

TRANSFORMING HOUSING POLICY IN WAR-AFFECTED UKRAINE: A BLUEPRINT FOR PROGRESSIVE RECOVERY

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EXECUTIVE SUMMARY

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The full-scale Russian invasion in February 2022 exacerbated existing inequalities in the Ukrainian housing sector and created new ones. This policy brief examines recent developments in housing policy, with a focus on pre-invasion trajectories and the ways in which the ongoing war has influenced them.

Historically, Ukraine's housing system has faced several critical challenges: inequitable housing privatisation; limited access to homeownership in private developments; an unregulated and opaque rental market; and a lack of viable alternatives to private homeownership, such as social, cooperative or non-profit housing options.

Similar to the post-2014 development, but larger in scale and deeper in influence, the war has introduced significant regional disparities, with housing stock in the eastern regions suffering disproportionate damage. It has also drastically expanded the population of internally displaced persons (IDPs) from hundreds of thousands to millions. These pressures have exposed the state's incapacity to deliver long-term, sustainable solutions to the housing crisis, beyond supporting the construction industry. Moreover, existing housing legislation has proved to be inadequate at providing immediate, effective responses. As a result, displaced populations have been relegated to precarious, short-term collective shelters managed by international organisations (IOs) and non-governmental organisations (NGOs), alongside fragmented donor-funded projects with ambiguous legal frameworks. National programs, such as eVidnovlennya (targeting only residents of de-occupied territories) and eOselya (benefiting those with initial capital), have had limited reach, while the majority of displaced people continue to rely on private rental arrangements or the support of relatives.

A fundamental shift in Ukraine's housing policy is urgently required. The current model, which heavily prioritises private homeownership, must be replaced with a comprehensive national housing policy aimed at diversifying tenure options. Key priorities should

include halting further privatisation; regulating the rental market; revising existing legislation and fostering the development of housing cooperatives, municipal housing, social rental agencies (SRAs) and limited-profit housing associations (LPHAs).

To achieve these objectives, three critical measures are necessary:

- 1) **Establishment of a National Housing Agency** tasked with data collection, policy development, coordination of program implementation and municipal support to create and develop a framework for a sustainable housing system, providing a diversity of housing choices for economically and socially vulnerable groups.
- 2) **Reform of the housing finance institution** to oversee and direct funding for housing recovery projects to learn from the experience on the ground and scale up working financial solutions.
- 3) **Systematic legislative revisions and new drafting efforts** to create a robust legal framework capable of addressing pre-existing and new challenges, to cover the gaps in private rental market regulation and inequalities of the housing compensation programs, as well as improving the social housing system.

METHODOLOGY

METHODOLOGY

This policy brief aims to provide a comprehensive view of the transforming state of the housing sector in Ukraine following the full-scale invasion, as well as offer some recommendations for alternative policies to improve housing access and affordability for vulnerable populations. As such, the following research questions were formulated:

- 1) What were the characteristics of the pre-war Ukrainian housing system?
- 2) In what ways has the full-scale Russian invasion impacted the Ukrainian housing system?
- 3) What are the newly introduced housing policies and their impact?
- 4) What other policies could be introduced to offer more just housing recovery in Ukraine?

To address these questions, a literature review and an analysis of primary and secondary sources were carried out. The analysis draws on a broad range of sources, including key legislative documents on Ukrainian housing policy (Housing Code, Civil Code, Law on Housing Stock of Social Purpose, a draft of a prospective Law on the Basic Principles of Housing Policy) and reports from major IOs, such as the International Organisation for Migration (IOM) and the World Bank (WB). Notably, the third rapid damage and needs assessment¹ provides the most recent critical insights into post-war recovery needs on the side of the state and donors. Expert NGOs like New Housing Policy, with a series of reports on “Rebuilding a place to call home,”² and a comparative report on LPHAs in Austria³ offer detailed evaluations of housing policies and affordability issues in European countries, useful for the Ukrainian experience. In addition, research findings from Cedos, a Ukrainian think tank, complement the data with in-depth studies on housing and displacement. Academic articles by Sukhomud and Shnaider⁴ contribute a theoretical perspective on housing policy and social housing frameworks, and Lawson, van den Nouwelant and Troy⁵ offer a model for the evaluation of needs and required investment. To contextualise Ukraine’s situation within broader European trends,

the Housing2030 Report⁶ and the TENLAW project⁷ serve as essential references on best practices and legal frameworks for housing across the EU.

It has to be mentioned that official data on housing provision in Ukraine is scarce. The State Statistics Service of Ukraine primarily focuses on data collection related to housing construction, with comparatively limited attention to other critical indicators, such as detailed tenure structures, dwelling quality, and the relationship between household income and housing expenditures.⁸ The need for a comprehensive baseline housing profile as an essential tool for informed policy-making remains.⁹

The involvement of humanitarian organisations in the accommodation of IDPs allowed us to compile more focused and dynamic data on the housing situation of displaced people. Unfortunately, there has been limited data on the housing situation of other vulnerable groups of population. It can be assumed that due to mass privatisation many of them became homeowners, so it was their other needs that had to be covered in the first place (access to care, medicine, food, utilities). However, these vulnerable groups usually comprise older people, people with disabilities and/or addictions, single-parent households, families with three or more children, adults orphaned as children, former prisoners, homeless people, and low-income households. These people would be vulnerable to housing deprivation due to fraud and/or violence. They may have never officially privatised their housing because they lacked finances to do so. They may have lived in poor-quality dwellings and used most of their income for utility bills. Some of the unaccompanied older people and people with disabilities may have lived in boarding houses, and some adults orphaned as children could reside in social dormitories. As such, the war increased the vulnerability of these groups, but there has been no new housing solutions made available to them if they have not experienced damage to their housing or become internally displaced. Therefore, below there

may be an excessive focus on IDPs compared to other vulnerable groups because only data on IDPs is available to analyse the housing conditions and dynamics of this group, and the problems that IDPs encounter are an extreme example of the problems that exist in the sector.

1. HOUSING POLICY IN UKRAINE: CURRENT REALITY AND FUTURE TRAJECTORIES OF DEVELOPMENT

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The full-scale invasion has led to deepening housing inequality in Ukraine. The growing imbalance in housing provision is expressed in the widening gap between homeowners and renters, as well as regional disparity in the safety of dwellings, affordability and the degree of damage. This section of the policy brief outlines and discusses the damage to Ukrainian housing infrastructure, the changing tenure structure and the increasing cost of dwellings for vulnerable populations. Furthermore, the section informs readers about available policies aimed at tackling the destruction of housing introduced by the national government and new programs developed in coordination with international humanitarian organisations and local governments. Finally, it is stressed that efforts in fulfilling the need for affordable, secure and accessible housing are incomplete and overlook a crucial sector of housing provision in wartime Ukraine – the private rental market.

1.1. Available data on housing stock and population characteristics

Prior to the full-scale invasion, the Ukrainian housing system was characterised by mass debt-free private homeownership, established as a result of the privatisation of the socialist housing stock by sitting tenants. Researchers claim that privatisation was necessary to establish the market economy, freeing up housing as a private asset.¹⁰ As such, the familial residential capitalist regime was established,¹¹ similar to post-socialist Central and Eastern European countries and Southern European countries.¹² At the same time, Ukraine reinstated the Soviet-era housing code,¹³ maintaining a commitment to provide housing to all citizens in need through a housing queue. However, while Soviet Ukraine used to build

housing and promote cooperative construction, the current state has ceased to build and, by adopting the full-scale privatisation reform, has also blocked the development of public housing. According to the privatisation reform, anyone who permanently resided in state housing could privatise their apartments.¹⁴ This not only led to the privatisation of dormitories of state institutions and enterprises, but prevented the development of municipal social housing or cooperative housing since their properties were eligible for privatisation by tenants.

In January 2022, the State Statistics Service estimated that 95.1% of households resided in private housing (owner occupied), and 4.8% of households rented their housing.¹⁵ The Ministry of Restoration recognises that 70-90% of private rental housing is in a “shadow” economy;¹⁶ thus, the official numbers may be underreported. As such, in 2012, UNECE estimated that shadow private rentals could account for 13% of private housing.¹⁷

Despite its unofficial presence, the private rental market received minimal attention in socialist Ukraine and remained largely unregulated in post-Soviet liberal Ukraine, although its share has been increasing since the 1990s. Social housing was not the case in Soviet Ukraine, as most housing was publicly owned and offered on a long-term, highly affordable, rental basis. In post-1991 Ukraine, the need for social housing was only officially recognised in 2006 with the passage of the Law on the Housing Fund of Social Purpose. However, since this legislation, there has been neither a state-led program for social housing development nor corresponding funding to support it. Cooperative housing was actively developed in the last decades of Socialist Ukraine, but privatisation and land

reforms made its functioning contradictory and its establishment undesirable compared to easy access to private homeownership through privatisation. As a result, most cooperative flats have been privatised by tenants, and cooperatives function as maintenance companies.

The privatisation of housing was accompanied by reduced budgets for municipal maintenance companies, which led to neglect in the upkeep of multi-apartment buildings. Generally, the land beneath these buildings remained municipally owned, and the buildings did not acquire a single-ownership entity.¹⁸ As a result, apartment owners typically pay municipal maintenance companies for services like cleaning staircases, maintaining elevators, and repairing roofs and basements – areas that are not technically part of the owners' private property. The Housing Owners' Association (HOA) reform¹⁹ is aimed at addressing this issue by transferring ownership rights and responsibility for the building to owners of apartments; however, currently, only 20% of multi-apartment buildings operate via HOAs.

As such, the privatisation of housing created both a safety net in times of crisis and uncertainty in the 90s and allowed the state to dismantle its social responsibilities. Housing, as a place of social reproduction in post-socialist Ukraine, became the individual solution to the ever-increasing problems of poverty, unemployment and absence of social support for older people and persons with disabilities, addictions or family issues. Prior to the war, privatised housing was the main and only asset of the majority of the population. At the same time, new housing was already unaffordable for the average household.

Thus, housing remained overwhelmingly used for the accommodation of owner households, and the unsophisticated banking system – combined with the poor economic situation of the population – did not allow for drastic shifts in the tenure structure. Many households could be considered impoverished, with them relying on the state housing utility subsidy to pay utility bills. According to 2015 estimates, 40-50% of Ukrainian households received the housing

and utility subsidy,²⁰ highlighting the significant difficulty faced by a large portion of the population in covering even utility expenses.²¹

In 2022, the official data showed that, prior to the full-scale invasion, 48.9% of Ukrainians lived in overcrowded conditions,²² and 40.1% of households did not carry out any major repairs to their housing.²³ All this considering that 71.3% of households reside in housing built in the 1960-1980s.²⁴

All in all, there has been a notable shift from the Soviet-era model of state-regulated mass public housing distribution, which was based on criteria of need and employment, to the post-Soviet deregulation of housing. This transition included the privatisation of housing, a withdrawal of state involvement in housing construction and distribution, and the endeavour to transfer housing maintenance responsibilities to tenants.

2014 marks the beginning of another drastic shift in the quality of household living standards and the condition of the Ukrainian building stock. The start of the war with Russia in eastern regions of Ukraine led to more than 50,000 damaged dwellings, affecting 40,000 households on both sides. In non-government-controlled areas, the destruction was higher and the reconstruction included several housing programs by Donetsk People's Republic and Luhansk People's Republic, financed, in particular, by the Russian Federation. In government-controlled areas, there were no mass reconstruction programs and the repairs were conducted with international humanitarian help, charity aid and self-help.²⁵ The "affordable housing" program was evoked to help those IDPs who had savings for instalment payments for their apartments partially financed by the state. Some municipalities, mostly in the eastern regions, used the help of international donors to create temporary housing for IDPs (as dormitories, modular housing and through the refurbishment of sanatoriums or other communal enterprises). Most people in temporary housing had not acquired the means to find a place on their own and remained at temporary shelters for all eight years. Among these programs, the IOM's rent-to-buy project was one of the few aiming to develop sustainable long-term

housing solutions for IDPs without capital to buy housing from private developers.²⁶ However, most Ukrainians from the Donbas region had to rely only on themselves for whether to move to safer places and rent or live with relatives, or stay in the conflict area.

The full-scale invasion drastically changed the demographics, added new vulnerabilities and jeopardised the established tenure structure of mass homeownership. The IOM data from April 2024 estimated that 3,548,000 Ukrainians became internally displaced,²⁷ while 6,471,600 were refugees abroad²⁸ and 4,734,000 were considered returnees.²⁹ As of the latest “Rapid damage and needs assessment” report by the WB, 10% of the total Ukrainian housing stock was either damaged or destroyed, affecting 2 million households.³⁰ The total number of destroyed or damaged housing units is approximately 250,000 buildings, of which 222,600 are private (individual) houses, 27,000 are apartment buildings and 530 are dormitories. The most housing damage occurred in Donetsk oblast (91,640 units), Kharkiv oblast (28,080 units), Kyiv oblast (23,740 units) and Kherson oblast (22,640 units).³¹

Accordingly, 47% of IDPs reported having their own homes damaged or destroyed.³² Moreover, IOM also estimates around 3 million Ukrainians living in damaged dwellings, with the most impacted residing in the conflict-affected areas of Kherson, Donetsk, Kharkiv, Chernihiv and Mykolaiv oblasts.³³ Among these are many returnees, two thirds of whom reported that owning a house and not having to pay rent was a factor in their decision to return, even to heavily conflict-affected areas.³⁴

The growing vulnerability of the displaced population is expressed in the worsening financial situation of these groups compared to non-displaced Ukrainians. The IOM’s estimates from June 2023 suggested that for 65% of IDPs their monthly income was equal to or less than 4,666 Ukrainian hryvnia (UAH; =\$126, the real subsistence minimum set by the Ministry of Social Policy in January 2022), with only 38% of IDPs being able to rely on their regular salary as their main source of income.³⁵ The level of unemployment

among IDPs was much higher than that among the non-displaced (15% compared to 6%); this was reported to be due to the lack of adequate skills, discrimination from employers, and the “impact of war on the key sectors of economy [steel production and mining]” in which people from the east and south used to be engaged.³⁶ Thus, financial assistance to displaced people is among that most needed.

Therefore, the national government’s program for providing IDPs with a living allowance, which has been available since the start of the full-scale invasion and consisted of monthly payments to registered IDPs (2,000 UAH per adult and 3,000 UAH per child) was supporting 77% of IDPs as of September 2023.³⁷ Qualitative estimates indicate that many households used this allowance to pay for their rental housing. Reducing the indiscriminate IDP living allowance program by introducing new eligibility criteria in March 2024 was estimated to exclude 34% of IDPs from national financial assistance.³⁸ IOM warns that new eligibility criteria fail to account for undocumented disabilities, unregistered unemployment and households without children facing unemployment or having low incomes.³⁹ All in all, vulnerabilities of the IDP population in Ukraine start with the loss of income, difficulties with accessing the job market after relocation and the absence of adequate alternatives to participating in the private rental market to access housing. Indeed, 130,000 IDPs were reported to return to occupied regions by June 2024 in the aftermath of the cancellation of indiscriminate state payments in March 2024.⁴⁰ New eligibility criteria for the IDP living allowance can negatively impact vulnerable IDP households who are not accounted for and push them to return to dangerous areas.

At the beginning of 2022, the Cedos think tank estimated that the share of renters among surveyed people had increased to 16%.⁴¹

One of the latest IOM reports estimates 59% of IDPs residing in rental housing⁴² – the percentage has demonstrated a tendency to increase with each report since the start of the war. Additionally, 14% of returnees and 8% of the non-displaced population reported renting their current housing – numbers

exceeding the official renting estimates. While 31% of IDPs report being hosted for free and 2% reside in public accommodation – these conditions rely on the good will of relatives/acquaintances/friends and hosting hromadas (the basic unit of administrative-territorial organisation in Ukraine), and these people are often at the risk of eviction. Among all IOM renting respondents, 16% experienced evictions (20% among IDPs, 10% of returnees and 14% of the non-displaced). The main factors for evictions are informal agreements without a defined duration of stay, which took place massively at the beginning of the invasion when people hosted IDPs for free; the reason for the eviction of IDPs from collective sites in educational facilities was the start of school in September 2022; many non-displaced people were also evicted by landlords looking to increase their profits from renting to IDPs.

In the absence of public rental stock and any rent price regulations, the private rental market reacted to the invasion with rapidly increasing prices. In general, in Ukraine, the average rent per month in 2022 increased by 32.7%.⁴³ According to the State Statistics Service, in 2023, rent prices increased additionally to 15.9% – triple inflation (5.1%).⁴⁴ However, generalisations should not be taken for granted. The rent increase is connected to the perceived safety of the region, as well as the dynamics of displacement and the presence of the Ukrainian military. Although in the eastern and southern oblasts the rent prices also increased at first, because of the inflow of IDPs from the border regions of the same oblast, they soon dropped. While in the west of the country, the rent prices increased overnight and, despite stabilising over 2022, remained high. Apart from the drastic difference between the rent price increase and inflation, the purely speculative character of the rent increase in western Ukraine can also be depicted by looking at the inflow of the new population: western regions are indeed not the ones that host most people. Instead, many IDPs reside in the centre, south and east of the country.

While at the beginning of the invasion some municipal authorities publicly denounced landlords who evicted their tenants and increased prices as marauders, there were no policies introduced on

either the national or local scales to mitigate the rent increase. The issue of rent speculation remained the individual problem of renters.

Moreover, the precarious condition of renters features the lack of legal renting documents – only 55% of renters in Ukraine have rental contracts. Renters in Ukraine are often unaware of their legal rights or sector regulations, for example, that the agreement does not have to be signed by a notary, presuming it has no legal power in court otherwise. Furthermore, renters are afraid to lose the deal if they demand to sign an agreement. Some landlords prefer an oral agreement to a written contract to conceal the rental relationship from the taxation authorities. The difficulty in reaching written agreement also means it is impossible for IDPs to apply for compensation for rent or utility bills.

A recent IOM report demonstrates that currently rent and utility bills consume around 70% of the household income for 31% of IDPs and more than 50% of the income for 54% of IDPs.⁴⁵ Moreover, renting is more expensive in big cities. According to the EU standard of housing affordability – housing that consumes more than 30% of a household's income is considered unaffordable.⁴⁶ Thus, IDPs employ such shelter-related coping mechanisms as skipping rent payments and moving to poorer quality dwellings.⁴⁷ Additionally, IDP households trying to save on rent may result in overcrowding. In extreme cases, IDPs (often men without a partner or a child) become homeless, as they lack shelter options, which are often reserved for older people, women and families with children. Moreover, 27% of IDPs reported having accepted low-qualification or lower-paid jobs, 12% have sold household goods or assets, and 11% have used degrading sources of income or illegal work. Unaccounted in the IOM report, but reported in my field interviews from Ivano-Frankivsk and Lviv, some IDP families with older or disabled members rely on women in the family working abroad or men in the family mobilised to the army to pay for their rent in safe cities. Finally, when they spend their savings or experience eviction, rent increases, discrimination and unemployment, many IDPs return home. Accordingly, 20% of returnees cited housing unaffordability and financial struggles

as the reason for their return (with a higher proportion in the east – 28% compared to the west and 10% compared to the centre).

To sum up, the impact of war on the Ukrainian housing market has been the simultaneous negative supply shock in the east of the country (mass destruction of housing) and positive demand shock (mass internal migration) in the perceived-as-safe west, south, north and central Ukraine. Because of the homeownership-dominated tenure structure prior to the war, there have not been any adequate rent regulations to protect tenants' rights. As shown elsewhere, in homeownership societies, governments hesitate to impose rent regulations, especially in countries without prior experience of such intervening policies.⁴⁸ The next section provides an overview of the policies introduced instead.

1.2. Current policies to tackle war-induced housing need

Considering the scope of damage and the urgent need for affordable housing options, the policies introduced by the national government, together with the programs of local governments and humanitarian organisations, are rather sparse. The nationwide comprehensive public housing system that could address the need in a more systematic way is lacking. Short-term housing support has been realised in coordination between local governments and non-governmental actors, such as NGOs, IOs, and religious and private enterprises. In the absence of publicly supported middle-term arrangements, the short-term options are overexploited to serve as such. Long-term housing solutions are limited to governmental programs to aid some homeowners whose housing was destroyed, and together with the IOs, to support those homeowners whose housing was damaged. Another governmental program assists aspiring homeowners among the general population with home purchases. All in all, currently, the system remains oriented towards private individual homeownership and does not recognise that the urgent – and majority of non-urgent – need is located elsewhere.

1.2.1. Collective sites

The mass displacement in the beginning of 2022 was first and foremost a great challenge for local governments in all regions who were accommodating incoming people. To deal with the emergency, hromadas allocated educational facilities and other sizable municipal buildings to house displaced people. The kindergartens, schools, sport halls and college dormitories became promptly reorganised to serve as temporary accommodation. As millions moved abroad via these facilities in the first months of the invasion, the decision to restore the education process in safer regions led to the eviction of displaced people often without any offer of reaccommodation. Where possible, hromadas also collaborated with universities, religious organisations and private donors to provide IDPs with housing. Currently, university dormitories host the most IDPs and form the core of the collective sites in cities. In some hromadas, other temporary housing typologies also include modular housing made of containers, as well as housing people in sanatoriums and nursing homes. Most sanatoriums were made available to displaced people by the trade unions as the balance holders of these properties. In most of the collective sites, there is a low fee for utility bills; at the beginning of the war, it was covered by the national government.

Because the collective sites needed to be established promptly, hromadas also needed to do repairs, equip shelters with necessary appliances and provide people with essential items – to coordinate the process and distribute funds and incoming people, a shelter/non-food-item cluster was created. It brought together the oblast administrations, municipalities, local NGOs and IOs according to regions. This humanitarian coordination system also developed a shelter information damage assessment and response database (SIDAR), primarily working with conflict-affected areas, providing financial, material and expert assistance to households whose homes were damaged and who needed emergency repairs.

Currently, workers of NGOs who help evacuate people from conflict-affected areas report the difficulty in finding available places to house

people who need to be evacuated. There is no all-encompassing list of available housing in hromadas, so volunteers cherry-pick and use snowball methods to find hromadas with the capacity and willingness to accommodate newly displaced people. And while Resolution 930⁴⁹ provides guidelines for the requirements for the temporary sites, it still has a recommendatory character, so some regions refuse to follow it. So far, many collective sites remain in substandard conditions (the more short term, the worse this is). The same NGO worker complained about the campaign to switch from geriatric centres to supportive homes – in their opinion, there is no infrastructure for the new arrangement for people with disabilities and older people, but it will diminish what is left and needed to house these people at the moment. At the same time, short-term efforts were mainly supported financially and organisationally by international charity and humanitarian funds. As the donors see the short-term solutions slowly transforming into the middle term, they call for the state to take over the role of middle-term housing provider. Unfortunately, since 2014, the national government has had no plan for vulnerable populations to transition from short-term to more permanent dwellings.

1.2.2. “Prykhystok” and cash-for-rent programs

The immediate program introduced by the national government for short-term housing was *Prykhystok*,⁵⁰ with which those homeowners who provided free accommodation for displaced people could receive compensation. From the fieldwork, some IDPs managed to persuade their landlords to receive this compensation, and it helped them with utility bills (although people were paying rent); shelters of different kinds were also eligible for compensation and some smaller ones even depended on it.

As IOs urge local NGOs and municipal shelters dependent on their financial aid to stick to the short-term aim of the shelters, they develop new programs to encourage people to leave the shelters. One is “cash-for-rent”, which was tried out by different donors in several places and lacked success (focus group (FG) with IO representatives and another

FG with NGO representatives). The cash-for-rent principle presupposes that the family receives financial aid equivalent to three to six months of rent upon signing the rental agreement and leaving the shelter. The problem with such a program lies in the precarious character of the rental market in Ukraine: to enter it, the family would need to prepay three times the rent (for the first month, the deposit and the letting agency service); few had this amount of money after being displaced for some time. For instance, the Czech charity organisation “People in Need” provided money to 157 vulnerable IDP households in 2022 in different Ukrainian oblasts;⁵¹ only 14 of them were people from collective centres, and it was emphasised that for these people the market was largely unaffordable. Moreover, as stated above, many landlords refused to sign the agreement. Even if they used the program, families did not always manage to find a well-paid job to continue renting, thus, returning to a shelter or their original home. However, the only group that was said to more or less benefit from the program was families with persons with disabilities – these found it so difficult to live in shelters that they were presumed to use the opportunity of the cash-for-rent program to stay in the rental sector. All in all, NGOs do not practise following up with the people who leave their shelters, presuming that those who leave do not need any further assistance. Thus, there is no quantitative data on whether shelters are actually helping people or if they return home soon after evacuation. As I analysed from a FG with vulnerable people in Kharkiv oblast, some of them have experienced evacuation, living in temporary housing and in rental housing elsewhere in Ukraine. Their reasons for returning include discomfort living in shelters, expensive rents, difficulty in finding a job and discrimination. Thus, the demographics of collective sites where between 2 and 4% of IDPs live consist mainly of older people, women with children and low-income or unemployed people.

Following the cancellation of the living allowance as it used to function before March 2024, the Ministry of Social Politics announced the development of an experimental rent compensation program for IDPs for whom housing costs are unaffordable.⁵² The program is managed through the pension fund. It is

conditioned for IDPs from nine oblasts of Ukraine (in the east and south⁵³), who come from occupied areas or those experiencing hostilities. Eligible families must not be receiving IDP allowances, must have had their own housing destroyed or damaged, or must lack housing ownership in the eligible territory. The program also presupposes partial tax exemption for a landlord. To receive a subsidy, a tenant and a landlord have to sign a program application and a rental agreement at the Pension Fund Office or Administrative Service Center, supporting the application with documents about the IDP status and ownership. If a person spends more than 30% of their income on rent, the rest is compensated for by the program for six months with the possibility of a one-time extension for the same period. The amount of compensation is differentiated between regions and the size of municipalities.

It is expected that helping IDPs with their rental situation in the private sector this way will replace the absence of a middle-term housing solution. However, as cash-for-rent programs demonstrated, there are obstacles at the individual level: having enough capital to enter the private rental market (a tenant would still have to pay letting agency fees and the deposit); persuading the landlord to sign the rental contract; and registering income. There is also the very probable danger of landlords increasing the rents overall because they know that IDPs may have their rents subsidised. This is already happening with military personnel. Another big issue is the lack of finances to support the program; the resolution cautions about this very possibility. Nonetheless, this is one of the first instances when the Ministry of Social Politics has been actively engaged in the housing question, whereas previously they did not consider housing to be a social issue.

Traditionally in Ukraine (the tradition being post-1990s development), housing policy is associated with “housing construction” (see more on the discourse by Fedoriv⁵⁴), while social policy has been restricted to the categorisation of vulnerable groups and subsidy-based social provision. This is why the start of this program demonstrates how uncoordinated the effort is. Instead of the Ministry of Restoration – responsible for housing, regulating

rents and allocating subsidies – we have the Ministry of Social Policy enabling the inflow of money in the unregulated private rental market, which will just provoke the increase of already arbitrary price setting.⁵⁵

1.2.3. eOselya and eVidnovlennya programs

1.2.3.1. eOselya

For long-term housing provision, national government policies include two main programs. The subsidised mortgage program “eOselya” (loosely translated as House) and compensation for destroyed or damaged housing “eVidnovlennya” (eRebuild). Both are aimed at supporting private construction businesses and prospective homeowners.

“eOselya” is a state-subsidised mortgage program implemented by the Ukrainian Finance Housing Company (*Ukrfinzhytlo*) for the purchase of housing by Ukrainians who don’t have their own housing, or their own housing is too small to meet their needs⁵⁶ or located in occupied territories. This program echoes the cheap mortgages for IDPs and anti-terrorist operation (ATO) veterans introduced after 2014 under the name of “affordable housing”. In 2022, the eOselya program was launched, offering a 3% interest rate specifically for critical workers (soldiers, teachers, medical workers and scientists). In 2023, eOselya – under 7% interest rate – was broadened to include all citizens of Ukraine who fulfil the above-mentioned eligibility requirements. Further conditions for participating in the program are being employed, making an instalment payment of not less than 20% and not being on the sanctions list. Additionally, the residential building in which a flat is purchased must not exceed 10 years of age for critical workers and 3 years for all other applicants. Since the start of the eOselya program 14,565 Ukrainian families bought new housing for 23,579 million UAH, with the largest share of housing being purchased in Kyiv (2,906) and Kyiv oblast (3,969). Despite declaring support for the primary housing markets, 69.1% of flats were purchased in newly constructed buildings from resellers.⁵⁷ As expected, only people who already had the funds to make instalment payments managed to participate

in the program. It did not solve the housing provision problem for those who needed it most – people without homes and no jobs and/or savings. For example, only 2.3% of beneficiaries of eOselya are IDPs.

1.2.3.2. eVidnovlennya

“eVidnovlennya” is a governmental program, which caters specifically for owners of housing destroyed or damaged after 24 February 2022 in the Ukrainian-controlled territories. Despite some experimental compensation for homeowners in the city of Melitopol, which has remained under occupation by Russian forces since March 2022, the program does not yet have the instruments to oversee destruction in the occupied territories. The two branches of the program are compensation for destroyed housing and compensation for damaged housing. Applicants should be able to prove destruction and have all necessary documents proving ownership. Compensation varies, depending on the region where the flat was located, the year of construction and the dwelling space. Compensation works through issuing housing certificates (vouchers), which applicants can use to purchase a new property from a private developer. And only when the person owned detached housing can they use the certificate to construct a new one. The compensation for damaged housing provides people with money to purchase materials for the repairs. To service the program, the Register of Damaged and Destroyed Property, which is managed by the Ministry for Communities, Territories and Infrastructure Development (Ministry of Restoration), was developed and estimated to include about 60% of damaged assets as of December 2023. As of April 2024, 5,864 compensation certificates had been issued for the purchase of new housing, and 60,000 families received money for damaged housing. Similarly to eOselya, Kyiv and Kyiv oblasts are the most popular places to purchase housing among all applicants.

1.2.4. Housing Policy Law

In spring 2024, the ministry presented a draft of the Housing Policy Law,⁵⁸ which will be the cornerstone of consequent reforms in the housing sector, predefined by the Ukrainian Facility Plan⁵⁹ by the EU. The idea to inscribe the framing for the national housing strategy in law was motivated by the long-lasting attempts on the ministry side to discontinue the Housing Code inherited from Soviet Ukraine, which coincided with the promises of reforms in the housing, infrastructure and energy sectors outlined in the Ukraine Plan, presented during Lugano 2022. The law presupposes the development of a state housing strategy, which should correspond to the requirements of the EU.⁶⁰ The project secures such definitions as “affordable housing” (housing obtained through subsidised mortgages) and “social housing” (social rental housing) and creates a “unified informational and analytical housing system” aimed at the centralised registration, collection and distribution of information about Ukrainian housing stock and people in need of affordable housing. Additionally, the law hints at the problem of homelessness and renter’s rights. Moreover, the law also secures the distinction between state, private and municipal housing and promotes private-public partnership (PPP). PPPs in relation to housing appear problematic in other contexts.⁶¹ To create social housing stock, the law allows for the formation of state and municipal enterprises that could build, maintain and distribute social housing and create revolving funds for the maintenance and development of housing as operators of social housing. It also paves the way for social rental housing agencies.⁶² Moreover, one of the primary goals of the law is to stop the process of privatisation, thus also securing that social housing funds can remain public.⁶³

Currently, the law selectively incorporates advice from European partners, while retaining a centralised, top-down relationship between the state and local communities (hromadas). However, it overlooks critical aspects of a comprehensive and effective housing policy. One significant gap is the absence of a dedicated housing agency to monitor and guide the law’s implementation, address emerging issues and

make necessary adjustments to ensure its success. For example, in countries like Finland and Denmark (see Section 3), housing agencies play a crucial role in tracking the progress of housing initiatives, ensuring compliance and adapting policies to local needs. Without such a mechanism in Ukraine, there is a risk that the law's objectives may not be fully realised, and unintended consequences could go unaddressed. Establishing an agency would allow for ongoing evaluation and support, which are essential for long-term policy effectiveness.

Housing law, as with any other law, needs clear mechanisms of its implementation, coherence with the other laws and legislative acts, and recognition from the other executive bodies. Not all of these are secured yet. Moreover, as the Housing Policy Law sets the framework of the new housing system, it is not exhaustive and is envisioned by the Lugano plan to be followed by the new Law on Social Housing, Law on Public Housing Operators, Law on Rent and others.

2. BENEFICIARIES OF THE CURRENT HOUSING POLICIES

2. BENEFICIARIES OF THE CURRENT HOUSING POLICIES

The system of housing provision is lagging behind the crucial goal: finding a way to provide a non-discriminative long-term housing solution for people who were forced to leave their homes or those who face economic and social hardships. This section speculates on why the existing and new housing policies failed to address the needs of the majority of displaced people, low-income groups and people with other vulnerabilities. The next section outlines the path dependency of the new solutions to imagined housing scarcity and suggests the reasons for such developments.

2.1. Shaping the housing system in Ukraine during crises: Social housing versus private development

After the dissolution of the USSR, what was left from the obligation of the state to provide housing for all was only the apartment queue, as described in the Housing Code. Since the Ukrainian state ceased to act systemically as a developer in the construction sector in the 1990s, the apartment queue became disconnected from the reality of the privatisation of housing stock. The process of privatisation was burdened with shortcomings; thus, new inequalities arose or were consolidated. Meanwhile, the housing market was created, and the construction of housing continued by means of private investments and the establishment of private construction companies (private developers).

In 2004, the government issued a decree about temporary housing, mainly aimed at people who suffered from evictions because of the failure to pay their mortgages, but also for those who lost their housing while facing emergencies.

In 2006, the parliament passed a Law on Social Housing, establishing a dual social housing

system.⁶⁴ The law targets citizens of Ukraine needing social protection, primarily low-income individuals. It created a “social housing queue” alongside the general and temporary housing queues. Regional administrations were tasked with managing the social housing stock, but the available units (1,089 as of January 2021⁶⁵) remained insufficient to meet demand, making it unlikely to receive housing based solely on low income. Thus, the law granted additional privileges to vulnerable groups like orphans, families with three or more children, disabled persons, ex-prisoners and WWII veterans, and, since 2014, IDPs and veterans of the 2014 war – some of them were housed in social and temporary housing as a result of specific state subvention programs.

The Ukrainian legislation on the social housing fund from its onset in 2006 interpreted social housing as a means to solve the perceived marginal problem of providing accommodation for low-income citizens who had no chance of becoming homeowners and could not afford rent. However, the implementation of the legislation on social housing did not change the overall orientation of housing policy to ownership, and in moments of crises, legislative decisions were made at the expense of social housing goals, proving its marginal and neglected place in the Ukrainian housing policy.

Firstly, the global financial crisis of 2008 made the volume of mortgage loans drop drastically (by 66%). Ukrainian housing finance prior to the global financial crisis was characterised by a high degree of foreign currency loans (Forex). During the crisis, the Ukrainian economy suffered from severe devaluation of UAH, interest rate increases, the collapse of housing prices and high default rates.⁶⁶ The crisis resulted in the outflow of foreign capital from the credit market.⁶⁷ In the aftermath of the crisis, the government banned new foreign

currency lending for individuals. To support the construction industry, the Ukrainian government forbade local governments from getting apartments in new housing projects in exchange for the allocation of land for development. Additionally, the shares of contributions for the development of social infrastructure for developers were lowered. As a consequence of these measures, “in order to maintain the profitability of private companies and hold flat prices for those who can buy it anyways”,⁶⁸ the cities were deprived of housing, which could be used to replenish social housing funds, as well as bearing the costs for the creation of necessary social infrastructure.

Furthermore, in 2009, the government passed a law titled “On preventing the impact of the global financial crisis on the development of the construction industry and housing construction”, which introduced a new category of housing under the title “affordable housing” (Article 4). Here, affordable housing was defined as housing built with the state’s financial support: originally, 30% of construction or purchases were to be covered by the state. The income of potential buyers was limited to three times the amount of the average salary in the region. The program was criticised for being socially unjust, as it was supporting those groups who were already financially capable of purchasing property.⁶⁹ Therefore, although called “affordable”, this type of system for housing provision has nothing to do with the affordable housing developed worldwide in past decades. Although there are various definitions, affordability of housing comes from the incentive to allow low-income families to spend less on rent, therefore, allowing them to meet additional costs for other needs.

Zapatrina assessed the new “affordable housing” program as creating a crack in the reform process and prescribed the responsibility for this development to the lobby of developers, who looked for a way to attract state and local budgets to overcome the crisis.⁷⁰ Unsurprisingly, the housing affordability program continued to be used as a filler for gaps created by future crises, and eOselya and eVidnovlennya could be considered the continuation of this Ukrainian interpretation of “affordability”.

In 2014, Ukraine faced an internal crisis inflamed by the Russian illegal annexation of Crimea and military aggression in the Donetsk and Luhansk regions. The currency devalued rapidly, which made the real estate sale prices rise for buyers with income denominated in UAH (even after the global financial crisis, the Ukrainian housing market remained very dollarised, with property prices listed in US dollars). Liasheva explains how this led to the consolidation of property investors in a group of people with high income (IT cluster, foreigners, work migrants). At the same time, millions of IDPs appeared, for whom the state suggested the same instrument of rehousing as it did after 2008 – this time, it offered to cover 50% of the purchase or construction for veterans of the anti-terrorist operation (ATO)⁷¹ and IDPs. The legislation for the social housing fund was edited as well to give the right for IDPs to be included in the queue with “privilege”. Additionally, another mechanism was adapted for the needs of IDPs – the temporary housing queue, which initially served to accommodate the needs of people who lost their homes due to an emergency. Therefore, millions of IDPs were nominally provided with two options – to receive housing through temporary and social housing queues (they could be accepted to both at the same time; however, neither had enough housing stock to fulfil the need), or to invest in property with the help of the state (affordable housing). Indeed, the last option was available to a few, but in the face of heavily underfinanced and neglected social housing, it preserved and reflected the general orientation of the state to homeownership policy.

2.2. eVidnovlennya and eOselya versus the private rental market

Housing discussions of the present day are more intense than before, as is the crisis. However, the state’s capacity to present housing policy reform, reflecting the wartime reality, does not seem to have developed. The burden of rehousing IDPs appeared to be put on local governments, who did not have other means of dealing with it, rather than using municipal facilities to create collective sites. In this process, international aid organisations, like the UN, and local NGOs performed a supportive role. Nevertheless, most IDPs managed to find shelter on

their own, being hosted by relatives or renting a new place in the territory controlled by Ukraine.

eVidnovlennya encapsulated the biggest hope for those who lost their homes – to receive housing from the state and become private owners. At the same time, this program does not have any viable financing prospects (currently, it is financed by the WB and the European Investment Bank, but the biggest share of flats are envisioned to be financed through “reparations by the Russian Federation”) and produces the lowest output if one counts the households who have solved their housing problem through this program. Furthermore, the problems of “eVidnovlennya” relate to the high exclusivity of the program: it does not account for people who lost their homes, but used to rent their apartments or lived in official housing; did not formally privatise their apartments; lost the documents for their apartments; those whose apartments are in currently occupied territories; and those whose relatives were the actual owners and they did not leave the region or left for Russia. Also, the method of allocating compensation reproduces the regional disparity, both in assigning the special coefficient to different locations, which influences how much compensation a person from this or that area will receive, although people rarely use the compensation to purchase apartments in the same region (except Kyiv oblast), and in de facto primarily financing Kyiv region developers. Recipients of eVidnovlennya from regions where their property used to cost less would have to put their own money into purchasing a smaller apartment in a safer place. Similarly, the major pitfalls of the subsidised mortgage program “eOselya” are that the applicant should already have substantial capital to pay the instalment and should have a fixed, reliable source of income. As shown in the previous section, a great share of displaced people have already used their savings and are struggling to find employment more than non-displaced populations in non-combat areas. As such, these programs are aimed at reproducing the homeownership system, while disregarding the non-homeowner victims of military destruction or those non-displaced who continue to reside in dangerous areas.

At the same time, with the start of the war, homeowners from territories perceived to be safe got the opportunity to use housing to make a profit, thus adding to price exclusion and the household budget burden of those living locally and adding to social tensions between locals and the displaced. Firstly, many people left Ukraine to go abroad and started renting out their apartments, often in euros or US dollars, which further added to price discrimination and exclusion due to the falling UAH exchange rates. Secondly, there is a tendency reported by IDP renters for their landlords to accumulate more properties during the war,⁷² thus, presumably changing the character of renters in Ukraine from merely individuals renting out an extra apartment to a group of people whose income fully relies on renting out multiple apartments. A fact recognised by researchers is that, indeed, there is plenty of vacant housing in Ukraine,⁷³ but it is mostly privately owned and cannot be easily reached by all people in need.

The pre-war housing system, which produced mass homeownership, has a tendency to shrink due to the destruction brought by war and safety concerns, displacement and loss of jobs. The issue here is homeownership rates declining with unclear statistics. Meanwhile, the private rental sector is increasing in numbers. It is doubtful that the next couple of years will bring back the same rates of housing construction as before the war. Currently, only Ivano-Frankivsk has reached pre-war levels of housing under construction. Thus, due to the stoppages in construction levels everywhere but safe territories of Ukraine, the scarcity of construction materials and the mobilisation of construction workers, housing construction will remain limited; this will also allow for prices to keep increasing, making purchases even less affordable.

3. PROGRESSIVE ALTERNATIVES TO ENSURE AFFORDABLE HOUSING IN UKRAINE

3. PROGRESSIVE ALTERNATIVES TO ENSURE AFFORDABLE HOUSING IN UKRAINE

To pursue just recovery, Ukraine has to ensure that everyone in need of housing has affordable options available to them. The Ukrainian housing system does not exist in a vacuum and already presupposes some alternative instruments of housing provision, which were neglected before but can be developed more. This section considers, one by one, the regulation of the rental market, the transformation of cooperative housing, the establishment of SRAs and the development of a social housing system, as four achievable cornerstones of progressive and comprehensive housing policy. The logic of the section follows the current tendency of vulnerable groups to be accommodated in the private rental sector – thus, it should be given top priority. In parallel, it is acknowledged that, despite the mass destruction of the housing stock, Ukraine indeed has a lot of vacant housing, namely, the housing of people who became refugees abroad – and this housing has to be mobilised, either by encouraging homeowners to rent it out individually or by introducing SRAs to maintain the stock and manage rents. Because it is impossible to build mass public housing overnight, cooperative housing construction and provision could meet the need locally. As a bridge between cooperative and social housing, such forms as LPHAs could be introduced in the legislation and funded. Finally, the long-term aim of Ukrainian housing policy should be to develop the social housing stock, managed by municipalities, to provide a cheap alternative to the private rental sector and produce an instrument of influencing the private market from outside.

The baseline of these potentialities is currently being set as the Housing Policy Law is being discussed by parliament committees. Despite the existing flaws, the fundamentals – such as the end to privatisation

of housing, the introduction of the definitions of “municipal housing stock” and “operators of affordable housing”, lifting the limitation on rental profits for social housing operators, and the establishment of revolving funds – are promising.

What is lacking, though, is the broader vision to continue governance decentralisation. The existing hierarchy of governance and interrupted decentralisation reform imposes limitations on the actions of local governments. Most social policies, including social housing funds, have been highly dependent on the national government’s funding. With growing regional disparity in housing provision (with the extent of housing stock damage varying greatly across regions, with some far more affected than others and the displacement still being very dynamic), hromadas should be granted rights and flexibility to react to their own challenges and act relatively independently, being provided a wide range of policy instruments at the national level. This is why the strict national-level limitations to the people who can apply for social housing, how much they should pay and so forth should be changed, because these were the things that overburdened both potential applicants and municipal workers previously. Instead, policymakers should explore the best practices of intermediary housing institutions established, for instance, in Finland (ARA) or Denmark (LBF). What is needed, in my opinion, is the establishment of a national housing agency, which would be tasked with gathering the data, analysing the experiences of hromadas with managing housing provision, supporting and educating local authorities, as well as producing recommendations for the government based on factual data.

3.1. Regulation of the private rental market

As shown in Section 1, the private rental market has grown to become a major housing provider for very vulnerable groups of the population (predominantly displaced people), while remaining a very unsafe, inaccessible and unaffordable sector. As mentioned before, other vulnerable groups, like those on a low income, older people and people with disabilities, often decide to stay or return to their homes in dangerous areas because they lack resources to rent elsewhere. Thus, the national legislation has to be adapted to the material reality of where precarious people actually live, and the emphasis has to be placed on the private rental market and the conditions of its functioning. This could be done in a variety of ways, as shown by the examples of mitigating the results of housing crises worldwide.

The attempt to differentiate the rental sector failed with the draft of the Law on Rental Housing developed in 2017-2018, which was never adopted by parliament. An endeavour to limit rent prices during the war happened at the beginning of the full-scale invasion with the draft of the law on price stabilisation,⁷⁴ but this has not been developed further. Yet, these failed initiatives on the side of the Ministry of Reconstruction and parliamentarians together with the rent compensation program by the Ministry of Social Policy (see Section 1.2.2) signify that the government recognises the problems of the private rental market. Below, I suggest some solutions from enforcing the regulations that already exist for the development of new instruments to navigate the conditions of this sector.

Firstly, *local governments* could enforce the renters' rights that are already in the legislation. First of all, it is prohibited by the national Constitution to evict a person from their housing without a court decision.⁷⁵ The landlord has to notify the renter of the eviction not less than three months in advance, unless stated otherwise in their rental agreement. Similarly, the rent cannot be increased if the conditions for the increase are not in the contract,⁷⁶ and usually they are not. These and other prescriptions do not work in practice. As documented vividly at

the beginning of the full-scale invasion in 2022, municipalities and police could not protect renters from non-negotiable rent increase and evictions. Practice shows that renters usually do not have the resources to fight for their rights in court, even when they have a written agreement and know their rights. As analysed elsewhere, tenants who lack sufficient support often choose not to enforce their rights, and those who have access to at least legal assistance have more chance to fight the injustice.⁷⁷ In this case, municipalities could **instruct police officers** on how to deal with evictions to protect tenants. Moreover, **public education and free legal consultancy programs** dedicated to the problems of renters could be introduced. Last, but not least, municipalities could support the self-organisation of tenants into **tenants unions**, which have proved their strong negotiating power and efficiency in Sweden, Scotland (UK), Germany and Denmark.

Moreover, while there are laws that require landlords to pay taxes on rental income, these taxes are often not paid, and enforcement is weak. Municipalities should do more to identify landlords who avoid paying taxes. By **improving monitoring and taking action against tax evasion**, local authorities can better protect tenants, especially when landlords engage in harmful practices.

Secondly, the *national government* can introduce a moratorium on rent increases and evictions during war and a general policy of rent caps. These policies were successfully institutionalised in Europe during crises. **A moratorium on rent increases and evictions** was practised during and after WWI and WWII in the UK, Germany, France and Italy to protect civilians during the hardships of war and stabilise the economy in the face of unemployment, housing shortages and destruction. During the COVID-19 pandemic, the city of Berlin also introduced a **rent freeze** for 90% of apartments for a period of five years.⁷⁸ Barcelona did the same, and the Netherlands froze the rent for the public housing sector. The conservative critique of such rent regulation refers to the possible decrease in supply, with landlords preferring to withhold apartments from the market rather than engage in an adverse long-term rent relationship.⁷⁹ However, evidence from the west

German “Golden Age” for the housing sector⁸⁰ shows that strict rent regulation may lead to more affordable homeownership, as landlords might decide to cash out rather than rent out. Moreover, combined with the robust public housing policy, as suggested below, the decrease in the private rental sector may be complemented with the increasing supply of accessible and affordable public rentals.

Establishment of **rent caps or rent ceilings** is another instrument used to mitigate the affordability of the private rental market. The national government has to allow municipalities to regulate the maximum rent price per square metre based on the location of the apartment, its amenity status and state of repair. The rent ceiling is used in Vienna for old housing stock. And in Berlin there is the *Mietpreisbremse* (rent brake), limiting rent increases in high-demand areas. In Sweden, the tenants union has a right to negotiate the rent increase, which can be considered another way to set a rent cap. The rent cap can also be useful for mitigating the consequences of low incomes, thus, increasing affordability and spending on products of everyday necessity (food, utilities, clothes etc.).

Thirdly, a very important tool to ensure efficient housing distribution could be a **tax on vacant housing**. For instance, Vancouver introduced an “Empty Homes Tax” in 2017, applied to properties vacant for more than 180 days annually. The tax, initially set at 1% of a home’s assessed value, has since increased to 3%.⁸¹ The tax also exists in Oakland, which in 2018 imposed an annual tax of \$6,000 on vacant single-family homes and lower rates for multi-unit properties.⁸² In Europe, Paris has had a tax for unoccupied properties since 1998,⁸³ and in Spain, there is a fine for an unjustified vacancy for over two years.⁸⁴ This policy allows vacancy rates to be reduced and adds rental units to the market. In Ukraine, where there is possibly plenty of vacant housing from households displaced abroad, the tax on vacant housing could provide more rentals or cheapen the housing prices, as some displaced homeowners will decide to sell their units, thus making home ownership more affordable. Moreover, the revenues could support affordable housing and homelessness programs.

Rent rationing is another mechanism for managing the distribution of housing. In Ukraine, rent rationing theoretically exists under martial law, as the military is authorised to requisition any property without prior consent when deemed necessary. While this is primarily practised in combat zones, the military administrations established in each oblast also have the authority to issue local regulations concerning private properties. To address housing challenges more systematically, military conscription could serve as a framework for implementing localised rent regulations, such as rent freezes and eviction moratoriums, but also the **controlled allocation of housing based on need**. These measures could provide immediate relief until more comprehensive national policies are established and municipalities are equipped to enforce them effectively.

Finally, the need for developing a Law on Rent has to be emphasised. The existing Civil Code can be superseded by private civil contracts, making many of its provisions non-binding and more advisory in nature. Therefore, renters have close to no rights in the private rental sector.

The suggested rent regulation, though, should account for regional disparity to avoid putting additional pressure on the conflict-affected regions of Ukraine. For instance, vacant properties should not be taxed in combat zones and war-adjacent oblasts, as it is dangerous to stay there. At the same time, it makes sense to prescribe lower rent caps in the war-adjacent areas, since many IDPs from the combat zone decide to stay near their homes, and there is a dynamic rental market because of the presence of military and humanitarian organisations that artificially fuel the market.

3.2. SRAs

The previous subsection described restrictive tools of housing policy. In this subsection, I want to offer a stimulative tool in the form of **SRAs**, recently being developed in post-socialist countries, with high rates of individual homeownership.

SRAs are created to mobilise vacant housing from a homeowner who has an extra property but lacks resources to manage the rent. The SRA acts as a

mediator between the homeowner and renter, with the goal of providing qualitative and affordable housing for those who cannot access either social housing or homeownership. Technically, SRAs lease properties from landlords and sublet them to tenants at reduced rents. For landlords, the SRA offers effective management, which takes away the risks of the housing being damaged, renters skipping payments or utility bills, and the SRA maintains the property. For renters, the SRA offers cheaper rents, official rental agreements and a secure renting experience.

SRAs in Belgium, the Netherlands and France demonstrate successful models for addressing housing challenges, particularly for vulnerable populations, such as low-income citizens, homeless individuals and refugees. These agencies leverage a combination of state subsidies, private donations and community support to secure vacant properties and transform them into affordable housing options. SRAs also play a role in stabilising the housing market by providing structured, socially oriented rental mechanisms. In Poland, SRAs, known locally as ARAs (*Agencje Najmu Społecznego*), were recently introduced into legislation to address housing challenges. Their primary purpose is to utilise vacant individual housing units to increase the supply of rental properties. This approach aims to reduce rental costs, thereby enhancing the affordability of the private rental market.⁸⁵

In Ukraine, the idea of establishing SRAs was promoted by IOs, working with the program in Eastern Europe (Habitat for Humanity), as well as by the Association of HOA-Homeowners Association (OSBB/OCBB in Ukrainian). HOAs in Ukraine are non-profit enterprises aimed at managing multi-apartment housing and currently comprise around 20% of Ukrainian housing stock. The increase in the number of renters over the last few years was reported by HOA, contemplating taking over the SRA role for owners who left Ukraine and want to rent out their housing.

The presence of organised rental agencies could help in targeting and supporting vulnerable groups of people and in allocating grants and subsidies to

a responsible and social housing provider instead of sponsoring increasing appetites of private landlords.

3.3. Cooperative housing and LPHAs

Another form of housing provision that combines state support and private efforts of citizens in need of housing is cooperative housing. Cooperatives proved to be a successful path in dealing with the post-war housing shortage in Europe. A cooperative is a legal entity that either constructs or purchases a residential building, with the goal of providing accommodation for cooperative members. However, the core principle is that the cooperative is the owner of the property and members can access housing only by joining the cooperative, but membership does not grant members any property rights over the building. Cooperatives can be supported by a state through **tax exemptions and subsidies or grants**; a municipality can encourage cooperative construction by granting the cooperative **cheaper or free land rent or the right of first refusal during a property sale**. In the EU, cooperatives usually benefit from public housing programs and financing similarly to social housing providers.

Cooperative ownership in Ukraine faces legal conflicts due to inconsistencies between the old Housing Code and newer laws. Cooperative ownership was re-established in the socialist times. Yet, in 1992, most cooperative flats were privatised in the same way municipal and state-owned housing was, even if the cooperative as a legal entity was not dismantled. Thus, the remaining cooperatives, in practice, came to function as housing maintenance enterprises⁸⁶ and do not hold any collective property or decision-making rights over individual flats.

According to the law, cooperatives can either buy a property or construct it. For cooperative members to gain benefits from joining the cooperative, either the cost of purchasing or constructing the property needs to be reduced in some way. However, the Civil Code complicates the functioning of housing cooperatives in Ukraine by not granting either the cooperative or the municipality the right of first refusal when flats are put up for sale. Additionally, while the Land Code of Ukraine and the Law of Ukraine "On Cooperation" grant housing construction cooperatives the right

to acquire land from the state and municipalities, Article 134 of the Land Code requires that the sale of state and municipal land must be done through a competitive process, such as land auctions. Importantly, the exceptions to this rule do not include housing construction cooperatives, making it more difficult for these cooperatives to access land.

The lack of collective ownership definitions in housing laws further complicate matters. Additionally, vague definitions of housing cooperatives across legal codes and the requirement for full taxation before the construction of new housing is complete add to the confusion. Resolving these legal conflicts is essential for clearer housing management and ownership in cooperatives.

The legal conflicts should be resolved in a way that returns the core principle of housing cooperatives – the **collective ownership** over the housing of the cooperative and its members to **achieve lower rents and create revolving funds**. To address this, a new housing law, which **halts privatisation**, must be put into effect. Moreover, as stressed in the New Housing Policy LPHA report, cooperatives and other limited-profit housing organisations should be granted the **right to receive subsidised loans, cheaper land plots and tax exemptions, while being restricted from cashing out or privatising the apartments**.⁸⁷

3.4. Long-term perspective: Development of social housing operators (municipalities and LPHAs)

The development of robust and comprehensive housing legislation is essential for advancing any housing initiative, whether aimed at stimulation or regulation. However, a significant structural impediment to reforming Ukraine's housing system lies in the frozen **decentralisation** reform. Despite its initiation in 2014, municipalities remain constrained by the lack of authority to implement new regulations, operating instead under outdated and overly bureaucratic national-level norms that fail to reflect local realities. This limitation has had profound implications for social housing, particularly in exposing the dysfunctionality and inefficacy of the existing Law on the Social Housing Fund.

To establish a functioning system of public housing provision, it is essential to first determine the approach to be adopted. In Europe, two primary models of social housing systems have emerged over the past century: universalist and targeted.

The **universalist model** regards all individuals below a relatively high income threshold – typically encompassing even upper-middle income groups – as eligible for social housing. The objective of this approach is to ensure an adequate supply of affordable housing to meet the demand across diverse income levels. Rent is generally calculated based on the tenant's income, enabling higher-income residents to pay proportionally higher rents. This redistribution mechanism reduces the rental burden for lower-income households within the same housing scheme, fostering financial sustainability and inclusivity. In contrast, the **targeted model** imposes strict eligibility criteria, limiting access to social housing to specific low-income or vulnerable groups.

While the EU has promoted a more targeted approach, Ukraine's implementation of the targeted system is even more problematic and characterised by overly restrictive criteria and largely ineffective social housing provisions. To change this situation, a comprehensive reform of the social housing sector has to be conducted.

Firstly, to address the challenges in Ukraine's social housing sector, the introduction of **social housing operators** is essential, enabling the establishment of **municipal and LPHAs**. At present, Ukraine lacks an intermediate enterprise model that bridges the gap between profit-driven and non-profit organisations. Municipal companies are categorised as non-profit, restricting them to collecting rents that only cover the operational costs of housing construction and maintenance, without the ability to reinvest any surplus. Limited-profit housing operators, which could bridge this gap, are entirely absent.

To build a sustainable system, municipal companies must be allowed to generate profits through rents, subsidies, grants, investments and loans, and reinvest these profits into maintaining, managing and expanding the housing stock. Additionally,

private LPHAs, modelled after the Austrian system, could be introduced, alongside cooperatives that could also function as social housing operators. At present, municipalities with a small number of social or temporary housing units act solely as distributors, lacking both the capacity and authority to actively develop and manage their housing resources effectively.

Secondly, **the base of recipients of social housing has to be broadened** to include a larger share of the population. The **rents have to remain below market average and calculated according to the household's income**. Because the existing law on social housing created the system, which was free to enter but very limited to below-poverty incomes and vulnerabilities only – it was impossible to even maintain the stock in a proper condition, let alone acquire extra social housing stock. Moreover, such a system segregates and further marginalises vulnerable families, also creating the atmosphere of control over the residents of social housing. Furthermore, hromadas have to receive the **right to introduce their own regulations concerning social housing distribution and rent**, depending on the local circumstances and needs. Need-based cost calculations were conducted by housing researchers earlier last year.⁸⁸

Thirdly, **regular audits of public housing companies** should be established, along with clear limits on the use of their profits. This is crucial to ensure that the public housing stock remains secure and cannot be privatised or sold off gain. These audits would act as a safeguard, guaranteeing that funds generated from social housing are reinvested in the maintenance, expansion and improvement of the housing stock, rather than diverted for profit. Additionally, clear guidelines should be set on how profits can be allocated, ensuring they directly contribute to the development of affordable housing.

Fourthly, similar to the case of cooperatives, the Law on Land must include provisions that create **exceptions to auction rules for land allocated for social housing**. This would lower the costs associated with acquiring land for the construction of affordable housing, facilitating the development of a larger social housing stock. Allowing municipalities or non-profit operators to bypass land auctions

would enable them to focus financial resources on building, rather than spending excessively on acquiring land through competitive bidding. This would make social housing projects more cost-effective and financially sustainable in the long term.

Lastly, the Law on Social Housing should establish a **comprehensive financing and consulting program to support municipalities** in launching and managing social housing companies. This program should provide financial incentives, technical assistance and expert advice to local authorities, helping them navigate the complexities of setting up and maintaining social housing enterprises.

4. CONCLUSIONS

4. CONCLUSIONS

The war destabilised the fragile balance of Ukraine's mass homeownership system, revealing and deepening its structural flaws. The absence of a significant social housing stock, minimal municipal involvement in housing policy, an unregulated and largely shadow private rental market, and the inaccessibility of new homeownership for large segments of the population have collectively placed the majority of Ukrainians at a severe disadvantage during the conflict. Although short-term solutions were supported through solidarity efforts and financial aid from IOs channelled via local communities, medium- and long-term strategies for the majority of affected populations have been notably absent.

Instead, the state has prioritised private developers by introducing a voucher program aimed at gifting housing to those who lost their homes due to the destruction of war. While this initiative is presented as a comprehensive solution, its financial scope is limited, as it requires the state to fund full housing purchases without retaining any ownership rights. This approach also carries the risk of further property destruction in conflict-prone areas. The concern is not the existence of such a program but its dominance, which overshadows **other potential housing alternatives** that could offer more sustainable, long-term solutions for displaced and vulnerable populations.

1) **Regulation of the private rental market.** The war has exacerbated existing vulnerabilities in Ukraine's private rental market, which has become a primary housing provider for displaced and low-income populations, despite being largely unregulated, unsafe and unaffordable. Previous legislative attempts to address rental sector issues, such as the draft Law on Rental Housing (2017-2018) and a wartime rent-control initiative, were unsuccessful, yet the Ministry of Social Policy's rent compensation program

signals an awareness of the market's challenges. Strengthening renters' rights enforcement, including preventing illegal evictions and unfair rent hikes, could be a key local-level intervention, supported by legal assistance, public education and the promotion of tenant unions. Additionally, national measures, such as moratoriums on rent increases and evictions, rent caps, and vacant housing taxes, could help stabilise the rental market and improve affordability. Historical examples from Europe, such as rent freezes during wartime and the COVID-19 pandemic, demonstrate the potential for such policies to protect tenants and stimulate affordable housing development. Moreover, taxing vacant properties could reduce vacancy rates and generate revenue for housing programs, while rent rationing under martial law could offer temporary relief. To address these issues comprehensively, a new Law on Rent is urgently needed, as the current Civil Code offers limited protection for renters. Any proposed regulations must, however, account for regional disparities by exempting combat zones and prescribing lower rent caps in war-adjacent areas to balance supply and demand pressures caused by the war.

2) **Adoption of SRAs** as a stimulative housing policy tool, particularly relevant for post-socialist countries with high rates of individual homeownership and limited social housing options. SRAs operate by mobilising vacant properties from homeowners who lack the resources to manage rentals themselves. Acting as intermediaries, SRAs lease properties from landlords and sublet them to tenants at reduced rates, offering benefits to both parties. Landlords gain secure property management, reduced risks of damage and guaranteed rental income, while tenants benefit from lower rents, formal contracts and increased rental

security. Successful examples from Belgium, the Netherlands and France demonstrate that SRAs can effectively address housing shortages for vulnerable groups, including low-income households, displaced people and the homeless. These agencies rely on a mix of public subsidies, private contributions and community support to enhance housing affordability while stabilising the rental market. Poland recently introduced SRAs into its legal framework, aiming to increase rental supply by utilising vacant individual housing units, thereby reducing overall rental costs. In Ukraine, the idea of SRAs has been promoted by IOs like Habitat for Humanity and supported by the Association of HOA managers, where HOAs manage approximately 20% of the country's housing stock. With the rise in rental activity and the increasing number of vacant properties owned by displaced individuals, HOAs have considered assuming the role of SRAs to manage rentals on behalf of absentee owners. Establishing SRAs in Ukraine could ensure better targeting of vulnerable populations, allowing grants and subsidies to flow toward socially responsible housing providers rather than private landlords, thereby promoting affordability and stability in the rental sector.

3) **Promotion of cooperative housing**, a model that successfully addressed post-war housing shortages in Europe by combining state support with private citizen initiatives. Cooperatives, as legal entities, ensure collective ownership of housing, providing affordable accommodation without granting individual property rights. The model can be supported by the state through tax exemptions, subsidies and access to subsidised loans, while municipalities can facilitate cheaper land access or grant priority rights in land sales. However, Ukraine faces legal obstacles due to conflicting laws, unclear definitions of collective ownership and restrictive land acquisition rules that hinder cooperative development. To overcome these challenges, legislative reforms are needed to restore collective ownership principles, halt privatisation of cooperative units and ensure cooperatives benefit from public housing programs. By addressing these

legal barriers and offering financial and land incentives, cooperatives could provide lower-cost housing, foster long-term affordability and create revolving funds for sustainable housing development.

4) **Improving the social housing system.** A comprehensive reform of Ukraine's housing legislation is critical for developing an effective social housing system, particularly given the stalled decentralisation reform that limits municipalities' ability to implement new housing regulations. To address these challenges, Ukraine can draw from successful European models, combining universalist and targeted approaches. The first step is the introduction of social housing operators, including municipal and limited-profit housing companies (LPHAs), which currently do not exist in Ukraine. These operators should be allowed to generate and reinvest profits to expand and maintain the housing stock. The eligibility criteria for social housing should also be broadened to include a larger portion of the population, with rents set below market rates and adjusted according to income. Furthermore, municipalities should be empowered to create their own regulations based on local needs, while regular audits and clear profit-use guidelines must be established to prevent privatisation or misuse of funds. Additionally, land acquisition rules should be reformed to exempt social housing projects from competitive auctions, reducing costs and encouraging new developments. Finally, a national program providing financial and technical support to municipalities for establishing and managing social housing companies is essential to ensure long-term sustainability and address the country's housing needs.

To build a sustainable housing system in Ukraine, key measures are essential. Firstly, a **National Housing Agency** should be established to oversee data collection, policy development, program coordination and municipal support, ensuring a range of housing options for vulnerable populations. Secondly, **reforming the housing finance institution**

is necessary to direct and scale funding for housing recovery by incorporating lessons from ongoing projects. Finally, **systematic legislative revisions** must be undertaken to strengthen the legal framework, addressing gaps in private rental market regulation, inequalities in housing compensation programs and inefficiencies in the social housing system. Together, these reforms will provide a comprehensive foundation for equal and effective housing solutions.

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