web/guest/entidades-linea-avales-hipoteca-primera-vivienda>

⁷⁰ <http://www.nefi.eu/our-members/spain-ico/>.

7. Compensation Program for Damaged and Destroyed Housing (eRestoration/ єВідновлення)

The eRestoration Program (єВідновлення) provides state-funded compensation for Ukrainians whose housing has been damaged or destroyed due to hostilities since February 24, 2022. The program is divided into two parts:

1. Compensation for Damaged Housing: Financial support for repairing homes that remain habitable.

2. Compensation for Destroyed Housing: Assistance for rebuilding or purchasing new housing.

Applications can be submitted through the Diia platform or local government offices, with funds provided either as cash for repairs or certificates for purchasing new housing.

Eligibility and Priority Categories

- Ukrainian citizens aged 18 and older.

- Applicants must be the registered owners of damaged or destroyed property, with ownership information recorded in the State Register of Property Rights to Real Estate.

Groups, who are given priority during application review and payment disbursement:

- Combat participants, war veterans, and conscripted individuals.
- Family members of deceased military personnel.
- Persons with disabilities of groups I and II or those with disability due to the war.
- Large families.
- Foster parents, patronage caregivers, and guardians/custodians.
- Parents-educators in family-type orphanages.
- Orphans and children deprived of parental care.

Ineligible Applicants:

- Individuals subject to sanctions under the Law on Sanctions.
- Those convicted of crimes against Ukraine's national security and their heirs.

Compensation for Damaged Housing

Eligibility Conditions:

To qualify for compensation, the property must:

Compensation for Destroyed Housing

Eligibility Conditions:

To qualify for compensation, the property must:

- Be located in a non-occupied area where active hostilities are not ongoing.

- Be repairable after assessment by a commission.

- Have been damaged due to hostilities after February 24, 2022.

Eligible Property Types:

- Apartments.

- Private houses.

- Rooms or other residential premises.

Compensation Usage:

Funds can be used for:

- Purchasing construction materials.

- Hiring contractors for repair services.

Application Process:

1. Report the property damage through the Diia app or portal.

2. Open an «Відновлення» account at a participating bank (check partner banks via the Diia platform).

3. Submit a compensation application via the Diia app or portal.

4. Allow the commission to inspect the property and assess the damages.

5. Receive the compensation amount on your «Відновлення» card.

Compensation Limits:

- Up to 350,000 UAH for an apartment.

- Up to 500,000 UAH for a private house.

- Compensation exceeding 200,000 UAH will be disbursed in two installments.

Legislative Framework:

1. Law of Ukraine No. 2923-IX of February 23, 2023 "On Compensation for Damage and Destruction of Certain Categories of Real Estate Objects Due to Hostilities, Terrorist Acts, Sabotage Caused by the Armed Aggression of the Russian Federation Against Ukraine,

- Have been destroyed due to hostilities after February 24, 2022.

- Be located in a region not occupied as of February 24, 2022.

- Be declared non-repairable following the commission's assessment.

Compensation Stages:

Certificate for New Housing can be used to purchase:

- Apartments.

- Private houses.

- Rooms or other residential premises.

Financial Assistance for Rebuilding:

- Monetary support for constructing new housing.

Application Process:

1. Report the damage or destruction through the Diia app.

2. Choose between receiving a housing certificate or starting the rebuilding process by obtaining construction permits and a housing passport.

3. If opting for the certificate:

- Receive the certificate via the Diia platform.

- Reserve funds for construction of the new housing.

4. If certificate was selected, finalize the transaction with a notary. Reserved funds will be transferred directly to the seller of the new property.

and the State Register of Property Damaged and Destroyed Due to Hostilities, Terrorist Acts, and Sabotage Caused by the Armed Aggression of the Russian Federation Against Ukraine."

2. Cabinet of Ministers of Ukraine Resolution No. 381 of April 21, 2023 "On Approval of the Procedure for Providing Compensation for the Restoration of Certain Categories of Real Estate Objects Damaged as a Result of Hostilities, Terrorist Acts, Sabotage Caused by the Armed Aggression of the Russian Federation, Using the Electronic Public Service 'eRecovery'."

3. Cabinet of Ministers of Ukraine Resolution No. 600 of May 30, 2023 "On Approval of the Procedure for Providing Compensation for Destroyed Real Estate Objects."

Strength	Weakness
1. Developed regulation system both at the level of law and at the level of by-laws	1. The amount of compensation does not always reflect the market price of the damaged property
2. A wide range of sources at the expense of which compensation can be provided	2. Imposition of a ban on alienation of housing purchased using a housing certificate for a period of five years
3. Various forms of compensation for both damaged and destroyed housing (for repairs and for repairs; financing of construction and purchase of housing)	3. Compensation does not cover the person's expenses for real estate appraisal, notarial actions, administrative fee for state registration, other mandatory taxes, fees and payments
4. Possibility of applying in electronic form through the Diia Portal in addition to other forms	4. There may be a delay in the consideration of applications for financing the purchase of housing (such applications are considered once every five days)
5. Long validity of the housing certificate (five years)	
6. The ability to choose a residential property for purchase using a housing certificate on the territory of any territorial community of Ukraine (except for the territories of territorial communities temporarily occupied by the Russian Federation, territories of territorial communities located in the area of hostilities or temporarily occupied, surrounded)	

International experience

It is worth noting the Regional Housing Programme (RHP), launched in 2012 to provide housing for persons who lost their homes during the armed conflicts of 1991-1995 in the former Yugoslavia and internally displaced persons in Montenegro since 1999. The Regional Housing Programme (RHP) was the first post-war initiative to bring together the efforts of four countries: Bosnia and Herzegovina, Croatia, Montenegro and Serbia. The implementation of the program was carried out at the national level, and international

organizations provided key support to governments in its implementation.

Thus, the Council of Europe Development Bank supported the participating countries in the implementation of housing projects, coordinated activities and managed donor funds. At the same time, the Office of the United Nations High Commissioner for Refugees and the Organization for Security and Co-operation in Europe monitored the process of selecting beneficiaries and ensured compliance with the principles of sustainable development. The implementation of the RHP was ensured by stable donor support, in particular from the EU, which as the largest donor provided more than 80% of funding, as well as 14 individual donor countries. Beneficiaries of the program had the opportunity to choose whether to stay in their places of displacement or return to their places of origin. In addition, they could choose the method of meeting their housing needs that best suited their requirements, including:

- construction or purchase of an apartment;
- reconstruction or construction of individual houses;
- acquisition of rural houses;
- provision of packages of building materials;
- construction of prefabricated houses;
- provision of places in nursing homes.

The RHP ended in 2023, providing housing for more than 11,300 families (approximately 36,000 people)⁷¹.

⁷¹ Final annual report of the RHP Fund: <https://regionalhousingprogramme.org/final-annual-report-of-the-rhp-fund-published/>

8. Provision of Temporary Housing for IDPs

The Temporary Housing Program is designed to provide free housing to IDPs and their family members. This program ensures access to secure, temporary housing for those displaced due to hostilities, offering accommodations for up to one year with the possibility of extension. Housing is allocated based on need, with eligibility determined through a point-based system.

Eligibility and Target Groups: The program is open to IDPs and their families who meet the following criteria:

- Do not own residential property in government-controlled areas or own property with an area of less than 13.65 sq.m per person, but not less than 35,22 sq.m. for family
- The property is located in territories unaffected by hostilities or temporary occupation, as defined by the Ministry of Reintegration, or in areas where hostilities have ceased.

Housing Allocation Process:

1. Registration: IDPs submit an application to the authorized body to the local self-government, where they are registered in the Unified Information Database on Internally Displaced Persons.

2. Point-Based Assessment:

- Applicants are ranked based on a combination of generally established points and local discretion points:

Generally Established Points: Awarded based on vulnerability criteria, such as large families, persons with disabilities, or other recognized factors of social vulnerability. Priority is given to the IDPs or families of military personnel who are IDPs and have participated in combat operations or in national security and defense activities, while stationed in combat zones.

Local Discretion Points: Local self-government bodies may establish additional criteria and assign points based on local priorities and specific community needs.

3. A formal agreement is signed between the authorized body and the applicant.

4. Housing which cannot be less than 6 sq.m per person is provided free of charge for up to one year, with potential extensions based on the applicant's continued eligibility.

Legislative Framework

Resolution of the Cabinet of Ministers of Ukraine No. 495 of April 29, 2022 "Some Measures for the Formation of Housing Funds Intended for Temporary Residence of Internally Displaced Persons."

Strength

1. A wide range of opportunities to attract funding
2. A wide range of ways to form a housing fund for IDPs
3. Housing is provided on a free use basis
4. Having a clear point system to prioritize housing

Weakness

1. Requirements for space cannot always provide a comfortable stay (at least 6 sq. m. per person)
2. Insufficient number of residential units to provide housing for IDPs
3. Lack of a clearly defined procedure for notifying IDPs about registration of citizens in need of housing for temporary residence and notification of the provision of residential premises

9. Service Housing

Service housing is designed to provide residential units to employees who, due to the nature of their work, need to reside near their workplace. This housing is allocated from designated service housing stock by local self-government bodies or other authorized entities. The program ensures access to living accommodations for specific categories of employees.

Eligibility and Target Groups

Service housing is allocated to specific employee categories, including:

- Military personnel and their families, in the absence of permanent housing near their duty station.
- Judges requiring improved living conditions, as determined by local self-government bodies.
- People's deputies during their term in office, with additional office space provided as needed.

Eligibility for Housing Allocation:

- Employees must meet the eligibility criteria established by the relevant authority or legislation.
- Housing is typically provided for all family members of the employee, including children under 18 years old living separately.

Housing Specifications:

Living space allocation generally adheres to a standard of 13.65 sq.m per person, but not less than the average living space allocated to citizens in the relevant settlement.

Allocation Process:

- a. Employees submit a formal request to their employer or the appropriate authority.
- b. A decision is made by the relevant local self-government body or administrative entity.
- c. A special order is issued, followed by a lease agreement between the housing provider and the tenant.

Duration of Stay: Service housing is provided for the duration of employment requiring residency in the allocated premises.

Payment: Tenants may be required to pay rent, utilities, and maintenance fees, as specified in the lease agreement.

Examples of Implementation: As of December 2023, 440 service apartments were registered within the State Judicial Administration of Ukraine, with 31 units reported as damaged, constituting approximately 7% of the total⁷².

⁷² Report on the activities of the State Judicial Administration of Ukraine for 2023: [Report on the activities of the State Judicial Administration of Ukraine for 2023 .pdf](#).

Legislative Framework

1. The Housing Code of Ukraine.

2. Resolution of the Council of Ministers of the Ukrainian SSR No. 37 of February 4, 1988 "On service housing".

3. Resolution of the Cabinet of Ministers of Ukraine No. 1081 of August 3, 2006 "On Approval of the Procedure for Providing Military Personnel and Members of Their Families with Residential units"

4. Resolution of the Verkhovna Rada of Ukraine No. 286/95-VR of July 11, 1995 "On Approval of the Regulations on the Procedure for Providing People's Deputies of Ukraine with Service Residential Premises and Their Use"

5. Law of Ukraine "On the Judiciary and the Status of Judges": Establishes service housing provisions for judges.

Strength

1. Creating an opportunity to provide housing for citizens who, due to the nature of labor relations, need to live at the place of work or nearby

2. Availability of a legally defined procedure for providing official housing to the relevant categories of persons

Weakness

1. Lack of a clear and detailed definition of the term "service housing" in the legislation of Ukraine

2. Outdated regulation that does not correspond to the socio-economic development of Ukraine

3. Inconsistency of the list of categories of employees who can be provided with official residential units with modern realities

International experience

In foreign countries, the procedure for providing official housing to specific categories of individuals, such as military personnel, is thoroughly regulated. For example, in Canada, the provision of official housing is carried out by the Department of Housing of National Defense, and payment for such housing can be made both from public funds and from the serviceman's own funds⁷³.

It is worth noting that in international practice, the provision of official housing for certain categories of persons, in particular judges, is a rare phenomenon. The Venice Commission drew attention to the fact that in many countries, especially post-socialist ones, judges receive non-financial privileges, such as apartments, but such advantages may threaten the independence of judges⁷⁴.

⁷³ <https://www.canada.ca/en/department-national-defence/services/benefits-military/military-housing/apply-military-housing/eligibility.html>.

⁷⁴ Report on the independence of the judicial system adopted by the Venice Commission (2010).

10. Social Housing

Social housing is a housing stock intended for socially vulnerable populations, including individuals and families in need of social protection. Housing items from the stock is allocated based on a lease agreement, ensuring the right to housing for those without adequate living conditions.

Eligibility and Target Groups

- Applicant does not possess own housing
- The average monthly income of the applicant and their family is less than the indirect cost of renting housing in the locality and the subsistence level.
- Applicants must be officially registered for social housing queue.
- Priority to receive social housing is given to vulnerable groups that include combatants, persons with disability of group I and II, large families, children with disability, IDPs and many other.

Housing Specifications

- Social housing includes apartments in multi-unit residential buildings, single-family homes designated as part of the social housing stock, or rooms in social dormitories, provided temporarily to individuals on social housing registration.
- Social housing is not subject to subletting, privatization, sale, or mortgage.

Lease Agreements and Costs

- A formal social housing lease agreement is concluded between the tenant and the local self-government body.
- The lease agreement specifies the terms of residence and payment.
- Payment for social housing consists of direct tenant contributions and state aid, with the tenant's contribution capped at 20% of the total household income.

Additional Information About the Program

The Law on Regulation of Urban Planning Activities (2021) eliminated developers' obligations to contribute shares of new housing to the social housing stock, replacing it with financial contributions for infrastructure development. However, this requirement was later canceled, creating challenges in expanding the social housing fund.

Legal Framework

1. Housing Code of Ukraine
2. Law on Social Housing Stock No. 3334-IV dated 12.01.2006
3. Resolution of the Cabinet of Ministers No. 682 of July 23, 2008 "Some Issues of Implementation of the Law of Ukraine 'On Social Housing Fund.'"
4. Resolution of the Cabinet of Ministers No. 155 of February 7, 2007 "On Approval of the Procedure for Calculating Payment for Social Housing."

Strength

1. The basic principles of the state policy on ensuring the right of socially vulnerable groups to receive housing have been established
2. Potential introduction of the concept of subsidized housing rent
3. The establishment of a ban on the privatization of social housing prevents the outflow of real estate objects of the social housing stock
4. The key features of the formation of housing social purpose and the powers of state authorities and local self-government bodies regarding social housing are determined

Weakness

1. Inconsistency of the provisions of the Law on Social Housing with other legal acts (for example, social housing is defined as one that is transferred for use free of charge, but payment for such housing is provided)
2. The development and maintenance of social housing is entrusted to local self-government bodies
3. Lack of a stable source of covering the financial costs of the housing stock of social housing
4. Weak regulation of the legal status and place of social service institutions in the social housing system
5. Introduction of separate social housing registration in addition to the general registration of those in need of improvement of housing conditions provided for by the Housing Code
6. The provision of social housing is provided only for citizens of Ukraine
7. The active role of the state and the mechanism of participation of the private sector in the formation of the social housing fund have not been defined
8. Lack of a clear regulation of the mechanism for providing state aid as a component of payment for housing from the social housing stock, despite the fact that the possibility of providing such assistance is provided for by law

International experience

The use of social housing as a mechanism to meet housing needs is a common practice worldwide, although the approaches to implementing this mechanism vary depending on the country. For example⁷⁵:

⁷⁵ OECD Affordable Housing Database, PH Indicator 4.3 Main characteristics of social rental housing: <https://www.oecd.org/en/data/datasets/oecd-affordable-housing-database.html>

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- in Latvia, the terms "social building" and "social apartment" are used. A social apartment may be owned by local authorities or such authorities may rent premises for the purpose of renting out to households entitled to state support. In a social building, all apartments are rented out to households entitled to state support;
 - in Lithuania, there is a concept of municipal housing, which means housing that is in municipal ownership and is part of the municipal housing stock;
 - in Denmark, the term "social housing" is an umbrella term for three different types of housing: social family housing, social housing for the elderly and social housing for young people. The construction and management of such housing is carried out by social housing organizations;
 - in Spain, social housing includes housing rented out at low rents to low- and middle-income households, mainly by local authorities, public authorities and state-owned companies. Such housing, together with subsidies for the purchase of housing and rent with redemption, is part of a broader category called "housing under state protection".

11. Compensation of Expenses Related to Free Temporary Accommodation of IDPs (Program Prykhystok funded by UNHCR and other agencies)

The "Housing Program Prykhystok" compensates Ukrainian citizens who provide free temporary housing to IDPs affected by the ongoing conflict. This initiative helps ensure safe shelter for IDPs while supporting citizens who host them in their private residences.

Eligibility and Target Groups

Compensation is available to hosts who accommodate IDPs meeting the following criteria:

- IDPs, who look for temporary shelter:

Individuals who have relocated from areas affected by hostilities or territories temporarily occupied by the Russian Federation.

Individuals whose housing has been destroyed or rendered uninhabitable due to the military aggression of the Russian Federation.

- Hosts:

- Citizens of Ukraine who own or rent housing, or their authorized representatives, including heirs who have accepted ownership of residential premises.

- Hosts must accommodate IDPs free of charge and cannot be related to them by family ties.

- Compensation Mechanism

The amount of compensation is calculated based on the number of days the premises were occupied by IDPs, at a rate of UAH 14.77 per person per day.

The Process:

1. Registration of Housing:

a. Hosts register their available housing for IDPs through "Prykhystok" web resource or with local councils, state administrations, or military administrations.

b. A list of residential premises for free accommodation is maintained by these authorities.

2. Notification of Placement:

Once IDPs are accommodated, hosts must notify the relevant authorities within one working day to record the start of the stay.

3. Request for Compensation:

Hosts must apply for compensation within five days after the end of the reporting month, providing details of the accommodation period.

4. Payment Processing:

a. Local authorities compile data and report to the Ministry of Reintegration.

b. The Ministry coordinates with international organizations for funding.

c. Compensation payments are issued to hosts by international organizations or other approved entities within one month of the request.

Additional Information About the Program

As of October 2024, nearly 1.2 million IDPs have benefited from the program, with around 65,000 households participating. According to the State Enterprise "Reintegration and Recovery", the program has supported over 3.2 million IDPs and nearly 100,000 households, distributing financial aid exceeding UAH 2.3 billion.

Legal Framework

Resolution of the Cabinet of Ministers of Ukraine No. 333 of March 19, 2022, "On Approval of the Procedure for Compensation of Costs for Temporary Accommodation of Internally Displaced Persons."

Strength

1. A wide range of sources at the expense of which compensation can be provided (IGOs, state, local budgets, etc)
2. Housing for IDPs can be provided not only by the owner, but also by tenants of state/municipal property
3. Availability of a convenient service for finding housing and posting information about affordable housing (web resource "Shelter")
4. Availability of an information and analytical system for recording information about the accommodation of IDPs, which contributes to the effective exchange of such information

Weakness

1. Short deadlines for submitting a notification on IDP placement
2. Small amount of refund

International experience

Similar initiatives were introduced in foreign countries to support people who accommodated refugees from Ukraine in their homes free of charge, in particular:

- In Ireland, the government has introduced a monthly payment called "Accommodation Recognition Payment" for people who provide housing to refugees from Ukraine. Since December 2022, the amount of payment is EUR 800 per month for each accommodation provided. This amount is not taxed and is not taken into account when calculating other social benefits.
- In the UK, under the Homes for Ukraine program, payments of GBP 350 were made to citizens who provide housing to Ukrainian refugees for at least 6 months.

12. Rent-to-Own Program

Rent-to-Own Program provides a unique housing option for individuals seeking affordable, long-term pathways to homeownership. Under this program, individuals lease housing for a specified period with the option to own the property after fulfilling all financial obligations. This arrangement bridges the gap between renting and purchasing, allowing tenants to gradually transition to homeowners.

Program Features

1. Lease Agreement:

- The agreement provides tenants the right to lease housing with a pre-emptive right to purchase.
- Contracts must be in writing and notarized.

2. Payment Structure:

- Rental payments include two components:
- Buyout Payments: Applied toward the purchase price of the home.
- Landlord's Fees: A pre-determined remuneration for the landlord.
- A reserve payment (up to 3% of the property value) is required at the start of the lease.

3. Ownership Transfer:

- Tenants gain full ownership of the property after fulfilling all payment obligations.
- Until the final payment, landlords retain the right to dispose of the property, while tenants hold usage rights.

4. Eligible Properties:

- Apartments, houses, or portions thereof intended for permanent residence.

Additional Information About the Program

Examples of Implementation

1. Kyiv "Domivka+ Program":

The Kyiv City Council initiated the Domivka+ Program (Kyiv City Council Decision No. 6904/6945, July 13, 2023), managed by the municipal enterprise "Financial Company 'Zhytlo-Invest.'" Key features include:

- Housing for vulnerable groups such as war veterans, IDPs, and families of fallen defenders.

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- Lease terms range from 2 months to 10 years, with a 3% reserve payment.
 - Tenants benefit from reduced landlord fees for specific categories.
 - Pre-emptive purchase rights ensure tenants can acquire the leased property.

Legal Framework

1. Civil Code of Ukraine

2. Law on Preventing the Impact of the Global Financial Crisis

3. Resolution of the Cabinet of Ministers No. 274 of March 25, 2009 "On Approval of the Procedure for Renting Housing with Redemption."

4. Order of the Ministry of Regional Development and Construction of Ukraine No. 252 dated June 24, 2009 "Sample Lease Agreement with Redemption".

Strength

Weakness

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| <ol style="list-style-type: none"> 1. Opportunity to purchase ownership of housing by making a monthly fee, which is included in the total cost of housing 2. A fairly wide range of rental objects (apartment or part of it, residential building or part of it) 3. Establishment of requirements for the essential terms of a lease agreement with the right of redemption at the legislative level 4. Extension of the requirement of mandatory notarization to a housing lease agreement with redemption, which serves as an additional means of protection against unscrupulous landlords or tenants 5. Establishment of a long-term lease period for housing with redemption 6. Consolidation at the regulatory level of a fixed amount of the reserve formed at the expense of the tenant (3% of the total cost of housing) | <ol style="list-style-type: none"> 1. Insufficient level of development of the general regulatory mechanism: the lack of unified legal regulation creates legal uncertainty and increases the risk of disputes between the parties 2. Insufficiently detailed legal regulation of the grounds and procedure for termination of the contract complicates the protection of the rights of the parties and contributes to the delay in resolving disputes 3. Imposing an obligation on the tenant to pay both the redemption value of the dwelling and rental payments, together with remuneration (income) to the landlord, significantly increases the financial pressure that limits the availability of such programs 4. Currency fluctuations, coupled with contracts linked to the national currency, create financial instability for the parties involved and complicate the negotiation of contract terms. 5. The duration of contracts and the lack of mechanisms for adjusting the cost of housing over time can complicate the fulfillment of obligations and increase the risk of financial contradictions. |
|--|--|

International experience

The concept of redemptive leases emerged in the 1950s and 60s as a way for local developers to alienate slow-selling properties. The updated Rent-to-Own 2.0 concept, which appeared in the US and Europe after the 2008 financial crisis, replaced local developers with financial technology companies, whose goal is to offer consumers an alternative to the opaque loan terms offered by banks. Unlike developers, who are forced to sell properties quickly under pressure from the local market, these fintech startups can temporarily own properties in different housing markets, targeting future property owners of different economic levels — from professional families in need of a quick relocation to families without savings or credit history to get a mortgage.

In recent years, a new wave of ambitious startups has emerged in the United States, such as Home Partners of America, Verbhous, ZeroDown, which offer a "rent-to-own" mechanism. This model allows to bypass the difficulties of obtaining a mortgage or collecting a down payment: the family chooses a home (owned or purchased by a company) with the aim of obtaining a mortgage later. They pay a monthly payment, which

usually consists of part of the rent and part of the purchase installment⁷⁶.

⁷⁶ [Can Rent-to-Own 2.0 offer an affordable path to homeownership in emerging economies?](#).

13. Construction Cooperatives

Construction cooperatives are associations formed to address the housing needs of citizens by pooling resources for the construction or acquisition of residential properties. Members of cooperatives are provided with apartments or housing, often at a reduced cost, in return for their contributions to the cooperative. This mechanism has historically been an effective tool for solving housing shortages, especially for young families and vulnerable groups.

Eligibility and Structure

Citizens eligible to join housing cooperatives must:

- Be in need of improved living conditions (e.g., lack of adequate housing).
- Be registered in the state register of individuals requiring housing improvement.

Construction cooperatives could be classified as service cooperatives under Ukrainian law and are formed by individuals or legal entities based on membership for joint economic and other activities in order to improve their economic condition.

Key Features of Cooperatives

1. Ownership Rights:

- all owners of apartments and non-residential premises in a building constructed or purchased by a cooperative are co-owners on the right of joint ownership of the common property of such a house;
- the common property of the cooperative house is the common premises, load-bearing, enclosing and load-bearing enclosing structures of the house, equipment inside or outside the cooperative house that serves more than one residential or non-residential premises, buildings and structures that are intended to meet the needs of all co-owners of the cooperative house and are located in the adjacent territory, as well as the rights to the land plot on which the cooperative house and its adjoining territory, from the moment of state registration of such rights;
- a member of the cooperative has the right to own and use, and with the consent of the cooperative - to dispose of the apartment that he occupies in the building of the cooperative, if he or she has not bought it;
- in case of redemption of the apartment, a member of the cooperative becomes its owner.

2. Land Allocation:

Local governments can allocate land plots free of charge to cooperatives based on specific conditions, such as members' registration in housing improvement programs.

3. Maintenance of apartment buildings

The legislation allows for the reorganization of housing and construction cooperatives into a homeowners association (HOA). The law enshrines three forms of management of an apartment building, namely:

-
- independent management of part-owners (through a meeting of part-owners);
 - management by the manager on the basis of an agreement on the provision of services for the management of an apartment building, concluded in accordance with a standard contract;
 - management by HOA.

Additional Information About the Program

On Maintenance:

The fundamental difference between HOA and other forms of management is that a HOA is a legal entity created by the co-owners of an apartment building themselves to promote the use of their own property and the management, maintenance and use of common property. The HOA ensures the independence of the co-owners in decision-making, has the right to receive loans and grants, as well as the right to participate in city programs. Co-owners have the opportunity to control the use of HOA funds and re-elect management bodies if necessary.

HOA are a voluntary form of building management that demonstrates its effectiveness in practice. At the same time, co-owners often do not create HOA for a number of reasons, including:

- co-owners often do not have sufficient information about the rights, obligations and benefits of creating a HOA;
- disagreements between co-owners can complicate decision-making regarding the management of the house;
- the need to pay salaries to the head of the HOA and other employees from the HOA's fund may cause resistance among the co-owners;
- unfounded concerns that higher rates for the management of the building may be approved after the establishment of the HOA;
- insufficient qualifications of the board members of the HOA can lead to managerial errors or unfair behavior.

If the co-owners have not decided on the form of management of the apartment building, the management is carried out by the manager, who is appointed on a competitive basis by the executive body of the local council at the location of the building. If a local council or its executive body has delegated the functions of management of housing and utilities to another body, such body appoints a manager on a competitive basis, ensuring proper maintenance of the house and the quality of services.

Examples of Implementation:

Vinnytsia Cooperative Housing Project by IDPs:

In 2017, a group of IDPs in Vinnytsia created the "Spilna Sprava" Housing Cooperative to address their long-term housing needs. Initially, the cooperative faced challenges in

acquiring land, leading members to organize public advocacy campaigns and protests. Their efforts succeeded when the Vinnytsia City Council allocated land for the cooperative, waived auction requirements, and funded project documentation worth 1.1 million UAH. The construction of a seven-story building began, offering 105 apartments tailored to IDPs' preferences and financial capabilities. Members contributed flexible payments to fund construction costs, and the cooperative ensured transparency through public tenders for both project development and construction.

The cooperative also established a construction company, employing IDPs to work on the building, allowing participants to earn income while contributing to their housing. Apartments are offered at 30–40% below market rates—due to the absence of commercial interests, waived land costs, and direct member contributions.

Legal Framework

1. Housing Code of Ukraine

2. Law on Cooperation

3. Resolution of the Council of Ministers of the Ukrainian SSR No. 186 of April 30, 1985: "On Approval of the Model Statute of the Housing and Construction Cooperative."

4. Resolution of the Council of Ministers of the Ukrainian SSR No. 228 of June 5, 1985: "On Approval of the Rules for Registration of Citizens Wishing to Join a Housing and Construction Cooperative."

Additional regulations include the Land Code of Ukraine and the Civil Code, which outline the procedures for land allocation and cooperative property rights.

Strength

1. Housing cooperatives are a potentially effective mechanism for reducing the financial costs of housing construction for Ukrainian citizens due to their non-profit status

2. There is a possibility of attracting combined funding, in particular funds from local budgets, grant revenues, charitable or humanitarian aid for the implementation of statutory tasks.

3. Members of the housing cooperatives are directly interested in the quality of construction, since they themselves will use the built housing, which contributes to a more responsible approach to the implementation of projects

4. The mechanism of cooperative management ensures transparency of

Weakness

1. Outdated legal regulation of the activities of housing cooperatives, based on the norms of Housing Code of Ukraine and other legal acts adopted in the Ukrainian SSR, which do not correspond to modern realities (for example, the requirement to be registered in the queue for the improvement housing conditions)

2. Competition and legal conflicts between the provisions of the Housing Code of Ukraine and the Law of Ukraine "On Cooperation", which creates legal uncertainty

3. The possibility of appealing against the allocation of land plots for housing cooperatives, which can complicate the implementation of construction projects and create additional legal risks

decision-making and control over the use of financial resources

4. The duration of the decision-making process due to the need to consider the opinion of all members of the cooperative, which can lead to inconsistencies and delays in construction

5. Risk of not receiving financing due to limited assets to secure loans, which may hinder the implementation of construction projects

International experience

There are effective models of providing affordable housing through housing cooperatives in the world, which are based on a combination of state support, bank financing and cooperative management, in particular:

- Government subsidies, bank loans and private investment. Members of cooperatives use housing on a long-term lease basis with the possibility of further acquisition of ownership. In addition, state programs contribute to the modernization and increase of energy efficiency of residential facilities.

- E.g. Sweden: Housing cooperatives are part of the overall housing management system. Members pay dues and receive the right to use housing, which remains owned by the cooperative. This approach ensures that housing affordability is maintained, even in regions with high prices in the real estate market.

14. IDP Subsidy to Cover Rental Costs

The Cabinet of Ministers of Ukraine introduced a pilot project aimed at providing subsidies to IDPs to cover the cost or part of the cost of renting residential premises. Additionally, the project compensates landlords for part of the personal income tax and military tax. The resolution comes into force on 29 January 2025 and will operate for two years.

Objective of the Program

The pilot project aims to:

- Provide financial assistance to IDPs who lost their homes or were forced to leave due to the armed aggression of the Russian Federation.
 - Support IDPs' integration into new communities.
 - Compensate landlords for part of their taxes, ensuring sustained housing availability.
- The program applies to IDPs renting housing in specified regions, excluding areas of ongoing hostilities or temporary occupation.

Eligibility Criteria

The program targets the following participants:

1. Tenants (IDPs):

Eligible IDPs must meet one of the following conditions:

- They do not receive IDP living allowance
- Moved from territories affected by hostilities or under temporary occupation, and do not own residential property exceeding 13.65 sq. m per household member in territories controlled by Ukraine OR
- Their residential property, regardless of size, has been destroyed or severely damaged to the point of uninhabitability (documented in the registry or verified by a technical inspection report).

2. Landlords (Lessors):

Owners of residential premises who provide them for temporary accommodation of tenants.

Key Features of the Subsidy

- Application Process:

Applications can be submitted by tenants or landlords to:

Pension Fund offices
Administrative Service Centers

Authorized banks

by the Social Web Portal

- Subsidy Calculation:

The subsidy covers the difference between the maximum rental cost for the locality and the mandatory tenant payment, calculated using a prescribed formula.

- Duration of Assistance:

Subsidies are granted for a six-month period, renewable for up to two consecutive periods.

- Payment Mechanism:

Subsidies are transferred directly to the landlord's current account by the Pension Fund of Ukraine.

Compensation for landlords (personal income tax and military tax) is calculated quarterly and transferred to their accounts.

Conditions for Termination

- The tenant or their household members fail to reside in the rented property for over a month.
- Family ties are established between the tenant and the landlord.
- The tenant or household members have alimony arrears exceeding three months.
- Other violations of the agreement terms.

Legal Framework

Resolution of the Cabinet of Ministers of Ukraine No. 1225, dated October 25, 2024 On the implementation of a pilot project to provide subsidies for the cost or part of the cost of renting (rental) residential premises and compensation for part of the personal income tax and military levy

ANNEX II

LSG Survey Questionnaire

Introduction and Questionnaire for Territorial Communities on Housing Stock

Introduction

The results of this survey will be used in a study on Ukraine's municipal housing stock. The study is conducted by the Housing Institute with the support of the Norwegian Refugee Council in Ukraine, funded by UNHCR, and in cooperation with the Ministry of Communities and Territories Development of Ukraine.

The study is part of a comprehensive effort to update housing policy to ensure the realization of the right to housing for all in accordance with constitutional and international standards.

Through this survey, the existing resources of territorial communities will be analyzed, the effectiveness of national and local housing solutions will be assessed, and resourceful communities will be identified for further cooperation.

For filling out the form, please use the Classifier of Buildings and Structures (NK 018:2023). Complete the form carefully and truthfully, in Ukrainian, using plain text, without abbreviations or acronyms, and indicate all names in full.

All data must be up-to-date as of the day the form is completed.

The accuracy of the data will impact the results of the study and the potential for cooperation with the territorial community.

Questionnaire

1. Region (Oblast):
[Choose from the list]
2. Name of the Territorial Community:
3. Name of the Representative Body of the Territorial Community:
4. Tax Identification Code of the Representative Body:
5. Is the Territorial Community Relocated?
 - Yes
 - No
6. Address of the Representative Body of the Territorial Community (postal code, oblast, settlement, street, building number):
7. If the Territorial Community is Relocated, Specify Its Current Address:
8. Official Email Address of the Representative Body:
9. Number of Employees in the Local Self-Government Body:
10. Number of Employees Responsible for Housing Policy, Projects, and Housing Provision:
11. Does the Territorial Community Have a Municipal Enterprise/Institution Responsible for Housing Construction and/or Management?
 - Yes

-
- No
 - 12. Name of the Municipal Enterprise/Institution (if applicable):
 - 13. EDRPOU Code of the Municipal Enterprise/Institution (if applicable):
 - 14. Number of Employees in the Municipal Enterprise/Institution (if applicable):
 - 15. Annual Turnover of the Municipal Enterprise/Institution (2023):
 - 16. Organizations the Community Collaborates with on Housing Projects:
 - Norwegian Refugee Council (NRC)
 - UNHCR
 - International Organization for Migration (IOM)
 - NEFCO
 - Danish Refugee Council (DRC)
 - Caritas
 - Ukrainian Red Cross Society
 - Other (please specify)
 - 17. Specify the Total Funding Received Through Cooperation with Each Organization (Housing Projects):
 - 18. Contact Phone Number of the Municipal Enterprise/Institution (if applicable):
 - 19. Email Address of the Municipal Enterprise/Institution (if applicable):
 - 20. Number of Residential Property Objects Owned by the Territorial Community:
 - 21. Number of Residential Properties Transferred from State to Municipal Ownership:
 - 22. Number of Residential Properties Acquired as Inheritance or Ownerless Property:
 - 23. Number of Residential Properties Suitable for Living:
 - 24. Number of Residential Properties Classified as General-Purpose Housing Stock:
 - 25. Number of Residential Properties Classified as Social Housing Stock:
 - 26. Number of Residential Properties Classified as Special-Purpose Housing Stock:
 - 27. Number of Residential Properties Classified as Official Housing:
 - 28. Total Area of All Residential Properties Owned by the Territorial Community (sq. m):
 - 29. Total Number of Residents in Municipal Housing Stock:
 - 30. Number of Single-Family Houses (Code NK 018:2023 - 1110):
 - 31. Number of Two-Family Houses (Code NK 018:2023 - 1121):
 - 32. Number of Multi-Family Houses (Code NK 018:2023 - 1122):
 - 33. Number of Collective Living Houses (Code NK 018:2023 - 1130):
 - 34. Mechanisms Used to Add to Housing Stock (e.g., construction, reconstruction, conversion):
 - 35. List of Residential Properties Owned by the Community (table with details on address, type, size, number of residents, and condition):
 - 36. Average Rent for Housing in the Community (UAH per month):
 - 37. Average Purchase Price for 1 sq.m. of Housing in the Community (UAH):
 - 38. Housing Affordability Index (ratio of average housing costs to average household income):
 - 39. Average Monthly Income in the Community (UAH):
 - 40. Unemployment Rate in the Community (%):
 - 41. Number of Registered Internally Displaced Persons (IDPs):
 - 42. Number of IDPs Housed in Municipal Housing:
 - 43. Total Housing Need in the Community (units):
 - 44. Availability of Temporary Housing for IDPs (as per CMU Resolution No. 495):
 - Yes
 - No
 - 45. Number of IDPs Provided Temporary Housing (as per CMU Resolution No. 495):
 - 46. Existence of Approved Procedures for Forming and Allocating Housing Stock (with references):
 - 47. List of All Active Housing Programs or Projects (with references):

-
48. Funding Allocated for Housing Issues in 2023 (UAH):
49. Funding Allocated for Housing Issues in 2024 (UAH):
50. Links to Housing Projects, Best Practices, or Studies in the Community:
51. Description of Key Problems in Implementing Housing Solutions and Proposed Remedies:
52. Assessment of Problem Severity (Scale 1-5):
- Lack of funding
 - Bureaucratic obstacles
 - Legal barriers
 - Lack of expertise
 - Other (please specify)
53. Has the Community Conducted Beneficiary Satisfaction Surveys?
- Yes
 - No
54. If Satisfaction Surveys Were Conducted, Provide Results and Links:
55. Name, Position, and Contact Details of the Person Completing the Form:
56. Email Address of the Person Completing the Form:
57. Phone Number of the Person Completing the Form:
58. Consent for Data Processing:
- Yes

ANNEX III

FGD Survey Questionnaire

Introduction and Questionnaire for FGDs

Thank you for taking the time to join today's discussion. We are representatives of the Housing Institute of Norwegian Refugee Council in Ukraine, funded by UNHCR. My name is [Name 1], and this is my colleague(s) [Name 2]..... This focus group is part of a study aimed at understanding the challenges and opportunities related to housing availability and access within territorial communities in Ukraine. Your insights and experiences are crucial to this effort, as they will help identify practical solutions and inform recommendations for housing policy and program development.

The discussion will last approximately 120 minutes, and we encourage you to share your perspectives openly. There are no right or wrong answers—we are here to learn from your experiences and ideas. All responses will be treated confidentially, and the findings will be presented in a way that does not identify individual participants or communities.

Before we begin, does anyone have any questions? If not, let's start with the first topic.

1. Please give highlights of your activities, if any, in the last five years on privatization of housing stocks to those residents who were in need of improvement in housing conditions.
2. Please give highlights of your activities, if any, in the last five years on creating, procuring and converting properties into new social housing stock.
3. Please give very rough estimates (in the form of percentage) of your population that are indeed of improvement in housing conditions, and social housing.
4. Please elaborate on your challenges, if any, in meeting the needs of both improvement of housing conditions, and social housing. Focus on issues, not limited to, legal issues, your expertise and capacity, funding and bureaucracy.
5. Please elaborate any collaboration you have had in the last five years with private sector, cooperatives and humanitarian agencies which led to the creation or procurement of housing stock, or conversion of existing infrastructure into housing stock.
6. Please elaborate your internal rules and regulations that reinforce transparency and accountability in the development, management and maintenance of housing stock.
7. Please elaborate if you have any creative ideas about solving housing issues for your local population.
8. Please give a general overview of IDP housing in your territory.

