



REHOUSING UKRAINE: INVESTING IN THE FUTURE



**The proceedings of three pro bono events
on the challenges and opportunities
for rehousing the citizens of Ukraine**

**Hosted by
the Affordable Housing Institute and INTEGRITES**

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The Affordable Housing Institute is a non-profit impact consultancy dedicated to improving affordable housing ecosystems around the world.

To learn more about our work in increasing access to safe, secure, and healthy housing around the world, visit <https://www.affordablehousinginstitute.org/>

With grateful thanks to Sara Veronesi for her curation of the events’ transcripts

The views expressed are those of the presenters.
Any misinterpretations, mistakes or omissions are solely the responsibility of the authors

EXECUTIVE SUMMARY

In June 2022, the Affordable Housing Institute¹ and Integrites² co-hosted, three open, pro-bono online events focussing on housing's role in rebuilding Ukraine. The events' resources page is [available here](#) with videos of the events [available in English here](#) and [in Ukrainian here](#).

Contributors were overwhelmingly Ukrainian, had worked Ukraine or had an expertise in rehousing after conflicts. Organisations participating *included*: Ukraine's Ministry of Communities' and Territories' Development of Ukraine, Kyiv School of Economics, the United Nations: Institute of Migration, the International Finance Corporation, the European Investment Bank, the Harvard Ukrainian Research Institute, Irpin municipality and Housing for Teachers from Mariupol.

The shape of Ukraine's rehousing challenge

- With a quarter of the population displaced, this is an immense challenge: arguably unprecedented in Europe since 1945
- Funding rehousing is a prerequisite for a speedy, strong, modern and democratic recovery
- With towards 1 million homes damaged or destroyed, the *overall* housing reconstruction cost was 48 billion USD
- Decent homes are needed as a base for workers restarting Ukraine's economy and for heroes and citizens to rebuild their communities' lives
- The window of opportunity is small and is closing. Whilst rehousing will take many years, citizens are already repairing the damage themselves
- Policymakers will need to create a long-term viable housing offer that balances financial efficiency with social factors like affordability, equity and decarbonisation
- Creating a successful rented sector is unavoidable. Much of this is likely to be state funded. This will be in tension with citizens' understandable aspiration for home ownership
- A new building code and 'national emergency' legislation encouraging innovation will need fast tracking
- Rehousing will need to link with economic development, especially for displaced females

“The first day of rebuilding is already here ... People will act. They will move back home, they will move into damaged buildings, and they will repair them. They need positive help as that force is unstoppable.”

David Smith,
Affordable Housing Institute

Financing the rebuilding

- The state cannot alone bear the cost of restoring the country's buildings and services. Reconstruction will require a balance between the public, private and non-profit sectors

¹ Affordable Housing Institute (a non-profit impact consultancy dedicated to improving affordable housing ecosystems) <https://www.affordablehousinginstitute.org/>

² INTEGRITES (a Ukrainian-headquartered legal firm) <https://www.integrites.com/>

- Development Finance Institutions can play important wider roles in securing advice, helping with risk sharing and establishing effective foreign-currency arrangements
- New approaches like municipal funds, covered bonds and crowdfunding will be needed

Meeting citizens' needs

- Understanding when, where and how many displaced citizens will return is the key component of the rehousing equation. Limited percentage changes in IDPs' intentions can equate to a city's worth of homes.
- Citizens are exceptionally mobile, linked and informed. Their housing needs (and their voices) will reflect this. Engagement with IDPs and their host communities is essential.
- Ukraine's society is evolving rapidly. Housing solutions will have to be future proofed

Government at every level faces immense and multi-faceted challenges

- Government must be well organised, develop clear plans, communicate effectively with citizens and ensure subsidiarity in decision making, especially for local, small-scale repairs.
- Removing the rubble may take years and require substantial amounts of specialist equipment and skilled operatives. This will be need to be planned with global developers.
- Capacity building, especially peer-to-peer learning among raions and municipalities will be crucial in helping Ukraine to lead its future
- **Reconstruction** should not slavishly copy the past. Reconsidering new approaches is crucial

Ten guiding principles for successful recovery

- **Rehousing is a prerequisite** for a speedy and modern economic and social rebound
- **Ukraine must make its own decisions and choose the best solutions for its own needs**
- **Accessibility for all:** Decent housing must be available for all citizens
- **Citizens' consent is key:** Remember the three Vs (my Voice, my Vote and my Veto)
- **Expect temporary housing solutions to rapidly become permanent** – so plan accordingly
- **Plan for evolution:** Home types and tenures will have to evolve as the situation changes
- **Build in subsidiarity:** devolution of decision making to the appropriate level is essential
- **Recognise that centralised direction/coordination** and suspension of some laws may be necessary for a transitional period
- **Agree priorities early** - where and who should come first are urgent questions
- **Facilitate externally funded investment** from foreign investors and remittances as this will be essential to augment government and international development finance

Next steps

Colleagues involved in the events will collaborate on a suite of projects specified by Ukrainian government organisations. For further information on the Rehousing Ukraine Initiative, please visit [The AHI Ukraine resource hub](https://www.ahiukraine.org/) or contact Dsmith@affordablehousinginstitute.org.

The Contributors

Contributors' biographies can be accessed on the relevant event page [here](#).

Event 1

David Smith: (host) founder and CEO of the Affordable Housing Institute

Oleksiy Feliv: (moderator) Managing Partner, Integrates

Natalia Khotsianivska: Deputy Minister for Communities and Territories Development

Dmytro Chasovnikoff: founding member Housing for Teachers from Mariupol

Daryna Marchak: Head of the Center of Public Finance & Governance Kyiv School of Economics

Oleksandr Anisimov: Project coordinator New Housing Policy

Emily Channell-Justice: Director of the Temerty Contemporary Ukraine Program at the Ukrainian Research Institute, Harvard University

Event 2

Oleh Zahnitko: (moderator) Partner at INTEGRITES

Yuriy Dzhygyr: World Bank consultant working in Kyiv, Ukraine.

Svitlana Startseva: Deputy Head of the Department of Housing Policy and Land Management at the Ministry for Regional Development

Mykhailo Sapon: Head of the Department of Urban Planning and Architecture of Irpin

Grzegorz Gajda: Senior Urban Sector Specialist at the European Investment Bank

Wolfgang Amann: Managing Director at the Institute of Real Estate Construction and Housing (IIBW), Vienna

Event 3

Emily Channell-Justice: (moderator) Director of the Temerty Contemporary Ukraine Program at the Ukrainian Research Institute, Harvard University

Lidia Kuzemska: Research Affiliate Refugee Law Project

Tamas Vonyo: Associate Professor of Economic History at Bocconi University

Friedemann Roy: Advisor to the Vice President, International Finance Corporation

Olena Lukaniuk: Legal Adviser, UN: International Organization for Migration

Drita Shabani: Housing Consultant, Kosovo

1. INTRODUCTION

Three events for Rehousing Ukraine

These are the proceedings of three pro-bono events, hosted by the Affordable Housing Institute (AHI) and Integrates in June 2022 on rehousing Ukraine. The events were organised around three broad themes, which form the main chapters of this report:

- *The First Day of Rebuilding: Situation, Challenges, Priorities*
- *Rehousing the Returnees: Building Better, Smarter, Faster, Fairer*
- *Housing the Disrupted: Refugees, IDPs, and Dispersed Families*

The events were designed to:

- *give voice* to authentic Ukrainian experience and opinions
- *channel* the experiences of countries with relevant histories
- *convene* international agencies likely to be involved in supporting solutions
- *provide* the materials for thought leadership amongst the world community

The underpinning assumptions were that:

- Ukraine would soon be at peace, or at least be in a position where substantial reconstruction would be feasible
- *After* the initial phase of relieving homelessness, Ukraine will focus on rebuilding permanent housing and reconstructing the country's housing offer.
- Funding would come from a mixture of Ukrainian resources and international bodies

The Affordable Housing Institute and INTEGRITES self-funded the events and have no commercial or other interest in any solutions. However, as good world citizens, we have a huge stake in assisting the people of Ukraine to live in decent and affordable housing.

The contributors

The events were attended by over 400 people, drawn from 20 different organisations including the Ministry for Communities and Territories Development of Ukraine, the Kyiv School of Economics, the United Nations: Institute of Migration, the International Finance Corporation, the European Investment Bank and the Harvard Ukrainian Research Institute.

We would like to formally record our gratitude to all who contributed to the events. Your thinking constitutes a fantastic investment in Ukraine's future. Contributors' biographies are [here](#).

We would particularly like to thank Deputy Minister Natalia Khotsianivska and Svitlana Startseva, the Deputy Head of the Department of Housing Policy and Land Management for participating at an exceptionally challenging time for the country.

Ten Guiding Principles for Recovery

The following guiding principles emerged from the events. Ensuring they influence decision-making and programme design will be important for effective reconstruction and recovery.

Where not consistent, their competing aims will need to be balanced. Short-term political outcomes will need to mesh with strategic reforms.

The ten guiding principles are:

- **Rehousing is a prerequisite** for a speedy and modern economic and social rebound
- **Ukraine must make its own decisions and choose the best solutions for its own needs**
- **Accessibility for all:** Decent housing must be available for all citizens
- **Citizens' consent is key:** The three Vs are key (my voice, my vote and my veto)
- **Expect *temporary* housing solutions to rapidly become *permanent*** – so plan accordingly
- **Plan for evolution:** Home types and tenures will have to evolve as the situation changes
- **Build in subsidiarity:** devolution of decision making to the appropriate level is essential
- **Recognise that centralised direction/coordination** and suspension of some laws may be necessary for a transitional period
- **Agree priorities early** - where and who should come first are urgent questions
- **Facilitate externally funded investment** from foreign investors and remittances as this will be essential to augment government and international development finance

2. EVENT 1: THE FIRST DAY OF REBUILDING

The first event established the context for rehousing Ukraine.

The role of Affordable Housing in Ukraine's recovery

Host **David Smith**, Chief Executive Officer of the Affordable Housing Institute, opened the event by emphasizing the centrality of housing to Ukraine's recovery.

Ensuring affordable housing contributes to Ukraine's recovery will be a significant challenge. A rapidly recovering economy will make housing *less* affordable.

Rehousing Ukraine will entail smoothly navigating a continuum that runs from relief, recovery and redevelopment. It will require extensive international support. Recovery is strongest when local knowledge, local priorities, local experience are fused and connected to experiences in other countries around the world.

"Affordable housing does not just happen ... It's very hard to do, right. And it's very hard to do right fast.

In my experience, the best way to predict the future is to invent it. And to channel what you know will be coming in ways that benefit Ukraine."

David Smith

The Ministry of Communities & Territories Development's Perspective

Natalia Khotsianivska, Deputy Minister for Communities and Territories Development of Ukraine, opened the series of events by welcoming the Rehousing Ukraine initiative and thanking participants, organisers and international organisations for their support in this very difficult time for Ukraine.

By June, almost 3 million Ukrainians had become internally displaced persons (IDPs). The Deputy Minister emphasised the Government's commitment to rebuilding housing to modern standards.

The legislative foundations are being laid. The Ministry of Regional Development has proposed [Draft Law 7282](#) for a multi-faceted reconstruction in the regions and [Draft Law 7198](#) for the rebuilding homes. The draft legislation entails reforms to ensure that quality and safety are key elements of urban planning and house building. These changes will bring Ukrainian standards closer to European ones.

The Deputy Minister's participation was interrupted by an air raid warning. However, **Svitlana Startseva**, the Deputy Head of the Department of Housing Policy at the Ministry underlined the importance of developing public housing for the assimilation of IDPs into host communities.

"The enormous amount of partially damaged or unusable housing has left many thousands of Ukrainian families without homes. That is why it is essential for us to repair or reconstruct homes with modern and effective technologies that will provide safer housing for the people."

Minister, Natalia Khotsianivska

"Right now, the most important measure we must take in support of the IDPs is the creation of municipal housing funds and the restoration of municipal housing."

Svitlana Startseva

The experience of Mariupol

Dmytro Chasovnikov is the founding member of the community group “Housing for Teachers from Mariupol”. A twice-displaced citizen himself, Dmytro set out residents’ experience of displacement in Mariupol where he had rebuilt his life.

40% of the population of Mariupol (174,000 people) have been displaced. Most of them have relocated to central Ukraine, some to the west and a third relocated to the neighboring region.

Education is the foundation of a country. For Mariupol City Lyceum, 25 of its 44 teachers and almost three quarters of its 435 students are now either abroad or in the controlled territory.

As the images in his presentation imply [here](#), the personal toll has been enormous. Some residents reporting that not only have they had to abandon their own homes, but they were no longer able to support their infirm parents. With mobile telephony cut off, it was not possible even to keep in contact with those who remained.

The long term positive message is that the 2014 IDPs, largely through their own efforts and with the support of the local community, were able to regroup and assimilate into Mariupol. However, for many IDPs *from 2014*, housing still remains a key issue.



“Displacement ... tears apart a community, it destroys the connections ... it takes away your source of income and savings. But the most severe and relevant issue for IDPs, both in 2014 and now, is that of housing.”

Dmytro Chasovnikov

The cost of rehousing Ukraine

Daryna Marchak, the Head of the Center of Public Finance and Governance at the Kyiv School of Economics set out how modern technology, geographical information systems (GIS), drones and satellites have revolutionised the assessment of damage to infrastructure.

“We estimate the damage to be over 110 billion US dollars ... of which direct housing replacement costs have reached 47.8 billion US dollars”

Figures as at August 8th, 2022

In June, the [Russia will Pay](#) initiative’s robust assessment³ for the replacement cost of lost, damaged or destroyed assets had reached 104 billion USD⁴. Of this total, 47.8 billion USD was housing costs. The reconstruction bill excludes wider social costs, such as the additional financial pressures on host communities’ social, health and educational infrastructures. By comparison, expenditure on social reconstruction for victims of the 2014 invasion was nearing 0.3 billion USD in 2021.

³ "Procedure for determining the damage and losses caused to Ukraine as a result of the armed aggression of the Russian Federation" <http://www.atso.org.tr/yukleme/dosya/9741a4abbd44ce5624d3507b90b3f0b.pdf> Full details of the costing methodology are on slide 8

⁴ *Editors’ note:* By August 2022, this had risen by 5% to over 110 billion US dollars.

In keeping with Daryna’s presentation, where possible, we have updated her data to the most recent published. Her [original slides are here](#).

Damage to, or loss of residential infrastructure includes

- 115.9 thousand private houses
- 15.3 thousand apartments
- 934 healthcare facilities
- 764 kindergartens
- 119 social services facilities

August 8th, 2022

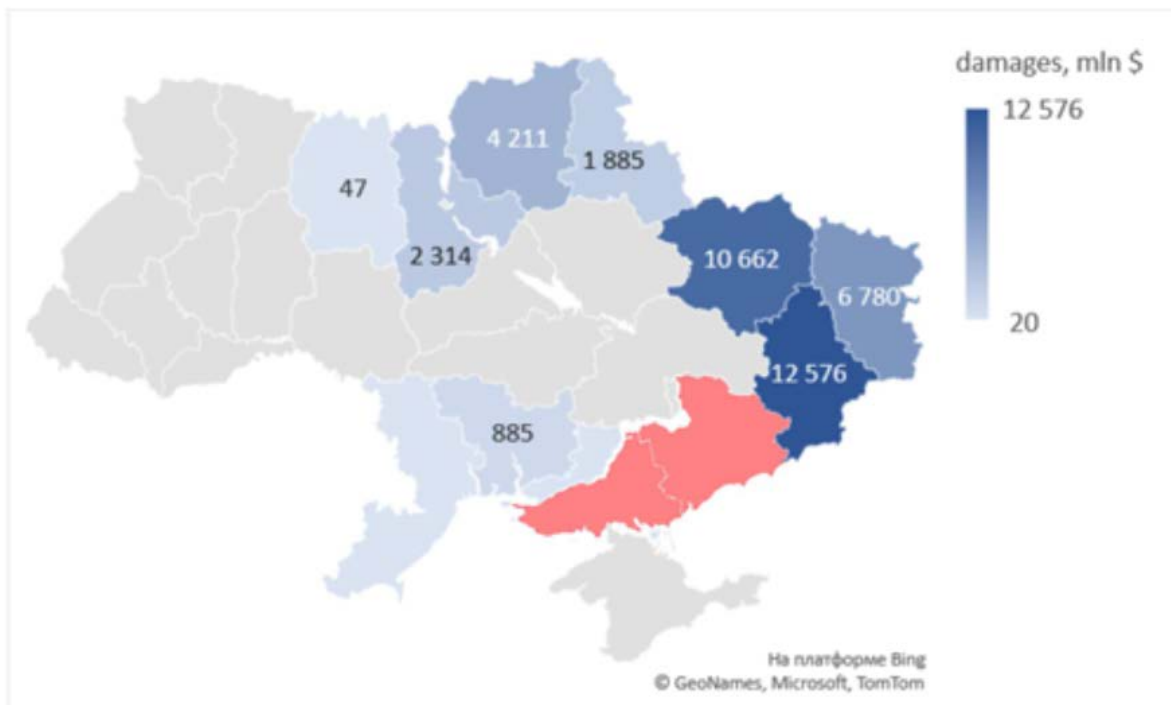
By June, 44.8 million square metres of residential buildings had been damaged or destroyed. 861 thousand families had lost their homes⁵. Subsequently, the area damaged or destroyed has risen to over 61 million square metres, with the National Recovery Council increasing its estimate to over 1 million households who had lost their homes⁶.

The distribution of damage was skewed towards the conflict zones. The regions of Donetsk and Kharkiv’s almost 26 million square meters of damage comprised

over half the national total. The capital Kyiv had sustained 2.5 million square meters of damage (5.6% of the national total).

The cities of Mariupol, Kharkiv, Chernihiv, Severodonetsk and Lysychansk had suffered the greatest proportion of housing damage: the first two cities have lost almost one third of their housing.

Figure 3.1: Damages to residential stock by region June 2022



Daryna Marchak: Slide 6, June 2022

⁵ Calculations based on State Statistics Service of Ukraine data and Russia will Pay estimates.

⁶ https://kse.ua/wp-content/uploads/2022/07/Eng_NRC_Final_Losses-and-Needs-Report_July-1-2022.pdf

Rehousing Ukrainian IDPs, 2014 -2021

Dr Emily Channell-Justice, the Director of the Temerty Contemporary Ukraine Program at Harvard's Ukrainian Research Institute, described the experience of rehousing the 2014-21 Ukrainian IDPs (internally displaced persons). Her slides are [here](#).

The 2014 invasion damaged 40,000 - 50,000 homes, and displaced almost 1.5 million people. By 2018, 60% of IDPs were struggling to afford rising rents and utility bills.

The key challenges included:

- A lack of accurate information because many IDPs were unregistered or registered whilst still living in the occupied territories
- A lack of clarity around the opportunities for IDPs to access permanent rehousing, for example, returning home versus resettling in host communities
- This was compounded by a lack of economic security which contributes to further housing insecurity
- These challenges exacerbate the tension between IDPs trying to integrate into their host communities, whilst retaining their IDP status to keep their claim on their property in the occupied territories
- Unclear rights to housing for citizens still living in occupied territories
- The lack of a unified database for damaged/destroyed housing
- The absence of a compensation mechanism for housing loss or damage and the inability to transact sales in the occupied territories
- A perceived slow response in 2014 with an initial failure to fix ministries' responsibilities for helping IDPs
- A profound lack of resources for rehousing IDPs - only 625 households will have been compensated by 2021.

“nearly 1.5 million people were displaced from Donetsk, Luhansk, and AR Crimea between 2014 and 2021. However, ... the number of registered IDPs does not necessarily ... reflect the actual number of people who are displaced and in need of housing”

Finding work was a major issue. In 2014, Mariupol already had unemployment. So, adding IDPs to this labour pool created social challenges, both within IDP families and with the host communities.

Given the heavy industrial economic base in the Donbas region, it was more difficult for female IDPs to find work. Iryna Pavluk, an expert at UN Women, has commented that gender-skewed labour markets can lead to greater dependence resulting in domestic and gender based violence.

So, when designing housing policies it will be important to consider the inter-relationship between economic security and housing, and how the gender dimension plays into this. IDP women, and especially single mothers and victims of gender-based violence, are a particularly vulnerable and disadvantaged group.

“for IDP women it is really hard to get a good job and that often gets them into being dependent on their partner or spouse or other family members, and that often leads to some manifestation of domestic and gender-based

Towards a New Housing Policy

Oleksandr Anisimov is the project coordinator for New Housing Policy, a network of academics and activists with new proposals for the reconstruction of Ukraine. His presentation [here](#) was also interrupted by an air raid warning.

Rehousing should be founded on the premise that housing is to meet human need and not a financial asset from which to make a profit. Reconstruction needs to be founded on new principles of **equity** and **sustainability** - the right to decent housing that does not compromise the future.

The settlement of Sofiivska Borschahivka, developed since 2005 near Kyiv, is an example of where these principles were not followed (see picture). Limitations in the planning system resulted in a market-led development solely for owner occupiers that comprised 80% housing but lacked public transport or soft mobility options; public amenities; green zones; and ultimately an identity.

“We should rethink housing, not as an economic and financial asset from which to make a profit, but rather from a human-oriented perspective. This poses two main challenges: equity (or socio-economic justice), meaning the right to decent housing as a human right, and sustainability, to ensure that by exercising our right to housing we are not in turn compromising our future.”

Oleksandr Anisimov

Figure 3.2: The development of Sofiivska Borschahivka 2005 to 2020



Oleksandr proposed four approaches for delivering **equity**.

1. An effective land value tax transferring development profit into local budgets
2. Legal and institutional support for non-profit/cooperative housing (with a minimum floor or 25%+ of all new build homes)
3. The creation of municipal rented housing offers via new funding and agencies
4. The inclusion of social mixing into zoning and spatial planning

His four routes to delivering **sustainability** are:

1. Prohibiting cities developing on new land after 2030
2. Refusing development approval without redesigned sustainability features for water use, mobility, soil protection and energy use
3. Providing government loans for sustainable energy projects to cooperatives and communal enterprises and not to individuals and private developers
4. The transfer of subsidies from coal and gas to renewable energy sources

The new approach would require internal legislative reforms, international finance and augmented municipal capabilities. The latter would require, more higher education for urban planners and training municipal managers alongside capacity-building for municipalities through guidance and knowledge exchanges.

3. EVENT 2: REHOUSING THE RETURNEES: BUILDING BETTER, SMARTER, FASTER, FAIRER

The broad theme of the second event was on developing approaches to rehousing Ukraine's citizens.

The Government's approach

The Government's two tiered approach to rehousing was set out by Svitlana Startseva, Deputy Head of the Department of Housing Policy and Land Management in the Ministry for Regional Development. [Her slides are here.](#)

The government's two main approaches to meeting the emerging housing need were

- the immediate national provision of temporary accommodation for priority groups
- the medium term development of programs for developing housing and infrastructure.

This entails fundamental reform and includes:

- improving mechanisms to deliver citizens' right to housing (for example, public funding, public-private partnerships, enhancing international financial and technical assistance)
- improving the effectiveness of current funding allocations
- balancing housing and employment needs along with local and regional priorities
- introducing economic incentives for businesses involved in the rehousing and reconstruction process of Ukraine.

Time frames for responses:

- **Short term:** until end of 2022
 - compensation for private owners and municipal and state institutions providing temporary accommodation
- **Medium term:** until end of 2025
 - provision of temporary accommodation

These approaches map onto three distinct timescales as set out in the box.

The immediate national plans accounted for most of the (then) displaced total: two thirds through repair of less damaged housing, new build in the western regions and subsidized market rent. Funding is a major challenge and will require medium-term support from international agencies.

Housing's central role in rebuilding networks

Yuriy Dzhygyr, former deputy finance minister and current World Bank consultant, emphasised the importance of housing to rebuilding wider networks that support modern societies. Accordingly, housing is a foundation for the networks of institutions and services in towns and cities. Restoring schools and hospitals first requires homes for IDPs to return to.

“The Ukraine that we want to rebuild should not be an updated copy of pre-war Ukraine ... Even if it was going to be a prettier, shinier version of the previous infrastructure and services we had it would be our biggest

Old infrastructure reflects old technologies and assumptions about how society should work. Reconstruction should not slavishly copy the past, but embody modern approaches. As the state cannot alone bear the total cost of restoring the country's buildings and services, so reconstruction will need to strike a new balance between the public, private and non-profit sectors.

Now, there are alternatives to state provision, so, reconstruction will need new rules both to stimulate initiative and private participation as well as new tools to manage them. Public private partnership does involve some risks and opens up exposure to criticism. However, the experience of many democracies has shown that overall, private public partnerships can be very effective. Failing to adapt to new circumstances could mean a modern Ukraine might miss the opportunities reconstruction offers.

Rebuilding Irpin

70% of the city of Irpin has been destroyed. Over half of its residents left in the early stages of the invasion. In his presentation and [moving video here](#), **Mykhailo Sapon**, Chief Architect of the City of Irpin detailed the damage and reconstruction challenges the city faces.

Damage to apartment blocks in Irpin video



As can be seen from the box, the housing challenges are immense. Work is in hand to accommodate 10% of the homeless in temporary housing. However, despite being one of the ten richest municipalities in the Kyivska oblast before the war, lack of funds is one of the main problems slowing reconstruction.

A second challenge is that citizens need other services such as kindergartens and schools. If supporting services are not available, then this will dissuade some from returning. Municipalities need freedoms and resources to meet local needs and facilitate speedy reconstruction. Aspects of the current planning legislation will need to be relaxed: for example, the 30 day consultation requirement. Equally, speedy procurement by municipalities is hindered by having to get funds from the regions.

In terms of logistics, Irpin municipality lost 90% of its equipment and vehicles. In addition to this deficit, there is a shortage of specialist construction plant. There are no substitutes, for example for the cranes and other machinery necessary to repair the higher stories of apartment blocks.

- **8,000 are currently homeless**
- **40,000 of 70,000 residents left the city**
- **8,651 buildings have superficial damage**
- **2,738 are partially destroyed**
- **855 are completely destroyed**
- **22 educational institutions damaged**

“Aside from the money, our biggest problem at the moment is the lack of equipment. 90% of our machinery has been destroyed: we don’t have cars, we don’t have trucks, nor any other construction equipment. We have the professionals who know what to do and how to proceed for the reconstruction but we don’t have the tools to do it.”

Mykhailo Sapon

The challenges of creating non-market housing

Grzegorz Gajda, Senior Urban Sector Specialist at the European Investment Bank (EIB), described the tensions balancing financial efficiency with social factors in developing a broader range of housing tenures to meet Ukraine’s housing needs.

Given housing inelasticity, European policymakers have focussed on supplementing supply rather than subsidizing demand. The private sector is generally more efficient in supplying housing. However, when the market fails, policy makers often adopt public (local government) and third sector (non-profit and cooperative) approaches. The EIB’s experience of investing 1 to 3 billion Euros annually in such systems is that they are “actually quite efficient” in delivering and maintaining good quality, affordable housing. The challenge is to create a system for providing affordable housing that is financially sustainable.

One lesson from Ukraine’s experience of encouraging housing development without public intervention was the emergence of gated communities. Such separation can lead to social exclusion, costing significant sums to resolve. So, for future redevelopment, this should be avoided at all costs.

Ukraine’s policymakers “will inevitably be facing issues such as how to balance efficiency in reconstruction with social factors like affordability, general fairness of housing policies, and trying to develop a system that will provide

Rebuilding with a social ownership component

Wolfgang Amann, Director of the Institute of Real Estate, Construction and Housing (IIBW) highlighted that with over 90% ownership Ukraine barely has any sub-market renting. By comparison, Austria has 25% social housing⁷. His slides are [available here](#).

Whilst Ukraine has lost over half a million homes, its construction industry completed more than 150,000 units in 2021. Even in 2022, there is much new building in the west⁸. However, the industry has important weaknesses. It is not well organised and homes are often thermally inefficient, resulting in energy costs being much higher than in Europe. Decarbonisation is about affordability and climate change, but also about energy independence. Renewable energy and decarbonisation of existing stock would have to be key features of reconstruction.

In rehousing Ukraine, it will be essential for the government to build a consensus around the balance of a future housing offer. To what extent will there be a state funded affordable sector and should it focus on rental or low cost sales ?

International practice offers five approaches that Ukraine could explore in developing affordable housing⁹:

- Providing land for affordable housing development (United States, Canada and France)
- Using the private sector to provide affordable housing by low income housing tax credits (United States and Malaysia)
- Using municipal housing companies to build and manage housing (Austria and Sweden)
- Using profit for a purpose or non-profit third sector housing organisations to develop and manage (France, Netherlands, and Austria)
- Using asset-based regimes where regulation, taxation, pensions and welfare system facilitates private ownership for example, Singapore’s Central Provident Fund pension finance or the Finnish housing companies¹⁰

“It is simply impossible to copy-paste a model used in another country to Ukraine. The only chance to create sustainable solutions for the provision of affordable housing is to develop a new system tailor-made for the

⁷ Editors’ note: Across the EU in 2018, approximately 70% of homes were owner occupied 20% were market rented and just below 10% were at sub-market rents

⁸ Discussion of the significant potential for immediate development in the western parts of Ukraine also highlighted the amount of unoccupied housing which would need to be brought into use.

⁹ Affordable housing is defined as a rented accommodation provided at below market rent.

¹⁰ Editors’ note: This model is similar to co-ownership housing societies developed in the UK in the 1960s.

4. PANEL 3: HOUSING THE DISRUPTED: REFUGEES, IDPS, AND DISPERSED FAMILIES

The third event focussed primarily on the people displaced by the invasion and their challenges.

“64% of IDPs who were employed before the war have lost their jobs and 57% of them do not have any source of income except for the support from the state and international organizations ... Single women are a particularly

Displaced people and their challenges

Lidia Kuzemska, a Research Affiliate at the Refugee Law Project, focussed on the characteristics of 2022’s displaced citizens. [Click here for Lidia's slides](#). Both Lidia and moderator, Emily Channell-Justice, emphasised that accurate information on the displaced is difficult to obtain.

In keeping with the timeliness of Lidia’s presentation, we have included the latest version of UN Situation Report map she used. Despite the change in Russian military objectives, IDPs continue to be distributed across Ukraine. The total number of IDPs fell by 500,000 to 6.6 million whilst the number of refugees to Europe rose by 1.9 million.

Figure 5.1: UN IOM Situation Report 24 August 2022



Meeting the needs of IDPs will require different housing solutions than those for the general population (see box).

2022's IDPs are *currently* less likely to rent (35% vs 55%) than the 2014 IDPs were by 2020. They were more likely (39% vs 17%) to be lodging with a family or a friend or a kind stranger.¹¹ The high proportion of renting reflects incomes that will not support mortgages. This conflicts with the aspiration to own.

Key attributes of 2022 IDPs

- **64% of IDPs are female**
- **42% (of households) include children**
- **13% have previously been displaced**
- **38% are aged over 60**
- **20% have disabilities**

Around 90% of 2014's IDPs felt that they were successfully integrated into host communities. However, 2022's IDPs will require new and bigger responses, for example:

- Informing IDPs' housing expectations with realistic and time-bound commitments about what to expect from the state
- Making clear which groups have priority for state housing, compensation and why
- Facilitating IDP/host communities cooperation by, for example including IDPs in local decision-making and rewarding host communities to enhance social cohesion
- Collecting disaggregated data about IDPs' plans and needs, and host communities' capacities and needs
- Ensuring efficient inter-ministry coordination and clear communication, especially on responsibilities for current housing, rebuilding and compensation.

“Many groups ... will need support (but) there will be competing priorities for the government. Therefore, it is important to make clear which groups will be the first in the line to receive state housing and compensation”

Lidia Kuzemska

Refugees will have similar requirements. Around 60-70% are considering returning. Some refugees might remain in the EU or become circular economic migrants sending remittances to Ukraine. So, sustainable *housing* integration will require sustainable local economies.

¹¹ This is presumably because of the larger numbers of IDPs and the short period of time there has been for adjustment.

What refugees want to come back to

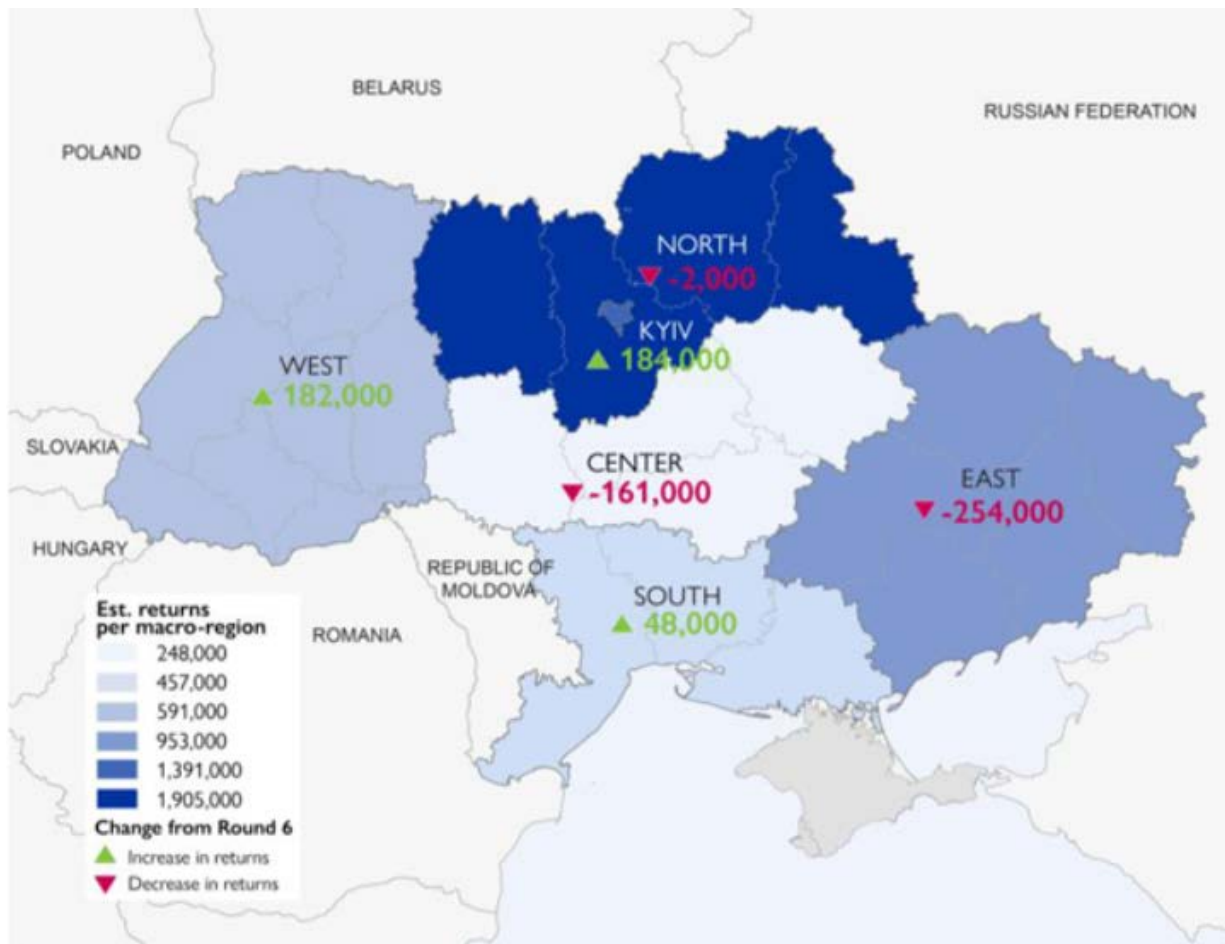
Herself an IDP, **Olena Lukaniuk**, Legal Advisor at UN International Organisation for Migration, emphasised the continued uncertainty facing displaced people and the volatility of their movements. Her slides are [here](#).

“The main reason behind our decision to leave Kyiv for somewhere safer was to (reduce the) stress on our two children. This happened over three months ago, but mentally we are still on the move.”

The initial high net outflow was more closely balanced with return flows in the middle of the year. This was driven by the end of 90-day EU visas and savings depletion. (Though the subsequent net outflow to the EU will have widened the gap.)

In keeping with the timeliness of the data used in Olena’s presentation, we have used the IOM’s Round 7 report. This still shows that Kyiv and the North macro-region remains the main destination for returnees. With 64% of IDPs employed before the war workless, employment is a key requirement for returnees. Housing also remains a key issue.

Figure 5.2: Returnees by macro-region



Lessons from history about reconstruction

Tamas Vonyo, Associate Professor, Bocconi University underlined similarities and contrasts with the post-war reconstruction of Germany. His slides are [available here](#).

Reconstructing Germany's three million lost homes required the removal of 3000 million cubic meters of rubble. Ukraine's reconstruction will require differentiated strategies based on settlement size. Reconstructing a city like Mariupol will entail the removal of perhaps 50-60 million cubic meters of rubble. This will require international aid to provide thousands of units of heavy equipment for years. Securing this equipment will require discussions with global scale construction organisations so they can capacity plan.

Smaller communities with less destruction will need the delegation of the authority and resources to enable local building companies and citizens to get on with the job.

The German propensity to rent rather than own housing made it easier to steer reconstruction via grants and rent policies. 55% of rebuilding was social housing. But reconstruction was exceptionally costly. Until the late 1950s, almost half of all construction was housing with the state still contributing a third.

There are three components to Ukraine's rehousing equation:

- a) Ukraine's significant pre-war surplus of housing (albeit not always of good quality)
- b) The number of homes damaged or destroyed
- c) The extent to which displaced citizens will return to Ukraine and if so, where

Of the three, the displacement is overwhelmingly the largest. Whilst surplus stock can be mobilized in unaffected regions for post-war rehousing, it will be critical to understand when and where returnees are needing homes. The current 10% difference in estimates of how many will return constitutes 600 thousand people who may need to be housed.

"After the demining of territories, rubble removal will be the second biggest challenge of reconstruction."

"The most important aspect of international aid will be to collect enough heavy equipment (to remove rubble and support rebuilding) ... planning should start already by contacting the big global construction companies to

"For an effective rebuilding of the country, I would stress planning, planning, planning, and adopting differentiated strategies based on city size."

Tamas Vonyo

Financing Ukraine's reconstruction

Development Finance Institutions (DFIs) are well placed to help Ukraine's reconstruction explained **Friedemann Roy**, Advisor to the Vice President of the International Finance Corporation. [His slides are here.](#)

Firstly, DFIs can ensure advice is available through convening experts to share their experience of what has worked elsewhere. DFIs can also be very effective in sharing risks via guarantees or covering the currency risks inherent in a country recovering from war.

“The main ways in which DFIs can support Ukraine through the reconstruction process is by providing advice ... (and by) risk sharing in terms of guarantees or covering some currency risks.”

Friedemann Roy

Friedemann highlighted three approaches for financing reconstruction:

- **covered mortgage bonds**
- **blended international public and private funding**
- **crowdfunding and remittances**

Covered mortgage bonds are debt instruments, secured against a dynamic pool of specifically identified, eligible mortgages. The bonds are very common and do not require state guarantees. Accordingly, ensuring this approach can work in Ukraine's capital markets would be helpful.

The design of international funds is important. The European Fund for South East Europe emerged to blend private and sovereign funding for the rebuilding of Serbia, Kosovo, and Bosnia. A debt fund, it offers investors different layers of risk and coverage. Foreign sovereign equity provides the risk buffer. The fund took about three years to establish and now has a portfolio of over 1 billion Euros. It lends on micro and small enterprises finance, rural areas and housing. The fund is already active in Ukraine and so might help with early mobilization.

“Reconstruction and rehousing efforts should be embedded in a broader urban development strategy. ... even the most beautiful houses will not help if there are no roads, (or) if the people cannot go to work ”

Given the spread of Ukrainians into the EU, remittances could become an important source of foreign currency to assist with reconstruction. Equally, crowdfunding portals could provide funding from non-Ukrainians.

Municipal finance is also an option. In Poland, municipalities can now issue bonds without any sovereign guarantees. Such funds could be useful in combining housing and the wider urban reconstruction which a pre-requisite for successful rebuilding.

Lessons from Kosovo's rebuilding

Housing consultant, **Drita Shabani** described Kosovo's post-conflict experience. [Her slides are here.](#)

In 1999, the UN Mission in Kosovo reported:

- 120,000 homes (58%) were damaged, with 78,000 (38%) were unusable rendering approximately 500,000 people homeless
- Despite appeals, within three weeks of the end of the war, 700,000 returned home

Important challenges encountered during reconstruction included:

- Ad hoc management, planning and reporting structures
- Planning and implementing rebuilding was far more challenging than expected
- Delay in re-establishing national and local institutions led to informal development, including illegal building
- Poor cooperation between international and national organizations resulted in duplication
- Failure to communicate international good practice at an early stage resulted in some poor outcomes
- Meeting emergency needs led to overcrowding and lower housing standards
- Sub-standard repairs made for serious challenges to future spatial planning

“Successful post-conflict reconstruction depends on understanding the complexities of the political and geopolitical environment, coordinating projects in an effective manner, involving a wide range of community stakeholders, conducting an accurate initial damage assessment, and involving both international and national experts.”

Thumane, a post-earthquake village in Albania, is a good example of how a coherent government management group was able to transform a devastated informal settlement into a well-planned neighborhood with social infrastructure.

A reconstructed Thumane, Albania



Key transferable lessons from Kosovo include:

- Success in post-conflict reconstruction entails understanding the complexities of the political environment, effective coordination and involving a wide range of community stakeholders
- The accuracy of initial damage assessment is crucial
- International agencies should involve local experts and professionals from the outset
- Good project design and planning of skills needs is important
- Involving the owners of damaged property from the planning phase makes implementation easier
- Reconstruction is more than a roof over people's heads. It entails infrastructure, health, schools, and community building.

“involving the owners of the damaged properties from the planning phase will make implementation easier.”

5. NEXT STEPS

In the coming months, colleagues involved in the events will collaborate on a suite of projects specified by Ukrainian government organisations.

For further information on the Rehousing Ukraine Initiative, please visit [The AHI Ukraine resource hub](#) or contact Dsmith@affordablehousinginstitute.org.