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Facilitating Private Sector Participation in Delivery of Humanitarian Aid and Infrastructure Rehabilitation in the Housing Sector – Laying the Foundation for PPPs

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A. ASSIGNMENT

A.1 P3DP AND HOUSING

The Ukrainian Public-Private Partnership Development Program (P3DP), implemented by FHI 360, is funded by the United States Agency for International Development (USAID) and focuses on Public Private Partnership (PPP) development in Ukraine by providing assistance to the Government of Ukraine at national and municipal levels to create a positive PPP environment. After focussing on infrastructure (urban parking management, solid waste management, city park management, wastewater, municipal services) and health facilities, P3DP extended its activities also to the field of housing, in the face of a massive migration flow caused by the conflict in eastern parts of the country.

The aim of this study was to identify private sector initiatives in housing provision for IDPs and other vulnerable households to help improving housing infrastructure and services. At the same time it aims to lay the foundation for some form of sustainable public-private partnerships in the longer term.

The term “Private Sector Participation” (PSP) is being used to indicate a broader category than that of classic PPP projects. The projects suggested involve the private sector in quite different ways – not necessarily with a long-term contract between a public entity and a private company, as in a classic PPP. However, the recommended approaches and projects enhance public sector capacity to work with the private sector while establishing relationships. This broader concept reflects difficulties in terminology of Public Private Partnership in housing altogether, as described in chapter B.6, p. 13).

The proposed PSP models were selected and evaluated following specific criteria of the assignment:

- The PSP should facilitate the use of donor grant funding in combination with private sector capacity to implement projects (e.g. results-based funding), creating a structure that gives comfort to donors that their funds will be well spent.
- Bear in mind the constraints on private sector financing of investments in Ukraine under present circumstances.
- Build in measures to make the project sustainable.
- Focus on “quick win” projects, but ensure that they will be consistent with longer-term needs as these might be identified in more comprehensive master plans or strategies to be created in the future and will be compatible with infrastructure to be developed as a result of the more comprehensive planning. Avoid stranded assets.
- Build capacity for public sector entities to oversee and monitor and take over the project activities at some point. Develop public sector skills.
- Help develop local private sector capacity and skills.
- Consider the potential for private sector participation in the supporting administrative aspects (e.g. data collection and processing, selection criteria, logistics, coordination among entities) as well in the provision of the infrastructure and services per se.
- Help promote employment generation in the affected regions.
- Select projects that are likely to have broader applicability than just to the specific instance. Aim for projects that can be replicated – and for which a need would exist for them to be replicated.

A.2 STRUCTURE OF THE REPORT

This study reflects a rapid diagnostic approach of the political, financial, commercial, technical, and operational feasibility of PSP projects in the housing sector in Ukraine, principally targeting assistance to IDPs:

- Chapter B (p. 6) demonstrates how PSP can play an important role in coping with the difficulties arising from the present conflict and the plight of IDPs in Ukraine.
- Chapter C (p. 15) presents specific PSP projects in different Ukrainian cities that can work towards that objective in the housing sector.
- Chapter D (p. 29) explores how donor funds can be most effectively and efficiently be used in this context.

B. PRIVATE SECTOR PARTICIPATION IN ADDRESSING IDP HOUSING SOLUTIONS

The Ukraine has a housing stock of 19.40 million units (2014). This is 427 dwellings per 1,000 inhabitants, which is the highest level of all CIS countries. By comparison, EU 27 average is 470. Quantitative housing provision in the Ukraine was improved until recently because of the negative demographic development of the country (HfH Housing Review 2013), despite new construction on quite a low level. This seems to be a main reason, that the massive migration flows following the conflicts in the Donetsk and Lugansk Oblasts had no more severe consequences in hosting those people.

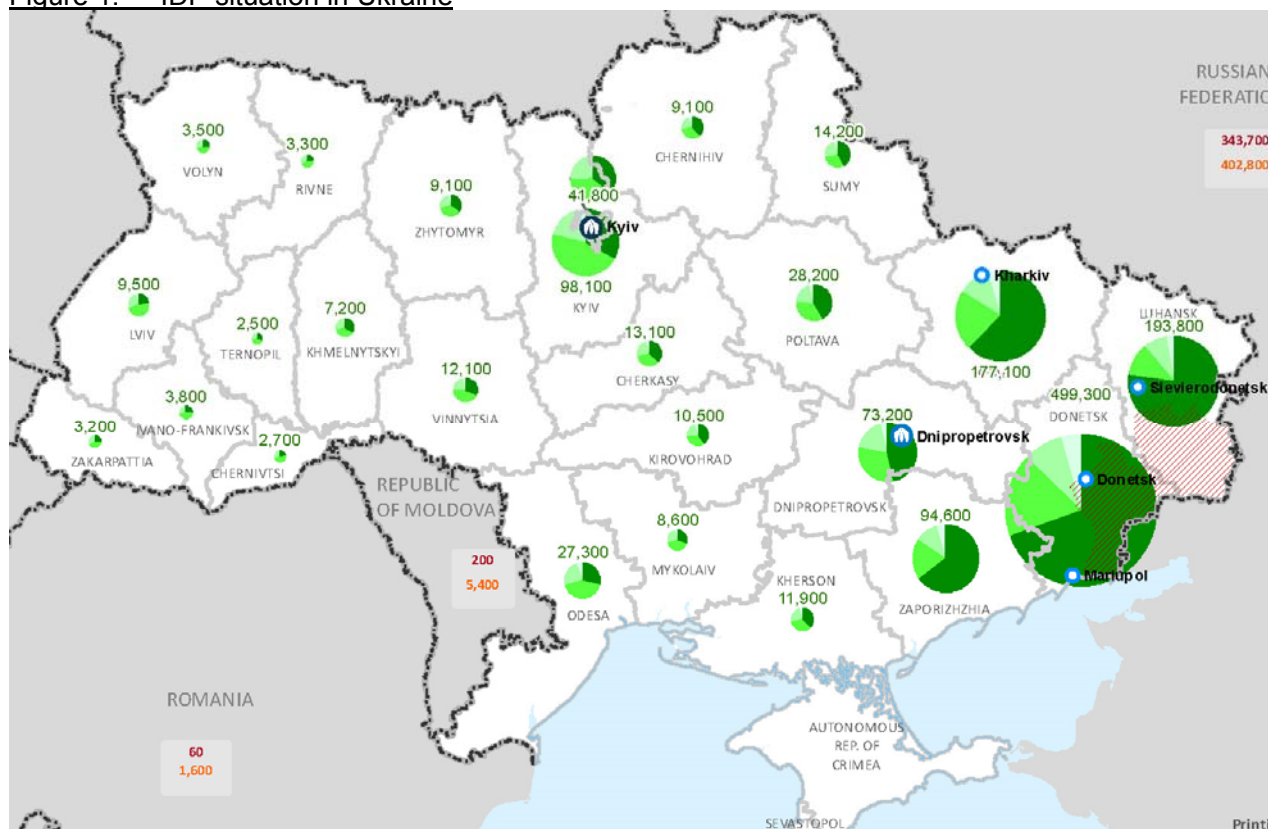
B.1 SITUATION OF IDPs IN UKRAINE

B.1.1 NUMBER AND STRUCTURE OF IDPS

By June 2014, some 1.4 million internally displaced persons (IDPs) have been registered, the biggest number in the Donetsk Oblast with around 0.5 million. Another 350,000 refugees are seeking asylum, further 550,000 people other form of stay in other countries (UNHCR shelter cluster, Figure 1). Hence, we are talking about some 2 million people affected by the conflict. This very high number requires some explanation:

- In central and western oblasts of Ukraine pensioners represent only around 1/3 of IDPs, in the oblasts close to the conflict zone in the east it is 2/3. This obviously is connected to non-payment of social transfers in the conflict zone. Pensioners (and other beneficiaries) who want to get their payments have to register as IDPs in district outside the conflict zone. In the meantime the borders to the conflict zone are difficult to pass, which hampers further migration. In single oblasts real residence conditions

Figure 1: IDP situation in Ukraine



Source: UNHCR, 22 June 2015

of registered IDPs were checked and some of them rejected the IDP status. But no statistics are available on this.

- At the same time many refugees for different reasons refuse to register.
- A big part of IDPs moved for economic reasons, as they saw no further perspective in the conflict zone. This is the case both for pro-Ukrainians in Russia dominated areas and vice versa. Within one year one million jobs got lost, of which 800,000 in Donetsk and Lugansk oblast. The official unemployment rate in those oblasts is currently 25%, some report of a double number.
- It is assumed that the smaller part of the registered IDPs and refugees have escaped from violence and physical threat. But even though this is a very relevant number. Detailed statistics on these issues are unavailable.

A substantial part of IDPs is handicapped. A part from them are war veterans. But a big part has been handicapped before and has migrated because of deletion of social benefits. Hosting handicapped persons is a particular challenge, as it is even more difficult to find job opportunities for them.

The Odessa oblast as an example hosts more than 1,000 handicapped persons. They receive a state pension of approx. 1200-1300 UAH (\$ 50) per month, which basically suffices for medicine. The public additionally pays for utilities. But obviously this is insufficient to have life in dignity. It is reported that this may lead to a social explosion.

It is expected that a major part of IDPs and refugees, particularly the younger ones, would not return after end of conflict. Their migration to other parts of the countries and abroad is likely to be permanent. This has serious consequences not only for the target regions, but possible even more for the eastern oblasts after the conflict.

B.1.2 HOUSING CONDITIONS OF IDPS

It is estimated that roughly half of IDPs are searching for accommodation. Even if the number of IDPs requires adjustment, it is several 10,000 additional households on the demand side of all big cities in Ukraine. Detailed data are missing.

In the framework of the UNHCR shelter cluster a survey on the housing situation of IDPs was conducted (REACH shelter assessment, 2015; n=3000), with the following main results:

- Around 60% of IDPs live in rented apartments or houses, four out of five without a formal contract.
- Costs for rented apartments are mostly quite moderate with 70% of IDPS reporting rents of below UAH 2,000 (< \$ 80) per month. This is far below the market rent in bigger cities. The market level in Kyiv for a small apartment is around 5,000 UAH (\$ 200) per month. It can be explained that many IDPs have rented summer houses or apartments in rural areas or accept shared apartments. There are also cities in northern Ukraine with very low market prices. In some cities in northern Donetsk Oblast rental apartments are available for the costs of utilities.
- Around 20% of IDPs are hosted by friends or family members.
- Only 10% are accommodated in collective centers. Those facilities are particularly affected of overcrowding (40%).
- The remaining IDPs are accommodated otherwise, such as in purchased apartments or hotels.
- The big majority of IDPs has left behind owner-occupied apartments (80%).

The preference of IDPs for rental housing has challenged the housing markets in Ukrainian cities. The official home ownership rate in Ukraine is above 93% (EECF). But this includes a big number of owner-

occupied apartments, which are rented out. Similar to other Transition and “Super Homeownership” (Stephens, 2005) Countries, rental markets are vivid, but statistically invisible. It can only be estimated that in big cities at least 25% of households live in rented apartments.

The substantial increase of rental demand due to the IDP inflow has increased the market level of rental housing in most Ukrainian cities (see chapter B.1.4, p. 9). Scarcity of rental housing is aggravated because of a shortage in municipal housing stocks and suspension of social housing construction (see chapter B.3, p. 10).

Municipalities are obliged to host IDPs, which is usually done in collective centers (see chapter B.2, p. 9). They mostly target at temporary use of IDPs, who usually ought to find other housing solutions after some time. Only some most vulnerable people depend on collective centers on a permanent basis. Many of them have been vulnerable and dependent to such institutions even before migration. Tenants are usually obliged to pay for utilities, which amount to \$ 10-15 per month. But arrears are high.

It may seem reasonable to allocate such IDPs in rural areas, where costs of living are lower. But due to lacking employment opportunities and medical infrastructure, as well as limited mobility, most IDPs are reluctant to decide for such options. Experience also from other countries show that low income and vulnerable households are particularly dependent on housing solutions in an urban environment.

B.1.3 AFFORDABILITY ISSUES

In terms of housing affordability IDPs may be distinguished in 4 groups (Source for category 1-3 provided by P3DP):

- 1) Businessmen, who brought some finances with them. Few of them have managed to bring some equipment. This category requires some assistance in getting privileged loans for starting their businesses (related to manufacturing of goods), privileged taxation when employing IDPs and creating new jobs.
- 2) Middle class (small and medium businesses), employees of international companies, managers of Ukrainian companies, who lost their jobs as a result of displacement, self-employed people of entrepreneurial type, willing to start their businesses. This category requires help in providing affordable mortgages and loans for extending their businesses. They also require consultations on how to get grant financing.
- 3) State employees, low-income families, who left their homes without any means of support. This type of employable population needs social housing, with the cost of living in it matching the average utility bill per household in that region.
- 4) Households with particular hardship, such as single parents or handicapped persons, many of them were vulnerable even before migration. Today they particularly live in collective centers or sheltered institutions. They qualify for social housing only with additional assistance.

The NGO “Misto reform” reports about 10,000 families being registered in its database, of which 70% would be able for a down-payment of 20% to 30% of the purchase price of a modest owner-occupied apartment (see C.9, Model „NGO-private sector cooperation in new construction with all permits”, p. 25).

The vast majority of IDPs (80%) used to live in owner-occupied apartments before migration. Unfortunately, the housing markets in the conflict zone have basically collapsed. It is still possible to sell apartments, but at prices, which are a fraction of what they were before the conflict. Hence, being owner

of an apartment in the city of origin doesn't help very much in purchasing an apartment in the new home town (see chapter B.1.4, below).

Most social transfers, both from the public and from international humanitarian organizations, target at narrowly defined groups of households, particularly disabled persons, elderly people above 65 and single parents. This challenges other households with difficult framework conditions, e.g. young migrants, who are eligible for none of those benefits.

It is reported that work with IDPs in collective centers is very tough. Many of them are vulnerable, many of them physically or mentally handicapped. An important group are single parents. Widespread unemployment is a huge challenge. Cooperativeness of such vulnerable people is limited. For those, finding a regular apartment is particularly difficult. There have been some voluntary activities of real estate brokers and land lords. But bad experience (arrears, vandalism) has cooled off willingness to help. In few cases payment arrears in collective centers were sanctioned with evictions. But this caused big noise in media. NGOs report that the situation could be relieved if the government would decide to pay that part of social benefits dedicated to housing and utilities directly to the landlords and not to the IDPs (see chapter D.2, p. 30).

B.1.4 REACTION OF HOUSING MARKETS TO MIGRATION

Markets for owner-occupied housing are on a very low level all over Ukraine with no signs of an upturn. Increased demand of low income households may have contributed to the trend to small and very small apartments on the market (see chapter B.4, p. 12).

Rental markets reportedly revived in many Ukrainian cities, resulting from increased demand of migration inflow. But this concerns only the existing housing stock. Due to extremely high interest rates there is no long term mortgage financing in place. The capital market environment and budget limitations have also brought public housing construction to an halt. Hence there is no extension of rental housing supply.

Housing markets in the conflict zone almost came to an halt. There are few buyers of apartments in central areas of Donetsk or Lugansk, but at extremely depressed prices. Reportedly 2-room apartments in central areas are sold for \$ 5,000.

B.2 POLICIES, MECHANISMS, AND INSTITUTIONS FOR IDP HOUSING

The Law “on IDPs” 4490a-1 defines procedures of registration of IDPs, social transfers and the obligation of municipalities to provide housing solutions for those people.

IDPs face two challenges: jobs and accommodation.

The municipal obligation to support IDPs is basically provided with collective centers. Those facilities are mostly former sanatoriums, hospitals, sport facilities or homes, which were with minor repairs adopted for this peculiar use. In some cases international humanitarian organizations were addressed to assist in adoption of such premises. A challenge is “winterization” of such buildings, i.e. to make them habitable for winter time.

Under the Law “on IDPs”, the Ministry of Defense, in cooperation with municipalities, aims at providing all soldiers having served in the current conflict with plots of land or apartments free of charge. But legal grounds have not been established yet. The Land Code of Ukraine as the relevant law does not specify any special legal conditions for obtaining land plots without charge by soldiers or by IDPs.

In accordance to the Law of Ukraine “On Status of War Veterans, Guarantees of their social protection” veterans have priority in allotment of land plots for individual construction or land for gardening, but on general terms of privatization (as any other citizen of Ukraine). If the right for privatization was previously realized, the veteran has no right to obtain land plots on this basis another time. There is no explanation what this “priority” means.

IDP’s are entitled to obtain rights on land plots at the place of their actual residence in accordance to the general land legislation (article 11 of the Law of Ukraine “On Ensuring Rights and Freedoms of IDP’s”). It means that there are no specific provisions or preferences for this category of socially vulnerable people with regard to land plots’ allotment and obtaining rights on them.

Several collective centers, “compact settlement”, Kibuts style settlements etc. are run by private NGOs. But involvement of the real estate industry in providing housing solutions for IDPs seems very limited.

A specific problem seems to be the limited take-up rate of social programs. Whereas some IDPs do not value what is provided to them, there seems to be a big number of migrants who refuse to register e.g. in unemployment offices.

B.3 EXISTING SOCIAL HOUSING PROGRAMS

The Ukrainian Government has introduced several social housing programs and institutions with different success (in some cases people participated in programs by paying 70% of the apartment price, but did not obtain ownership because the state did not fulfill its obligations). The State programs targeting at housing construction (a-c) have been financed by the “State Youth Housing Support Fund”, which was established already in the 1990s, but is currently not operative any more. Most programs are limited to households on the waiting list for social housing. Today, all these programs are suspended:

a) Affordable Housing Program:

The program provided households with a compensation of 30% of the purchase price of apartments. But as the price was capped considerably below the market level, the effective support was less than 10% of the purchase price.

b) Program “Privileged Mortgage”:

The program provides interest grants of up to 13% and resulting interests for the beneficiaries of only 3% to purchase owner-occupied housing (UNECE 2013, 31). These conditions do not cope with present capital market interest rates.

c) State program “Vlasnyy dim” (Own House):

Introduced already in 1997, the program targeted at young families in rural areas with low interest mortgage financing. It already supported some 100,000 families (Burdyak & Novikov, 2014).

d) Housing Subsidies Program” and other subsidies on utility costs:

Besides of the programs targeting at housing construction, several tools and measures support households to cover their housing and utility costs:

The by far biggest in quantity are direct subsidies to utility providers to cover their losses (Amann/EBRD 2015, 25), which are estimated at > \$ 1 billion per year (UNECE 2013, 22, 23). Tariffs for utility services are set up on political reasoning, considering more affordability and popularity of measures than sustainable business conduct of service providers. Hence, virtually all tariffs on utility services in Ukraine are subsidised, electricity and gas mainly from the state budget, district heating, water and other utility services mainly from municipal budgets.

Around 14% of population benefit from privileges to categorised households (UNECE 2013, 24). Privileges are awarded for social (veterans, ‘children of war’, Chernobyl veterans, pensioners from some professions, families with more than 3 children below 18 years etc.) or professional reasons (employees of the army, judges or other professions from a long list).

In 1996 the means-tested “Housing Subsidies Program” was introduced and since then further developed. It goes back to a USAID project (Vaughan 1995). In 2014, roughly 8% of Ukrainian households benefited from subsidies ‘for housing and communal services’. It is rather generous, as all costs exceeding 15% of household income (for households with children or pensioners 10%) are reimbursed (Burdyak & Novikov, 2014). Due to overall low housing and utility costs the individual subsidies are nevertheless moderate. The program is assessed positively (Amann/EBRD 2015, 25).

e) Public housing construction:

In socialist time a waiting list system with free access to social housing with only paying utility services was the main measure of social protection in the field of housing. Even though social rental housing construction has almost come to a halt and the existing stock was mostly privatized, the old waiting list system is still in place. The remaining municipal rental housing is estimated at 600,000 units, which represents 3.2% of the total housing stock. But many cities have no remaining social rental housing at all. Social housing construction had a volume of 2,000 to 7,000 units per year through the 2000s. This was a share of up to 11% of total construction in 2003, but has decreased to 4% in 2006 and is today close to zero (HfH/Amann 2013, Table 16; HfH Global Housing Index Ukraine 2009). The proportion of households on the waiting list (> 1 million) to allocated apartments (< 10,000 p.a. = less than 1%) is quite unfavorable. In 2007, almost 70% of people on the waiting lists have been there for more than 10 years. Households on the waiting list have the option to either wait extremely long for free public housing, or participate in state-supported programs using their own means (UNECE 2013b, 2, 27).

f) Obligatory provision of commercial housing construction for public allocation:

Until few years ago, several cities obliged commercial housing developers to provide a share of newly built apartments to the municipality for distribution to people on waiting list. This was e.g. 10% in Kyiv (Amann/HfH 2013, chap. E). But with the argument that this regulation would increase costs for the other apartments, it was mostly abolished.

g) Municipal programs:

Many cities, particularly those with better economic framework conditions, provide additional support to needy households, both with allowances and with premises for target groups, e.g. IDPs.

B.4 PRIVATE SECTOR SOCIAL HOUSING SUPPLY

The private real estate sector in Ukraine is reluctant to directly cooperate with the public in terms of social housing provision. But market conditions, particularly falling purchasing power of big parts of population and abolished mortgage financing made them develop schemes targeting at moderate and low income groups.

Market prices dropped massively. Average sales prices e.g. in Kyiv were at close to 4,000 \$/m² in 2008 (REAS monitoring), but at below 1,500 \$/m² today. In Kyiv it is today possible to find new economy apartments starting at 1,100 \$/m². In other big cities, such as Odessa, the economy sector starts at even 600 \$/m². But demand is extremely depressed.

Additionally to lowered prices per square meter, the typology of new apartment has changed. Today, newly offered apartments are by far smaller than they were five years ago.

The very extreme of this development has been visited in Kharkiv. The residential project Vorobyovy Gory (Sparrow Hills) offers standardized apartments with not more than 18.5m² floor space (incl. terrace, 2/3 calculated)! This is below the minimum size of 21m² stipulated in the Housing Code. Using cheapest possible construction materials and building techniques those apartments are offered at below 200,000 UAH (core & shell, advance payment), which is less than \$ 10,000 per unit. Despite of the innovation of this project, such development goes to a wrong direction.

The bigger and more reliable market players provide schemes of instalment payments or postponed payment. But due to inflation risk and extremely high interest rates for UAH denominated loans, those programs all refer to €/ \$-denominated loans. As an example, Kadorr Group, the market leader in Odessa, offers economy apartments with only 4% down-payment and a private loan with a maturity of 10 years and 9% interest rate (\$-denominated).

Leasing models did not develop in the private residential sector, as legal regulations do not allow for sufficient security for the vendor.

Most Ukrainian banks have stopped mortgage financing. This is not only because of the extremely high interest rates. In many cases financing proved impossible as formal incomes of borrowers were insufficient, but other forms of income could not be considered. Legal regulations also prohibit to pledge prepayments for buildings under construction. This makes financing of advance payments impossible and increases costs of purchase additionally.

B.5 EXISTING PPP LEGISLATION APPLICABLE ON HOUSING

An important form of transparent, equal and long-term cooperation between state/local authorities and private investor in Ukraine is public-private partnership (PPP). PPP is legally defined in the Law “On Public-Private Partnership”, the Law “On Concessions”, the Law “On investment Activity”, the Civil Code and the Commercial Code of Ukraine.

Management of housing construction is one of the legally provided sectors for PPP model implementation in accordance with article 4 of the Law “On Public-Private Partnership”.

In addition to general PPP legislation there are special laws that define the issues of social housing construction and specify development requirements. The most important of them are the Law “On Regulation of Development Activity”, the Law “On Social Housing Stock”, the Housing Code of Ukraine and the Law “On Ensuring Rights and Freedoms of IDPs”.

Basing on legal analysis of the mentioned documents, it is concluded that legal grounds for housing development on the basis of PPP are sufficient. The most appropriate PPP model for project implementation seems to be a management contract of complex urban development of the territory aimed at construction of social housing, service and commercial infrastructure.

B.6 PPP HOUSING IN OTHER COUNTRIES

In many countries new approaches to provide social or affordable housing have been established, which is neither classical public housing nor clear commercial housing. This “third way” tries to combine strengths both of the public and the private sector, with a multifarious variety of approaches. It is in some countries called “affordable housing” or “housing at reduced rents”, in others “limited-profit housing”. In some countries such partnership only exists in small quantity, in others it dominates multi-apartment housing, e.g. in Austria with 23% of the total housing stock. Mostly such housing associations provide rental apartments with different schemes of rent control, but there are also examples of market rent provision and owner-occupied housing solutions. Similarly diverse is social targeting of such “third way” approaches, with a focus on lowest income households in some countries, but emphasis on social mix and integration in others. Finally, the relation between those sectors and state authorities varies considerably. In some countries their activities are regulated with special laws, in others by subsidy programs or individual contracts.

But there is common ground:

- a) In all those cases, such sectors are organised to perform welfare functions, i.e. to provide public service obligations.
- b) In all cases housing associations are privately organised with some kind of market orientation in business conduct (acquisition of construction and financing services, in some cases competition with each other), but at the same time targeting at dampening and stabilising house prices for end users.
- c) In all cases those sectors are active in a defined relation to public administrations.

Long term contracts with the public, which is typical for “classical” PPP models in other sectors (such as traffic infrastructure or health care), are not necessarily in place. A second element of “classical” PPP models – concessions to perform services – is even alien for the housing sector.

Due to the common issues and despite of differences to “classical” PPPs the term seems adequate for such “third way” approaches in housing. PPP housing evokes correct connotations and is settled in common language use.

Good practice of PPP housing is identified in Austria, Denmark, France, Netherlands, UK, Singapore and Sweden. HOUSING EUROPE, the European Federation of Public, Cooperative & Social Housing, provides helpful information on the performance of PPP housing sectors in all European countries.

B.7 DONOR'S ACTIVITIES IN IDP HOUSING SOLUTIONS

In public awareness in the Western World the difficult situation of IDPs in Ukraine is hardly present. It seems that the political dimension overrules the humanitarian. Nevertheless, the political will of Western countries to support Ukraine to find housing solutions for IDPs is strong. In the following some activities from international donor organisations are listed, making no claim to be complete.

a) EU

The EU Commission has launched a number of programs to relieve civil damage from the conflict in Eastern Ukraine; e.g. € 55 mill. in 12/2014 on regional development; € 81 mill. of bilateral aid between 2011-2014, of which € 17 mill. spent by the EU Delegation for IDP related projects in 18 municipalities; € 4.5 mill. via the International Organization for Migration for individual allowances and building up a registration system for IDPs; cooperation with UN and World Bank in regeneration of the Donbass region; ECHO, the EU General Directorate responsible for Humanitarian Aid and Disaster Management has spent already € 26 mill. for a number of projects. Additionally, several EU Member States have contributed with individual initiatives (Source: letter from Commissioner Hahn to MEP Karas and cc to the author).

b) USAID

c) GIZ

The presidents of Germany and Ukraine Angela Merkel and Petro Poroschenko have in 2014 agreed in a € 30 mill. development program.

Since late 2014, GIZ – on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) – has been assisting Ukraine to construct temporary accommodation and provide basic essentials for IDPs. The program has already reached some 5,000 families. But there are some unsolved questions, e.g.: Who will be owner? Who will organize maintenance? Who will pay for utilities? Despite of gratefulness for quick and generous help, those container settlements also have faced opposition, e.g. from the UN Refugee Agency, as they may lead to segregation. The Municipality of Kyiv has refused to accept erection of such settlements on its territory.

d) EBRD

The main mission of EBRD is to support countries with measures which in a developed market commercial banks would do. One focus is establishing the framework conditions for energy efficiency in new construction and refurbishment by providing Technical Assistance to the Government and housing developers for capacity building. Financing is possible for infrastructure or municipalities, but not for housing programs with State guarantee. Hence, there are no activities in place targeting at housing solutions for IDPs.

Summarizing, there seems willingness of the donor community to support initiatives targeting at housing solutions for low income households and IDPs in Ukraine. A major precondition for support are reliable programs which can prove absorption.

C. PRIVATE SECTOR HOUSING MODELS TARGETING IDPs

The mission of the consultant to Kyiv, Kharkiv, Odessa and Dnepropetrovsk in June/July 2015 showed up around one dozen different approaches of private sector participation in housing solutions for low and moderate income households and IDPs.

The succession of the models C.1 to C.10 reflects their advantageousness in a preliminary perspective of the author. The models C.11 and C.12 are a different category.

C.1 MODEL „COMMUNAL COMPANY WITH PRIVATE INVESTOR PROVIDES SOCIAL RENTAL HOUSING”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Regional public authorities (municipalities, oblasts) show explicit interest to continue social rental housing construction on the basis of a new approach with support of IFI funding.

b) PROJECT OBJECTIVES

- Affordable rental housing for low income households and IDPs;
- Sustainable financing model;
- Sustainable generation of incomes from rents; enforcement of rent payments with eviction if necessary;
- Fair and transparent allocation of apartments;
- Compliance in all procedures.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Public authorities in cooperation with private investors are expected to offer persuasive concepts including the following aspects:

- The initial program should comprise of projects with 100-300 apartments per city; The regular programme may include larger developments;
- Lowest costs (construction costs are expected at 250-300 \$/m²; building land free of charge; reduced utility access costs);
- Private investor (the participating construction company) taking shares of 20% of the communal company;
- Concept on housing management and maintenance: cooperation with existing Zheks or not?
- Concept on abuse-resistant allocation of apartments;
- Concept to warrant sustainable income-generation (eviction procedures, rent guarantee);
- Concept on social integration;
- Concept on mixed use;
- Concept on energy efficiency and sustainability;
- Concept on risk mitigation;
- Creation of visibility;

Program funds are allocated on competitive basis with the communal companies with the best concepts being financed prior-ranking.

Box 2: Action plan for implementation of PPP housing

PPP Housing may be implemented with the following stages:

1st stage – allocation of land plots for construction of the affordable and social housing and handing them over for rental housing development to the private partner:

Distinctive features: Transfer for rental housing under the PPP project shall be performed without any tendering procedure according to the provisions of Article 134 of the Land Code of Ukraine. Limitations for housing construction have to be taken into account, as defined in Articles 38, 39 of the Land Code of Ukraine, particularly that housing development is limited to plots of land within the boundaries of populated localities dedicated to residential use, in accordance with a local master plan and urban development documentation, construction standards and norms.

2nd stage – tender procedure to engage the private partner which best meets the qualification criteria:

Distinctive features: The Law of Ukraine "On Public-Private Partnership" defines the general provisions for choosing the private partner. The tendering procedure for defining a private partner for the public-private partnership concerning the state, communal property facilities belonging to the Autonomous Republic of the Crimea is approved by the resolution of the Cabinet of Ministers of Ukraine dated April 11, 2011. No. 384.

3rd stage – ensuring fair distribution of project risks between the regional administration and the private partner:

Distinctive features: Management of risks is performed within a risk matrix.

4th stage – financing model, guarantees, compensation of investments to the private partner:

Distinctive features: Application of PPPs as a possible mechanisms for implementation of investment and innovative activities is defined in the resolution of the Cabinet of Ministers of Ukraine dated February 01, 2011 No. 389. This resolution envisages public support for such activities:

- State guarantees to ensure full or partial fulfillment of debt liabilities of economic entities in the public sector;
- Direct budget financing and co-financing;
- Reimbursement of interest rates for loans from commercial banks;
- Partial compensation of production costs;
- Loans at the expense of the state budget;
- Subventions from the state budget to local budgets;
- Loans and grants of international financing institutions attracted by the state or under state guarantees;
- Tax, customs and currency preferences.

5th stage – implementation of an allocation scheme with preference to IDPs:

Distinctive features: With regard to legal provisions it is envisaged that local state administrations in the framework of their competence shall allocate suitable housing to internally displaced persons for temporary use, provided the stated persons pay the housing and utilities service costs according to legislation.

Source: Nataly Dotsenko-Belous, Kharkiv

d) ESTIMATED INVESTMENT COSTS

Taking building land free of charge, reduced utility access fees and 20% private investment, own equity sums up to approx. 40% of total value. The remaining financing amounts to \$ 10,000-11,000 per apartment, i.e. to \$ 30-35 mill. for an initial program of 3,000 housing units. The regular program may consist of 10,000 housing units and will require \$ 100-110 mill. of financing.

e) SPECIFICATION OF BENEFICIARIES

Low to moderate income households, IDPs.

f) FINANCING MODEL

Construction costs (incl. development fee) 300 \$/m²; no costs for building land; reduced utility access costs of 25 \$/m²; 20% equity of private investors with no or only low return; 20 years loan maturity; 3% interest rate (€//\$-denominated); 2 years grace period = 1.50 \$/m² annuity (= net rent).

The model requires financing of \$ 30-35 mill. for the initial program of 3,000 housing units, and of € 100-110 mill. for the regular program of 10,000 housing units.

Enforcement of payment discipline of tenants is essential. Additionally, municipalities are required to give a rent guarantee.

g) SWOT ANALYSIS

- + Feasible institutional setting;
- + Feasible financing model;
- + Commitment of public authorities and the private sector;
- + Manageable risks;
- + Accordance with affordability of demand side.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Social rents should not be privatized. It is to be clarified, whether a communal company as landlord is anyway excluded from the right of privatization (see legal statement in chapter D.2e), p. 32).

Lowest income households require additional allowances. It is to clarify, whether the existing Housing Subsidies Program includes rents into eligible costs (see legal statement in chapter D.2m), p. 35).

i) SUGGESTIONS ON MONITORING

Development and implementation of a scheme of audit and control (e.g. in cooperation with Western twinning partners); development and implementation of a transparent and abuse-resistant allocation scheme (following the model of e.g. the Vienna Municipality).

j) SUMMARIZING ASSESSMENT

Explicit interest to participate from several public administrations and private investors; overall feasibility.

k) CITY/TOWN/OBLAST

- Kyiv municipality;
- Kharkiv: group of stakeholders from construction industry;
- Odessa: Oblast Administration;
- Dnepropetrovsk: Oblast Administration.

C.2 MODEL „GUARANTEED PURCHASE OF DWELLINGS AT CAPPED PRICES”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

The former president of Georgia Micheil Saakaschwili was in 2015 appointed as Governor of the Odessa Oblast. From this engagement it is expected that some of the successful reforms in Georgia under his presidency particularly in the field of anti-corruption measures will be adopted in the Odessa Oblast. According to his advisor Irakli Esubai, a similar model of guaranteed purchase of dwellings at capped prices was successfully applied in Tiflis.

b) PROJECT OBJECTIVES

- Private market regulatory approach;
- Stimulation of housing construction;
- Dampening of market prices.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Regulatory approach to guarantee purchase of any apartment in a city at a defined price, close to or slightly below the self-costs of developers (construction costs, land costs, utility access costs). To avoid degradation of quality standards, they require detailed definition.

The acquired apartments shall be disposed by an independent asset management company, with the target to sell or rent to eligible households.

The program should have a predetermined term.

This model could also work for the model "Adoption of unfinished apartments" (see chapter C.5, p. 21).

d) ESTIMATED INVESTMENT COSTS

Required volume of financing of the Asset Management Company cannot be estimated yet.

e) FINANCING MODEL

Financing of the Asset Management Company requires clarification.

f) SWOT ANALYSIS

- + Market approach;
- + Expected low public costs;
- + Expected positive impact on market prices;
- Difficult definition of required quality of construction;
- Threat of quality degradation.

g) SUMMARIZING ASSESSMENT

Promising.

h) CITY/TOWN/OBLAST

Odessa Oblast.

C.3 MODEL „LOAN PROGRAM FOR MODERATE INCOME BUYERS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Kadorr Group is market leader for owner-occupied housing in Odessa with purchase prices of currently 580-1000 \$/m². It is strong in own equity and needs no construction financing. But a loan program for buyers is expected to have a strong impact.

Under current economic conditions such a scheme is unfeasible, as banks are not willing to give mortgages.

b) PROJECT OBJECTIVES

- Own property for moderate income households;
- Minimum risks for all participants;
- Minimum public involvement.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

An average apartment of 50m² and 600 \$/m² costs \$ 30,000. With a down-payment of 25%, maturity of 15 years, 3% interest rate \$/€-denominated = the monthly instalments will amount to around \$ 150, which seems affordable for moderate income households.

It is expected that Kadorr Group alone is able to sell 500-1000 apartments addressing such a loan program.

To reduce public involvement to a minimum, Kadorr Group is willing to acquire its own bank to administer such a scheme. The field of operation of this bank would be limited to this loan program. It would accept minimum fees for administration, a contractual limitation of profits to 2.5-5% and an obligation to reinvest.

The owner Kivan Adnan is willing to give a personal guarantee for a substantial part of the program.

d) ESTIMATED INVESTMENT COSTS

The investment volume is expected to be \$ 20-30 mill. per year.

e) SPECIFICATION OF BENEFICIARIES

The program should be linked to a maximum purchase price per m², maximum size of an apartment (dependent on household size) and maximum income of beneficiary households.

f) FINANCING MODEL

Loan program with 25% down-payment, 15 years maturity, 3% interest rate \$/€-denominated; specification of maximum purchase price, maximum size of apartment and maximum income.

Refinancing with a credit line from an IFI to Kadorr Group.

In the face of the Muslim background of Kadorr Group it seems reasonable to address OFID to support this program.

g) SWOT ANALYSIS

- + Economic strength and commitment of Kadorr Group;
- + PSP approach;
- + Clear target group;
- No IDP targeting;
- Difficult implementation of audit and control.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Clarification of treatment of country risks for international financing required (see legal statement in chapter D.2j), p. 34).

i) SUGGESTIONS ON MONITORING

Due diligence assessment of financial stability of the involved small private bank.

j) SUMMARIZING ASSESSMENT

Would create added value.

k) CITY/TOWN/OBLAST

Odessa; interest also from other cities.

C.4 MODEL „ESTABLISHMENT OF A PPP HOUSING SECTOR ACCORDING EUROPEAN BEST PRACTICE”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Social housing between public and private (PPP) is established in many Western European countries. In countries such as Netherlands, Austria or France, those schemes represent more than 20% of the total housing stock. Nevertheless such schemes never were recommended for implementation in transition countries such as Ukraine (which is perceived as a failure in past development policy).

b) PROJECT OBJECTIVES

- Promote awareness of PPP housing solutions in Ukraine;
- Assess willingness of public and private sector to apply;
- Empowerment of civil society.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Implementation of PPP schemes comparable to European best practice is not yet feasible. But it seems timely to promote such business cases.

An appropriate strategy could be to ask for Expressions of Interest (EOI) to form such institutions, combined with measures of Western twinning partners and awareness raising.

d) ESTIMATED INVESTMENT COSTS

None in short term.

e) SWOT ANALYSIS

- + Huge potentials;
- Big legislative and institutional challenge to implement.

f) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Legal reform required.

g) SUMMARIZING ASSESSMENT

At present an important measure to assess interest of stakeholders.

h) CITY/TOWN/OBLAST

All Ukraine.

C.5 MODEL „ADOPTION OF UNFINISHED APARTMENTS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

After the crisis of 2008 many residential projects were frozen, as house prices deteriorated. Most of those structures are ready to revive. The potential is significant in most Ukrainian cities, but usually consists of only a moderate number of apartments per developer.

b) PROJECT OBJECTIVES

Use of unfinished structures for social housing issues.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Developers/constructors in many cases have stopped projects, despite pre-payments of several buyers. With fresh money such projects may be unlocked. This may result in low cost housing for vulnerable households, in solving the situation of previous buyers and in revival of involved developers. NGOs may facilitate such projects and organize fair allocation of dwellings.

d) ESTIMATED INVESTMENT COSTS

Significant.

e) SPECIFICATION OF BENEFICIARIES

IDPs and low/medium income households.

f) FINANCING MODEL

Either sale at own costs to beneficiaries, leasing or rent. Several options in discussion:

- Mortgage finance addressing international IFIs;
- Purchase guarantee at a capped price (see model “Guaranteed purchase of dwellings at capped prices”, chapter C.2, p. 18);
- Establishment of an association of "old" owners (which made prepayments) to take over the building;
- Private fund purchasing unfinished apartments (Titul Group).

g) SWOT ANALYSIS

- + Infrastructure already exists;
- + Multiple positive effects (unlocking housing projects etc.);
- + Socially integrative;
- Resulting costs (purchase price of unfinished structure + adoption) hardly lower than new construction;
- Developers of unfinished buildings partly are insufficiently reliable.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

The legal status of unfinished projects is quite diverse. Some developers are bankrupt, some projects are heavily loaded with mortgages. Identification of economically feasible projects requires individual appraisal.

i) SUGGESTIONS ON MONITORING

Crucial.

j) SUMMARIZING ASSESSMENT

Doubtful whether resulting costs/prices would compete with new construction of social housing.

k) CITY/TOWN/OBLAST

Relevant for most cities in Ukraine, e.g. Kyiv, Odessa, Dnepropetrovsk.

C.6 MODEL „ADOPTION OF COMMUNAL STRUCTURES IN RURAL AREAS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Several rural municipalities own buildings for rent which require some adoption to be habitable. IDPs could perform such refurbishment works as a trade-off for free rent for a defined period of time.

b) PROJECT OBJECTIVES

Low cost accommodation for IDPs.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Availability of communal structures, which require completion. This may be accomplished by IDPs. In return they get approval for rent free of charge for a defined period of time.

Example in Odessa Oblast (50 km from Odessa): Hostel, 47 families. Cost to finish € 50,000. 16 hostels ready for fortification. Some have documentation, only require financing.

NGO assistance would be helpful.

d) ESTIMATED INVESTMENT COSTS

Moderate.

e) SPECIFICATION OF BENEFICIARIES

Well-targeted to IDPs.

f) FINANCING MODEL

Feasible with grants or low interest loans.

g) SWOT ANALYSIS

- + Targeted at IDPs;
- + Support to municipalities to fulfil their obligations;
- Unclear consequent use of facilities;
- Financing model without income generation.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

No reforms required.

i) SUMMARIZING ASSESSMENT

Promising, but small in quantity.

j) CITY/TOWN/OBLAST

Odessa Oblast.

C.7 MODEL „REPLACEMENT OF CHRUSCHTSCHOWKAS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Social housing in the 1950s and 1960s (Chruschtschowkas) was executed with a limited life span, which has long exceeded. The technical condition of those structures hardly allows for capital repair. Sooner or later there is no way out of replacing them. In Kyiv some 1.4 mill. m² of such structures are concerned. Mass privatization of this stock in the 1990s makes it more difficult to find solutions, as sitting owners expects replacement basically free of charge. In an environment with very high land prices, strong demand for housing in the upscale market and sufficient space for re-densification this has proved possible without additional subsidies ("Moscow model" with 2- to 8-fold re-densification). But under average economic conditions this seems economically infeasible.

b) PROJECT OBJECTIVES

Development of models to replace Chruschtschowkas in Kyiv.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Adequate housing alternatives have to be offered, either smaller apartments, apartments in cheaper locations, places in homes for elderly people or favorable financing schemes to afford re-erected apartments.

d) ESTIMATED INVESTMENT COSTS

Massive.

e) SPECIFICATION OF BENEFICIARIES

Sitting owners and tenants.

f) FINANCING MODEL

Commercial housing will finance replacement of Chruschtschowkas.

g) SWOT ANALYSIS

- + Replacement of deteriorated buildings without public subsidies;
- + Use of existing infrastructure;
- Market conditions in Kyiv not yet adequate;
- Massive densification;
- No extension of the housing stock;
- No targeting at IDPs.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Economic feasibility of replacement of Chruschtschowkas under average economic conditions requires legal reform:

- Reform of quorum regulations with a qualified majority of owners (e.g. 2/3) being enough to decide for replacement.
- Legal definition of the trade-off for old owners: the market price for such apartments is not qualified as a basis, as it mostly does not reflect the state of structural deterioration. A possible approach is appraisal of the full land value (even though not owned by the tenants) and 10-20% of the value of a new apartment of the same size and location, depending on the scale of possible re-densification.

i) SUMMARIZING ASSESSMENT

Urgent challenge; prior legal reform required; PPP seems an appropriate approach.

j) CITY/TOWN/OBLAST

Kyiv and other cities.

C.8 MODEL „LEASING FOR LOW-INCOME OWNERS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Leasing could be an appropriate alternative to rents for low and moderate income households. But existent leasing legislation seems insufficient.

b) PROJECT OBJECTIVES

Make owner-occupied housing affordable to low and moderate income households.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Establish a leasing scheme for owner-occupied economy housing.

d) SPECIFICATION OF BENEFICIARIES

Low and moderate income households.

e) FINANCING MODEL

Leasing.

f) SWOT ANALYSIS

- + Low/moderate income households prefer it to rental housing;
- + Feasible financing model in other context;
- Legislation and practice insufficient;
- Long financing periods;
- Difficult treatment of ownership titles.

g) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Legal reform required (see legal statement in chapter D.2k), p. 34).

h) SUMMARIZING ASSESSMENT

Insufficient legal regulations; Unsolved institutional setting.

C.9 MODEL „NGO-PRIVATE SECTOR COOPERATION IN NEW CONSTRUCTION WITH ALL PERMITS”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

NGO "Misto Reform" is seeking housing solutions for IDPs.

b) PROJECT OBJECTIVES

Gather affordable housing for IDPs

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Attracting private sector cooperation partners for new construction of projects where all permits are already in place.

d) ESTIMATED INVESTMENT COSTS

Purchase price of apartments 10,000-11,000 UAH/m² (400-500 \$/m²).

e) SPECIFICATION OF BENEFICIARIES

IDPs.

f) FINANCING MODEL

Not defined

g) SWOT ANALYSIS

- + Project ready for implementation at fairly low costs;
- Financing model unclear;
- Institutional setting unclear.

h) SUMMARIZING ASSESSMENT

Promising, but insufficiently developed.

i) CITY/TOWN/OBLAST

Between Makarov town and Kyiv region (oblast).

C.10 MODEL „UPGRADE SANATORIIUMS FOR IDP HOUSING”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Municipalities in many cases have carried out their duty to host IDPs by adopting hostels, sanatoriums or schools. Such initiatives have in some cases been co-financed by donor organizations. This has motivated other stakeholders to follow the example.

Such initiatives have to answer the following questions:

- Is the required investment volume adequate for the temporary use of IDP accommodation?
- Does the proposed subsequent use justify donor engagement (who benefits from investments in the long term)?
- Is a feasible business plan in place, including income generating use of premises?

b) PROJECT OBJECTIVES

- IDP hosting;
- Renovation of existing structures.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

The project in Kharkiv includes 14,000m² floor space, which requires major renovation, disinfection and adoption. The premises includes 8 ha of building land. The premises shall remain in the property of the oblast council. Additionally job opportunities for IDPs shall be created. A subsequent use as geriatric center is proposed.

d) ESTIMATED INVESTMENT COSTS

The project has unsuccessfully been applied for EU funding, with investment cost estimate of € 2 mill.

e) SPECIFICATION OF BENEFICIARIES

IDPs; subsequent use as geriatric center.

f) FINANCING MODEL

Unclear income generation.

g) SWOT ANALYSIS

- + Combination of IDP accommodation and renovation of existing structures;
- Unclear business case.

h) SUMMARIZING ASSESSMENT

Business case questionable.

i) CITY/TOWN/OBLAST

- a) Kharkiv;
- b) Dnepropetrovsk.

C.11 MODEL „COOPERATIVE FORMED BY SOLDIER ASSOCIATION“

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Retired soldiers receive a parcel of land. Some 10,000 have already been provided with such benefits. This obligation meets both the Ministry of Defense, municipalities and oblasts. Most soldiers are quite effectively organized in associations. Such organizations could be a starting point for the establishment of housing cooperatives with all the positive civil society effects linked to this. This could be a starting point for communitarian developments in Ukraine, where, as a result from state-socialism, this self-organization of societal groups is widely missing.

b) PROJECT OBJECTIVES

Establishment of plenty of small or medium sized cooperatives, conducted by associations of soldiers.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

Retired soldiers mostly are well organized in associations. Those associations could organize cooperatives to realize housing provision for own use; both in multi-apartment buildings (urban areas) and in semi-attached structures (rural areas).

For establishment of housing cooperatives, Western twinning partners may be addressed.

To organize individual ex-soldiers, those associations seem most important. As in many cases it will be necessary to coordinate different interests and land titles.

An important challenge is to connect new cooperative settlements to urban agglomerations (jobs, public transport).

In some cases, such programs could be linked to employment programs for ex-soldiers.

d) ESTIMATED INVESTMENT COSTS

Low.

e) SPECIFICATION OF BENEFICIARIES

Retired soldiers for self-help.

f) FINANCING MODEL

Retired soldiers contribute with the land provided as compensation. Additional financing should be covered with low interest loans, being compensated from rents or self-use.

g) SWOT ANALYSIS

- + Empowerment of existing civil society structures;
- + Organizational power of soldier associations;
- Limited qualification for IDP housing;
- Limited quantity.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Assessment of existing Law on Housing Cooperatives (see legal statement in chapter D.2i), p. 34).

i) SUGGESTIONS ON MONITORING

Introduction of a scheme of audit and knowhow-transfer.

j) SUMMARIZING ASSESSMENT

Quite interesting approach to strengthen civil society; in short term only small quantities.

k) CITY/TOWN/OBLAST

Relevant in most urban and many rural areas of UA.

C.12 MODEL „MINISTRY OF DEFENSE HOUSING PROGRAM”

The full assessment of the model is provided in the appendix, chapter E.4 (p. 44).

a) BACKGROUND INFORMATION

Current political developments have strongly increased the need for housing for soldiers both in service and retired (estimated each 20,000 until 2021). Soldiers retired from current services are awarded with a plot of land or an apartment free of charge. This is a responsibility both of the Ministry and of Municipalities.

b) PROJECT OBJECTIVES

- Setting the framework for realization of 40,000 new housing units for soldiers both in service and retired until 2021;
- Attraction of feasible financing mechanisms and financing sources;
- Development of an abuse-resistant allocation scheme.

c) MAJOR PHYSICAL/TECHNICAL FEATURES OF PROJECT

The big quantity is a major challenge. It is intended to develop a small number of optimized housing types. Prior execution of two pilot projects in different (small military) cities.

d) ESTIMATED INVESTMENT COSTS

Following cost calculation a financing need of \$ 400 mill. is estimated.

e) SPECIFICATION OF BENEFICIARIES

Soldiers both in service and retired; consideration of the diverse structure of demand (different parts of army, affordability, preferences, apartments for widows, for invalids).

f) FINANCING MODEL

Either pre-financing of construction companies or mortgage loan from IFI.

g) SWOT ANALYSIS

- + Clearly defined demand; legally defined commitment of the Ministry and municipalities;
- + Economy of scale;
- Threat of uniformity;
- Challenge of big refinancing obligations for the State.

h) LEGAL, REGULATORY AND ADMINISTRATIVE FEASIBILITY

Big challenge to implement.

i) SUGGESTIONS ON MONITORING

Development and implementation of a scheme of audit and control (e.g. in cooperation with Western twinning partners); development and implementation of a transparent and abuse-resistant allocation scheme (following the model of e.g. the Vienna Municipality).

j) SUMMARIZING ASSESSMENT

Promising.

k) CITY/TOWN/OBLAST

Premises all over Ukraine.

D. FEASIBILITY OF PSP PROJECTS IN IDP HOUSING

The PSP projects described in chapter C give an insight to the willingness of stakeholders to search for new approaches to unlock housing construction and residential markets. Housing solutions for IDPs, on the other hand, seem to be perceived as kind of an appendix to the main tasks. Indeed it seems difficult to create a business case with the most vulnerable groups of IDPs, as classified in chapter B.1.3 (p. 8), whereas better-off IDPs hardly differ from any other migrants to the cities in central and western Ukraine. As a personal impression, the consultant felt astonished that the huge number of IDPs would have no bigger impact on society and housing conditions in Ukraine. It seemed that other current issues, such as devaluation of their currency, massive inflation and shortcoming of financing would have a far bigger impact on daily life and business conduct. It seems as if migration flows from Eastern Ukraine were absorbed in the existing housing stock without a major shock in the housing markets. One reason may be the buffers of housing provision, which appeared in past years through heavy out-migration, another reason a high level of solidarity within society. The situation is of course different in collective centers, which host the most vulnerable IDPs. But this is more a humanitarian than a housing challenge.

These considerations lead to the proposition to assess the identified PSP approaches more under the point of view of solutions for low and moderate income households altogether and only in the second line by their focus on IDP issues. In any case, searching for durable and sustainable solutions should target on general social issues. IDP housing solutions will hopefully be provided simultaneously.

D.1 POLITICAL FEASIBILITY

a) COMMITMENT

The consultant's mission through major cities of Ukraine showed a clear commitment of stakeholders to reinforce social housing construction and to find housing solutions for IDPs. This concerns both the municipal, oblast and national level.

b) QUICK RESULTS

Any proposed action should be voluminous enough for public visibility. A first program should have an output of at least 1,000 housing units in different cities. A follow-up program (after evaluation of the pilot phase) at minimum 3,000 units, better more.

c) PRIORITY TO MODELS WITHOUT REQUIREMENT OF LEGAL REFORM

Models which require no legal reform are much easier to implement, as legislation in Ukraine is rather complicated and lengthy. This is an argument to prefer for quick results a model which is easy to implement (e.g. model #) and follow with those requiring legal changes.

d) NATIONAL HOUSING FUND

Several of the PSP models addressing international financing sources require an Ukrainian intermediary on a national level. This could be a newly established State Housing Fund or the existing (but inoperative) "State Youth Housing Support Fund" (if improved in its institutional setting and agenda). Following international good practice, such a "clearing" institution could perform important functions to enable investments in affordable and social housing. Hence, it could close some of the "execution gaps" detected in today's national housing policy. One important issue to be allocated in such an institution is a comprehensive scheme of audit and control (see chapter D.8, p. 40).

e) RESPONSIBLE MINISTRY

It is necessary to identify the Ministry responsible for a donor support request:

- The Ministry of Social Protection is responsible amongst others for the Housing Subsidies Program and other social transfers;
- The Ministry of Regional Development as line ministry for housing issues and housing policy including municipalities and oblasts;
- The Ministry of Economy is responsible for PPP legislation;
- The Ministry of Finance is responsible for any policy linked to state expenditure.

Any proposition should be addressed to the Cabinet of Ministers, which will then decide about responsibility within the Government. But chances to succeed are better, if this question could be resolved in advance.

D.2 LEGAL QUESTIONS

Several of the proposed models require legal reform. The schedule of elections on regional and national level opens a window of opportunity for bolt action in legal reform. On the other hand there is a backlog of reform projects which have to be resolved. Procedures of legal reform are quite lengthy in Ukraine. Therefore it seems important to focus on very few but most effective measures to recommend for implementation. There remain a number of open legal questions. Answering was not topic of the assignment. The following legal statements are provided by Nataly Dotsenko-Belous, Lawyer of Specstroymentazh Ukraina Ltd., Kharkiv.

a) PROVISION OF MUNICIPAL BUILDING LAND FREE OF CHARGE

Q: It seems that municipalities are allowed to allocate building land free of charge for social housing projects. There seems to be no obligation to auction. Are there any other restrictions?

The allotment of land plots for construction of social housing is exempt from obligatory tender (auction) procedure and payments related to this procedure and initial purchase of rights on land plots (article 134 of the Land Code of Ukraine). This also applies for PPP projects.

The main restriction for allotment of building land is that it must correspond in full with the local master plan and urban development documentation. But in most cities and villages there is no such documentation available. This is a major obstacle for any land allotment.

b) APPLICABILITY OF THE LAW ON PPP

Q: Does the Law on PPP from 2014 include any regulations specific for housing (concerning e.g. concession, guarantee of private investment, individual approval by the Cabinet of Ministers etc.)?

The Law of Ukraine "On PPP" specifies general terms of project implementation without taking into consideration any sectoral peculiarities. It provides a variety of cooperation forms that can be implemented in housing construction projects (management agreement, concession, joint venture agreements etc., see chapter B.5, p. 12). There are legal grounds for a combination of agreements (for example, management agreement and investment agreement or agreement on urban development) that will allow to increase the investment opportunities for investors. Such agreements are already widely used in housing construction in cooperation of private developers and private investors. Practice and

experience in implementing agreements on urban development and investment are to be considered in PPP projects.

Based on comparative legal analyses of various forms of cooperation of private and public partners' in housing construction, a possible action plan for the implementation of PPP in housing is provided in Box 2 (p. 16).

c) ESTABLISHMENT OF COMMUNAL COMPANIES WITH PRIVATE PARTICIPATION

Q: It seems that municipalities, oblasts and ministries are allowed to form communal companies and to sell shares of up to 49% to private partners. Is there a limitation of business in place? Is there any special mechanisms of audit and control in place? Are such communal companies obliged to apply public procurement procedures? Are such partnerships subject to PPP legislation? Are there any further relevant restrictions?

Local councils are empowered to incorporate municipal enterprises, transferring them assets, land plots and delegating authorities on urban development of territories and multifunctional construction.

Such enterprises (SPV – Special Purpose Vehicles) can be transferred into concession or in management of private PPP partner. The most effective (working) and successful concessions in Ukraine are concessions on state or municipal enterprise management. It is explained by the fact that such concession release private partner from obtaining rights on the targeted land plots and from obtaining all construction permission on their names. In the analyzed cases municipal enterprises being under management of private partners will be developers and the further owner of all apartments and premises completed by construction, as far as private partners will arrange the selling or renting of apartments in favor of customers.

In the case that local authorities have the intention to sell shares of municipal enterprises, they should firstly corporatize such enterprises and only then transfer shares for the privatization process. In the process of privatization local authorities are obliged to engage the State Property Fund of Ukraine to arrange and conduct the privatization tender. Such projects are considered to be privatization projects and have no legal features of PPP models. PPP models do not provide changing titles on assets.

d) LEGAL REGULATIONS ON RENTAL HOUSING

Q: Housing lease is stipulated in the Civil Code. What mechanism are in place to formalise rent relations (which today are mostly informal)? Are there any regulations on consumer protection concerning housing rents in place? Is rental housing further regulated in other laws?

The Civil Code (No. 435-IV, 31 January 2003, repeated amendments) sets basic principles of property rights as well as housing lease (chapter 28). It contains hardly any incentives to formalise rent relations (UNECE 2013, 16).

The Housing Code (No. 5464-X, 30 June 1983, many amendments) originally ruled all aspects of housing. Even though outdated, it is still in force and contributes to confusion (UNECE 2013, 16), as some of its provisions contradict with more recent legal regulations.

Recent regulations have enforcement priority.

e) REGULATIONS ON HOUSING PRIVATIZATION

Q: Public rental housing still is subject to privatization (at book value), depending only to the discretion of a sitting tenant. Are there any limitations on housing privatization in place? Is there a political debate to skip this regulation?

Rental housing still is subject to privatization in accordance to the Law of Ukraine “On Privatization of State Housing Stock”.

The mentioned Law provides the right for any Ukrainian citizens-tenants of state owned housing (and especially socially vulnerable citizens) on privatization free of charge of apartments (houses), rooms in hostels for 21 square meter on a person and additional 10 sq. meters for a family.

Still this provision is almost impossible to implement in practice as far as it contradicts to the lately adopted Law of Ukraine “On Social Housing Stock”. In accordance to the existing version of the Law, social housing is provided to the tenant without a right to buy-out it.

So the right on privatization of state housing is the option for tenants that entered in lease before 2016, the date of the mentioned Law will come in force.

f) EVICCTIONS

Q: Payment discipline is essential to all described models. Evictions of tenants is therefore an indispensable element. How does this tool work under current legislation? There is a constitutional right of housing in place. How does this influence procedures of eviction? Is it obligatory to offer housing alternatives to evicted households? Who is responsible to provide? Is a place or room in a hostel sufficient?

Current legislation stipulates legal grounds for terminating lease agreements. Termination of lease agreement will cause tenant’s eviction. If the person violates the terms of lease payment for more than 2 month it will be one of the legal reasons for lease agreement termination.

Still there are special groups of people that have the right on social housing in accordance to the Law of Ukraine “On Housing Fund for Social Purposes”. For the current moment IDP’s are not included in the list of persons who have the right to obtain social housing in lease. Pursuant to the mentioned Law in order to obtain social housing in lease the person should be registered in the Social Housing Waiting List.

In spite of the constitutional direct provision of apartment rights guarantees, and right to acquire housing by purchase, lease or construction, there are no explicit state or municipal obligations to provide any person with an apartment. Also there are no provisions which prevent any person (who is not the owner and does not fulfill its tenant’s obligation) from eviction. The Constitution guarantees ownership title on assets with some situational exceptions (requisition, compulsory acquisition for legally specified social needs, confiscation) but not the right to possess housing on other basis in case of violating terms of its use.

But the Law of Ukraine “On Housing Fund for Social Purposes” specifies the right to obtain social housing free of charge, but on basis of paying for lease. Still part of these lease payment is to be refunded due to state support (article 2),

Social housing is based on the lease agreement that should provide lease fees in accordance to the tariffs approved by local authorities. This type of household possession is subject for application of general lease rules provided by the Civil Code of Ukraine. One of the Civil Code provision specifies the terms for tenants eviction in case of lease agreement termination. It is a serious legislative drawback when it goes about socially vulnerable persons.

In case such socially vulnerable persons are evicted there are no legally specified obligations for local authorities to provide these people with housing alternatives.

g) RENT REGULATIONS IN COMMUNAL COMPANIES

Q: Would communal companies (with private participation) fall under the same regulations as public housing (Law “On Social Housing Stock”)? This particularly concerns rent setting, allocation, the right to housing privatization and evictions?

For rent regulation there are no legally provided differences in lease for public housing or private housing. There are only some peculiarities in: (a) the way the lease fee is determined, it should be based on tariffs defined by local authorities; (b) the right of a tenant in social housing on state support in a form of reimbursement of the part of the lease payment; (c) social housing is not subject for any privatization or buyout.

It should be noted that the Housing Code of Ukraine is out-of-date, conflicting with the key laws regulating housing that it does not apply any more in practice with exception to some provision regarding quality of decent housing, subsidies etc.

Still municipal enterprises are empowered to conclude lease agreements only if it is provided by their charter. As far as the mentioned enterprises are not the owners they are limited in conclusion of lease agreements with purchase option, in accordance to which the tenants obtain the right on apartment buy-out.

h) IDP LAW

Q: How far are municipalities or other public authorities obliged to provide housing solutions for IDPs?

The Law obliges local authorities:

- To transfer social rental housing to IDPs on terms of housing utility payments compensation by IDP's. State administrations are not restricted in obtaining lease payments for IDP's. At present there is no legal procedure for social rental housing implementation and no legal tools of forcing local authorities to fulfill the mentioned obligations.
- To implement regional long-term programs of IDP's preferential lending for the purpose of housing construction financing.

i) COOPERATIVE LAW

Q: Following UNECE (Country Profile Ukraine, 2013, 69), under current legislation housing cooperatives are treated as transitory. If all members have paid their shares they turn into a condominium. Is there any legal reform in consideration to allow for housing cooperatives on a permanent basis? Is there any current experience with the establishment of (small) housing cooperatives?

Housing cooperatives are in Ukraine one of the widely used mechanism for drawing funds by private developers from apartment customers in the private sector during the period of construction. The main reason for using this legal form is to reduce tax burden. It is the cheapest mechanism in comparison with other financial instruments that are also widely used in construction for the purposes to attract funds, i.e. venture funds that are under the management of an asset management company, derivatives (forward contracts), purpose use bonds etc.

Housing cooperatives are legal entities and cannot be treated as PPP model in accordance to the article 5 of the Law of Ukraine “On PPP”.

j) PRICE SETTING

Q: Housing as a good with a very long production cycle and an even much longer financing period is particularly vulnerable to inflation and volatility of interest rates. Private housing developers practice to calculate prices in \$/€, but take the money in UAH. Such practice would be very useful for continuing obligations such as rents or leasing payments (particularly if repayment is bound to \$/€). Is this allowed under Ukrainian law (as foreign currency loans are prohibited)? As an alternative: is it allowed to bind continuing obligations (such as rents) to the Consumer Price Index? Is there any other useful model available?

Private housing developers practice to calculate prices in \$/€, but take the money in UAH. This practice meets the requirement of the existing legislation. Still it is possible only for the private sector. Municipal developers engaged in construction of social housing are restricted in this right of using exchange rate clause. This fact of lacking possibilities to adjust fixed prices even in a situation of strong currency devaluation explains the failure of the state program on “Construction of Affordable Housing”.

For social housing construction there are no legally provided models for fixing or adjusting prices.

For the private construction sector there are no limitation in applying the Consumer Price Index, exchange rate price review clause etc. There is a variety of approaches that legally allows for changing prices without consent of the customer.

k) OPERATIVENESS OF LEASING

Q: It seems that leasing (e.g. for cars) does not work well in Ukraine, as it is very difficult for the lessor to get hold of the product in the case of payment arrears. Has legislation improved meanwhile or is legal reform in debate?

Apartment leasing is a legal form of cooperation. In the past it was not popular due to commercial reasons. For most of the developers it is easier to sell apartments (especially on the stage of its construction) and legally complete the relations with the customer.

Leasing relations are rather unpredictable for private developers. Still the rights of landlord are quite protected in this form of cooperation. In the case of payment arrears the landlord has the unconditional right to terminate the lease agreement unilaterally.

l) SHORT TERM HOUSING LEASE

Q: In Austria we have a legal tool for preliminary use of premises (“Precarium”). This is sometimes applied for temporary use of structures, e.g. emergency housing. It allows for high flexibility regarding terms of rents and evictions, particularly if NGOs are involved as general contractor. Does anything similar exist in Ukraine?

The institute of precarium was not implemented in Ukrainian legislation. Still it is not forbidden to anyone to donate any right to any person and to provide any assets free of charge. Taking into consideration tax issues the mentioned activity is better to be carried out by NGOs.

m) HOUSING ALLOWANCES

Q: The existing Housing Subsidies Program in Ukraine seems to be an effective means-tested allowance scheme. Does this program also apply to (official) rent payments? If no: is there any political debate to include rents into the program?

In the case of the social housing lease the tenant has the right on obtaining state allowance not only for paying utility services but also for partly refunding rent payment.

n) PAYMENT OF IDP ALLOWANCES DIRECTLY TO LANDLORDS

Q: NGOs complain that a big part of IDPs refuses to pay for utilities or other housing costs, even though they get State support and have the obligation to pay. A way out would be direct payment of subsidies to the host organizations. This seems not possible today? Is there any way out?

IDPs are obliged to pay for utilities or other housing costs. Still there are no special instruments how to enforce them to fulfill this obligation. Most of them avoid the fulfillment of this obligation understanding that there is no responsibility for it and the worst consequences are the eviction of the person. The eviction of IDPs is practically almost impossible and politically unreasonable in spite of having legal ground for it. The proposition of payment of subsidies to the host organizations is reasonable, but at present it is not implemented in Ukrainian legislation.

D.3 SOCIAL FEASIBILITY

a) DEFICIT OF AFFORDABLE RENTAL HOUSING

Ukraine has a housing stock of 427 units per 1,000 inhabitants, which is the highest number of all CIS countries. But there is a serious imbalance. Before the conflict it was an imbalance between prosperous regions and regions with economic decline. Today this is aggravated through the massive migration streams from the conflict zones to other parts of the country, mostly those with job opportunities. In those regions affordable housing solutions for low and moderate income households are scarce, despite the significant drop of real estate prices. The main deficit is in affordable rental housing.

Many of the presented models in chapter C could significantly contribute to increase supply of affordable housing solutions and set conditions for a sustainable development of social/affordable housing sectors in Ukrainian cities.

b) HOUSING SOLUTIONS FOR IDPs

The bigger part of IDPs in Ukraine do not significantly differ from local households of the same socio-economic group. They simply increase housing demand in the host cities. There is one basic difference that they demand primarily for rental housing. Housing solutions for this group requires an extension of rental housing supply. Several of the proposed models can achieve this.

The group of vulnerable IDPs has specific needs. Those willing to work and with a job qualify for social housing. Model C.1 „Communal company with private investor provides social rental housing” (p. 15) allows for rental apartments with annuities (net rents) of 1.50 \$/m². Small apartments could be offered for below 2,000 UAH per month including utility costs. This is affordable even for low income IDP households.

Most vulnerable IDPs, particularly those without job or need for social assistance, require other or additional solutions. In the short term this seems to be a humanitarian task to be offered in collective centers. In medium term even such households could be integrated in social housing premises. But this requires additional measures, particularly allowance schemes, social assistance and housing alternatives in the case of payment arrears and eviction.

c) SOCIAL INTEGRATION

Solving urgent housing needs is one challenge. But creation of sustainable settlements is in the long term the more important task. Preconditions for this are amongst others:

- Social mix to avoid ghettos and poverty traps; This concerns not only the income situation of households, but also age groups, ethnic origin, people with handicaps and IDPs;
- Mix of apartments of different size and typology;
- Durable building technologies;
- Operative maintenance schemes;
- Appropriate tools of self-organization;
- Appropriate social and commercial infrastructure;
- User-friendly public space, particularly targeting children;
- Access to public transport;
- Availability of jobs in appropriate distance.

Integration also requires the willingness to work. Having a job or taking part in according programs may be considered as eligibility criteria for social housing.

d) ALLOCATION

Fair and transparent allocation schemes of social/affordable housing is crucial. An effective allocation scheme is characterized as follows:

- It is quick and unbureaucratic;
- There is no space for bribes and nepotism;
- It succeeds that lowest income households get the cheapest apartments (and not only the best informed ones);
- It enables social integration;
- It acts human and effective with payment arrears and evictions.

Allocation of low cost apartments is a threat for corruption and nepotism all over the world. For this reason good practice has been developed in many places. One example is the Municipality of

Vienna/Austria. It is owner of 210,000 apartments, with re-allocation of 8,000-10,000 units per year. Facing the accuse of unfair and politically driven allocation in the 1990s, the municipality has developed and implemented a new scheme, based on criteria of urgency, computerized ranking and transparent web-based information. Allocation should not only follow the first-come-first-serve principle. It was intended to keep a tool in the hand of policy makers to solve particularly urgent cases on an individual basis. Since around one decade the mechanism works satisfactorily, with no political debate on its effectiveness since then.

D.4 FINANCIAL FEASIBILITY

a) SITUATION OF MORTGAGE FINANCING

The main barrier for reinforcement of social housing construction seems financing, facing severe budget restrictions and an unreal capital market environment. Many commercial banks, e.g. the market leader Private Bank, have stopped mortgage financing, often already in 2008. Banks act extremely risk averse and request immense service fees.

b) URGENCY OF ACTION

Any projects targeting at execution in 2016 require quick steps of implementation. Public involvement (e.g. guarantees) is possible only if decisions are taken until October 2015, when the budgets for 2016 are approved.

c) IFIS TO BE ADDRESSED

For the purpose financing the models presented in chapter C the following IFIs may be addressed:

- USAID;
- KfW via GIZ;
- The Nordic Environment Finance Corporation (NEFCO);
- OFID – Opec Fund for International Development (eligible e.g. for model C.3 „Loan program for moderate income buyers”, p. 18, because of the Islamic background of the initiator);
- Council of Europe Development Bank (CEB), regarding its focus on social housing;
- European Development Bank (EBRD);
- European Investment Bank (EIB);
- Other national development aid organizations, e.g. from Switzerland.

It is expected that financing of social housing construction from IFIs is available at an interest rate of 3% p.a. at maximum, €/ \$-denominated, State guarantee as precondition, in the case of feasible projects and programs. Similar financing conditions have been applied in several running cooperation projects of IFIs in Ukraine.

It seems that the donor community reflects particularly positively on comprehensive and feasible financing schemes of programs. This is a precondition to absorb allocated funds in an effective way. If financing from the international donor community may be attracted, this should be linked to institutional and legal reforms and the introduction of liable schemes of audit and control (see chapter D.8 below).

From the interviews with donor organizations no clear interest in pooled funding mechanism for eligible PSP projects could be detected. This question may be answered in the course of communicating the proposed models.

d) CHANNELING OF FUNDS

Effective acquisition of funds from international financing institutions depends on reliable intermediary organizations. Usually such funds require a State guarantee and are channeled through the State Treasury. A State Agency with a good track record is very helpful to apply for funding. This can e.g. be a National Housing Fund (see para. D.1d), p. 29).

Several respondents are reluctant in State involvement and would prefer regional solutions or direct relations of IFIs with the private sector. It has to be clarified whether IFIs are willing to directly cooperate with oblast or municipal administrations and accept guarantees from those authorities.

Direct relations of IFIs with the private sector with no involvement of commercial banks are addressed in model C.3 „Loan program for moderate income buyers” (p. 18). It has to be clarified whether according models in Western Europe (e.g. EIB financing) are applicable in Ukraine.

e) MODEL CALCULATIONS

With a thumb rule, social housing finance will have affordable outcomes, if

- building land is provided free of charge,
- bribes for permits and utility access are prevented,
- loans of at least 20 years maturity and 3% interest rate are available and
- payment discipline is high.

Under these simple conditions, draft financing models were calculated for the most feasible models presented in chapter C and analysed in the context of economic and social feasibility. Calculations resulted e.g. in affordable rents for model C.1 „Communal company with private investor provides social rental housing” (p. 15), or in affordable instalments for model C.3 „Loan program for moderate income buyers” (p. 18).

f) FEASIBILITY OF €/ \$-DENOMINATION OF LOANS

UAH-denominated financing is infeasible under the current framework conditions of inflation (24% expected for 2015) and interest rates (currently close to 30%).

Some housing developers provide \$-based instalment payment at reasonable conditions. Payments are taken in UAH, but calculated in \$.

As refinancing of IFI-loans will be €/ \$-denominated it seems reasonable to bind the repayment scheme of end-users to the same currency. This would result in a preliminary inflation adjustment of annuity payments. Legal feasibility of such a mechanism has to be assessed (see chapter D.2j), p. 34).

D.5 COMMERCIAL FEASIBILITY

Some of the models presented in chapter C have a clear commercial perspective with an explicit verbal commitment of private sector representatives, e.g. model C.1 „Communal company with private investor provides social rental housing” (p. 15), model C.2 „Guaranteed purchase of dwellings at capped prices” (p. 18), model C.3 „Loan program for moderate income buyers” (p. 18), model C.5 „Adoption of unfinished apartments” (p. 21) or model C.9 „NGO-private sector cooperation in new construction with all permits” (p. 25).

D.6 TECHNICAL FEASIBILITY

A major challenge to achieve affordable housing is low construction costs. Transparency of markets is insufficient. Defining reference construction costs for social/affordable housing has to take into consideration the following:

- Construction costs correspond with qualities of architecture, materials, fittings, execution and quality guarantees. Depressing eligible construction costs requires a diligent definition and assessment of qualities.
- An integrative approach with construction companies being involved already in the planning phase helps to find low cost solutions for appropriate quality standards. This particularly concerns urban planning, architecture and technical equipment.
- Energy efficiency standards on a European level increases construction costs, but reduces future utility costs. This requires a long term perspective of economy of housing.
- Competition is the best way to optimize quality and costs. Inclusion of competition in all levels of planning and execution is quite a creative challenge.

As a rule of thumb the consultant was informed that currently lowest possible construction costs (without building land and utility access fees) is 250 \$/m². There seems to be a considerable regional spread in construction costs. Other respondents warned that such construction prices are possible, but at the cost of quality. That this would result in Chruschtschowka type buildings.

D.7 PARTNERSHIP

There is still severe reluctance of the private sector to go into partnership with public authorities. A repeated complaint in interviews was that public administration and private business are not transparently divided. Cooperation of Private and Public means in the understanding of some respondents not cooperation of business with public administration, but business with business, as the typical Ukrainian politician comes from business and continues being a business man during his/her term. One respondent formulated: "To cooperate with the State you have to become part of the State, become politician with all consequences". This inevitably creates conflicts of interest and economic advantages of those involved in politics. It seems to be about time for a political debate in Ukraine about incompatibility of political functions and business advantage.

Important framework conditions to start PPP housing projects seem to be:

- a) Transparency of tenders;
- b) A small number of decision makers from the public authority, arrangements regarding succession in the case of resignation;
- c) Clear arrangements on ownership of land and buildings;
- d) Clear arrangements on sales of shares, apartments or commercial space;
- e) Clear arrangements regarding treatment of risks, division of profits, payments, payment delays, currency etc.;
- f) Establishment of a scheme of housing management and maintenance;
- g) Mutual guarantees;
- h) Advance definition of an exit strategy;
- i) Altogether a clear picture of input and output.

D.8 COMPLIANCE

a) CORRUPTION PERCEPTION

Ukraine still has a very bad reputation in terms of corruption, with rank 142 out of 174 countries in the Corruption Perception Index of Transparency International (2014). On the other hand, the World Bank “Doing Business” database shows an impressive improvement from rank 152 (2012) to 96 (2015). This obviously happened particularly because of reforms in procedures to get a construction permit, which was reduced from 26 (2010) to only 8 (2015). Five years ago it took 500 days to get a construction permit, today only 64!

With this reform it is likely that also corruption perception will decrease over time. But there are other procedures vulnerable to corruption, particularly zoning (one of the respondents called it a “Pandora Box”), tenders and utility access. It seems that “the appetite of officials is still too big” (another respondent).

b) AUDIT AND CONTROL

Most of the proposed models are vulnerable to misuse and fraud (which is the case worldwide for all procedures where subsidies are involved, particularly in the field of construction). European good practice show that comprehensive schemes of audit and control can resolve this threat. Introduction of such schemes, if possible with support of international twinning partners, should be a prior measure, accompanying any funding from international sources.

Audit and control can only be effective with the threat of severe sanctions. The Austrian PPP housing sector may help as a model. For moderate misbehavior PPP housing associations are threatened to be excluded from subsidies for new projects for quite some years (combined with an obligation to build). For severe misbehavior the owners are threatened to be excluded from the sector, with the consequence that they get back only their invested capital without interest and, more painful, without the increased value of the realized housing stock.

Effective audit and control requires a reliable authority being responsible for execution and sanctions.

E. ANNEX

E.1 REFERENCES

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E.3 P3DP MISSION ON HOUSING – SCHEDULE (24 JUNE – 2 JULY 2015)

Wolfgang Amann, Consultant on Infrastructure Rehabilitation in the Housing Sector,

Ірина Басс (Iryna Bass), Technical Consultant

DATE, CITY	MEETINGS
June 25, Kyiv	P3DP team: Mick Mullay, Chief of Party, Chris Shugart, International PPP Advisor, Irina Davydova, Consultant, Irina Bass, Consultant
	Shelter Housing Cluster meeting (TWIG): Chris Shugart,, Wolfgang Amann, Irina Bass; Shelter Cluster: Igor Chantefort, Ester Ruiz de Azua, Oleg Tupitsyn, Olena Vinogradova etc.
	"Misto Reform" NGO (The City of Reforms): Elena Polhovskaya, Deputy Head, Angela Danelyan, Head
	GIZ: Christiana Hageneder, Director; Ima Khrenova-Shymkina, Deputy Director of the project "Energy efficiency in a Municipalities"
	Ministry of Defense: Igor Melnik, Advisor to the Minister of Defence, Deputy Head of Tender Committee, Lyudmila Shramenko, Acting Director of Construction Department, Yuri Momot Advisor for Construction, Oleksiy Chepelyk, Head of the Project Group "Housing Reform for Militaries", The Ministry of Defence; Telman Abbasov, FIABCI; Andrey Pylypchuk, FIABCI
	Sergey Mikhaylenko, Head of Charitable Fund for War Veterans and Participants of the antiterrorist operation
	Vladimir Shimkin, Consultant
June 26	EBRD: Olena Borysova, Energy Efficiency Department
	Kyiv Municipality: Alexander Spasibko, Director, Department of Housing and Construction, Sergiy Danylovich, Deputy Director, Department of Housing and Construction, Larisa Zhilik, Head of Unit for perspective construction and coordination of construction under the Department of Housing and Construction, Mykola Zarubyn, Chief Economist of Investment Projects Unit, Department for Economy and Investments; Ilya Pasko, Deputy Head, Investment Projects Unit of the Communal Company "Kyiv Investment Agency", Sofia Piontkovska, Director General "Teplobud, ltd.",

DATE, CITY	MEETINGS
	Vyacheslav Piontkovskiy, Founder, "Teplobud, Ltd.", Telman Abbasov, FIABCI, Andrey Pylypchuk, FIABCI
	KAN Development: Gleb Murovanskiy, First Deputy Director; Andrey Pylypchuk, FIABCI
	ECHO Kiev: Mamar Merzouk, Head of Office
	Ministry of Social Policy of Ukraine: Vitaliy Mushinin, Deputy Minister; Nataliia Veselova, Member of Parliament
June 27, Kharkiv	UNHCR: Saifullah Mehrabi, Shelter Engineer, Head of Field Office
	Sparrow Hills Development
	Kharkiv Regional Center on investments and development (NPA): Olexandr Dudka, Head
	Regional Development Center: O.M. Beketov National University of Urban Economy; Elena Slavuta; Valeria Esina
	Consortium of Kharkiv construction industry: Viktor Kulyk, President, Specstroyontazh Ukraina Ltd.; Natalya Dotsenko-Belous, Lawyer (Real Estate and Land Law, Skype); Nina Isaenko, Senior Advisor, Spetsstroyontazh-Ukraine; Valeriy Shmukler, Head of Department of building constructions, PhD, Professor, Kharkiv National University of Urban Economy; Sergey Radchenko, Director General, EcoDom Company; Vladimir Levchenko, Director General, Scorpio-RP, Ltd., Academician of Construction Academy of Ukraine; Efim Krivulin, Director, Ecothermoengineering, Ltd.; Olga Sanzharevksaya, Head of Department on PPP issues, Association "Reliable Developers of Ukraine"
June 28	Luxemburg Red Cross: Javier Vila Ferrero, International Shelter Delegate
June 29, Odessa	Telman Abbasov, FIABCI-Ukraine, Titul Group; Sergey Filyanin, Palma Group Companies
	Kadorr Group: Kivan Adnan, Owner
	Irakliy Ezugbaya, Advisor to Odessa Oblast Governor
June 30	Odessa Oblast Administration: Andrey Tsilenko, Acting Head of Youth and Family Department; Nadezhda Yashan, Assistant to Governor, Oblast Administration
	NGO for IDPs "Monsters Corporation": Katerina Kozhevnikova; Dina Kazatsner, Activists
July 1, Dnepropetrovsk	Headquarters of PrivatBank (Tel.): Dmytro Pavlenko, Director, Department of Developer Projects
	Igor Bogdanov, Chief Architect of Dnipropetrovsk Oblast, Department of Urban Construction and Architecture, Dnipropetrovsk Oblast Administration; Andreji Schkowira; Galerja;
	International Chamber of Commerce of Ukraine: Mykola Tsarenko, Head, Irina Reznik, Director Executive, Dmytro Itkin, Project Manager
	Yuriy Polushin, FIABCI
	Dnipropetrovsk Oblast Administration: Stanislav Molokov, Advisor to the Head of Oblast Administration, covering finance, Victor Fedoranych, Head, Department of Building, housing maintenance and utilities of Dnipropetrovsk State Administration, Olga Gorb, Advisor to the Head of Dnipropetrovsk Oblast Administration covering ATO soldiers, Vitaliy Lytvin, Advisor to the Head of Oblast Administration, Alexander Raksha, Head of Department of Foreign Economic Activities of Dnipropetrovsk Oblast Administration
	Vyacheslav Glushenko, Owner and Director General of Olvia Holding, Leonid Gavryuk, Owner, Unibudinvest

<p>Descriptive title of project</p>	<p>1 Communal company with private investor provides social rental housing</p>
<p>a) Owner of the project, when indicated</p>	<p>Government, Housing Fund (to be established), Oblasts, Municipalities</p>
<p>Summarizing assessment</p>	<p>Explicit interest to participate from several public administrations and private investors; overall feasibility.</p>
<p>Milestones of implementation</p>	<p>Detailing of the concept - government launches invitation to participate - tender procedure on pilot projects targeting at PPPs (public authorities + investors) - evaluation of pilot projects and expansion of the program.</p>
<p>b) City/town/oblast</p>	<ul style="list-style-type: none"> • Kyiv municipality; • Kharkiv: group of stakeholders from construction industry; • Odessa: Oblast Administration; • Dnepropetrovsk: Oblast Administration.
<p>c) Brief description of project Background information</p>	<p>Regional public authorities (municipalities, oblasts) show explicit interest to continue social rental housing construction on the basis of a new approach with support of IFI funding.</p>
<p>Project objectives</p>	<ul style="list-style-type: none"> • Affordable rental housing for low income households and IDPs; • Sustainable financing model; • Sustainable generation of incomes from rents; enforcement of rent payments with eviction if necessary; • Fair and transparent allocation of apartments; • Compliance in all procedures.
<p>Infrastructure and services to be provided</p>	<p>Utility access at no or minimum costs. Provision of social and commercial infrastructure.</p>
<p>Description of existing facilities (if brownfield project)</p>	
<p>Major physical/technical features of project</p>	<p>Public authorities in cooperation with private investors are expected to offer persuasive concepts including the following aspects:</p> <ul style="list-style-type: none"> • The initial program should comprise of projects with 100-300 apartments per city; The regular programme may include larger developments; • Lowest costs (construction costs are expected at 250-300 \$/m²; building land free of charge; reduced utility access costs); • Private investor (the participating construction company) taking shares of 20% of the communal company; • Concept on housing management and maintenance: cooperation with existing Zheks or not? • Concept on abuse-resistant allocation of apartments; • Concept to warrant sustainable income-generation (eviction procedures, rent guarantee); • Concept on social integration; • Concept on mixed use; • Concept on energy efficiency and sustainability; • Concept on risk mitigation; • Creation of visibility; <p>Program funds are allocated on competitive basis with the communal companies with the best concepts being financed prior-ranking.</p>

Descriptive title of project	1 Communal company with private investor provides social rental housing
Estimated investment costs	Taking building land free of charge, reduced utility access fees and 20% private investment, own equity sums up to approx. 40% of total value. The remaining financing amounts to \$ 10,000-11,000 per apartment, i.e. to \$ 30-35 mill. for an initial program of 3,000 housing units. The regular program may consist of 10,000 housing units and will require \$ 100-110 mill. of financing.
Quantity of services to be provided	The communal companies taking part in the program are requested to guarantee housing management and maintenance services. Also services on social integration are expected.
Sources and methods of remunerating the private sector entities involved	Usually the private investor will be the construction company employed for the projects.
Specification of beneficiaries	Low to moderate income households, IDPs.
If user charges are envisaged, indications of demand, affordability, etc.	Rental housing, net rents are calculated with 1.50 \$/m ² . Hence, a small apartment of 35m ² has a net rent of UAH 1,300 per month, including utilities around UAH 2,000. This is affordable even for low income households (roughly from the 2nd decile on). A part of costs is eligible to the existing Housing Subsidies Programme.
Focus on energy efficiency	Targeting at low utility costs good thermal standards are pursued.
d) Envisaged organizational responsibilities for development	Communal companies (PPP); A comprehensive concept is envisaged, including competition on all levels, the development of an abuse-resistant allocation scheme, audit and control etc. Risk of corruption may be reduced, if private investor steps into the project only after provision of all permits.
e) Origin of request for advice & support for project	Kyiv Municipality; Odessa Oblast Administration; Dnjeprpetrovs Municipality; several private sector representatives.
f) History and present status of project Origin of project idea	P3DP mission 26 June to 1 July 2015, meeting with municipalities, oblast administrations and the private sector.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	Literature on PPP housing, amongst others from IIBW/Amann. Oral expression of interest in participation.
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	Communal companies go in partnership with construction companies, who at the same time take shares of that companies of at least 20%. All aspects of financing, compliance, allocation, energy efficiency, social integration etc. are conducted by the management also including the private sector.

	1
Descriptive title of project	Communal company with private investor provides social rental housing
h) Financing model, financing already acquired, env	Construction costs (incl. development fee) 300 \$/m ² ; no costs for building land; reduced utility access costs of 25 \$/m ² ; 20% equity of private investors with no or only low return; 20 years loan maturity; 3% interest rate (€/\$-denominated); 2 years grace period = 1.50 \$/m ² annuity (= net rent). The model requires financing of \$ 30-35 mill. for the initial program of 3,000 housing units, and of € 100-110 mill. for the regular program of 10,000 housing units. Enforcement of payment discipline of tenants is essential. Additionally, municipalities are required to give a rent guarantee.
i) Other information	The model has been widely positively assessed in interviews within the P3DP mission.
j) SWOT-analysis; possible risks, problems, or obst	+ Feasible institutional setting; + Feasible financing model; + Commitment of public authorities and the private sector; + Manageable risks; + Accordance with affordability of demand side.
k) Legal, regulatory and administrative feasibility	Social rents should not be privatized. It is to be clarified, whether a communal company as landlord is anyway excluded from the right of privatization. Lowest income households require additional allowances. It is to clarify, whether the existing Housing Subsidies Program includes rents into eligible costs.
l) Suggestions on monitoring	Development and implementation of a scheme of audit and control (e.g. in cooperation with Western twinning partners); development and implementation of a transparent and abuse-resistant allocation scheme (following the model of e.g. the Vienna Municipality).
m) Further work needed to prepare a Concept Paper	LOIs of interested public authorities and private sector representatives; Clarification of management of such a programme on the State level (Housing Fund, to be established).
n) Work plan and timeline	Detailed concept paper in cooperation with interested public authorities and private sector representatives within 6 months; Application and provision of a credit line of one IFI (for an initial phase and a regular program);
o) Technical Assistance required?	TA to develop the program; TA and international twinning partners for participating communal companies; TA and international twinning partners for the development of schemes of audit and control as well as for allocation of dwellings.
p) Contact persons	<ul style="list-style-type: none"> • Kyiv: • Kharkiv: Viktor Kulyk, President, Specstroymentazh Ukraina LTD: kvt@ssm.com.ua; • Andrey Tsilenko, Acting Head of Youth and Family Department, Odessa Oblast Administration, Nadezhda Yashan, Assistant to Governor, Oblast Administration • Dnepropetrovsk Oblast Administration: Stanislav Molokov, molokov@adm.dp.ua; • Dnepropetrovsk: Vyacheslav Glushenko, CEO Olvia, glu@obs.olvia.com
q) Attachments	

E.4 Full assessment of PSP models

Descriptive title of project	2 Guaranteed purchase of dwellings at capped prices
a) Owner of the project, when indicated	Odessa Oblast or State Government
Summarizing assessment	Promising.
Milestones of implementation	Test in one oblast, before application on state level
b) City/town/oblast	Odessa Oblast.
c) Brief description of project Background information	The former president of Georgia Micheil Saakaschwili was in 2015 appointed as Governor of the Odessa Oblast. From this engagement it is expected that some of the successful reforms in Georgia under his presidency particularly in the field of anti-corruption measures will be adopted in the Odessa Oblast. According to his advisor Irakli Esurbai, a similar model of guaranteed purchase of dwellings at capped prices was successfully applied in Tiflis.
Project objectives	<ul style="list-style-type: none">• Private market regulatory approach;• Stimulation of housing construction;• Dampening of market prices.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Regulatory approach to guarantee purchase of any apartment in a city at a defined price, close to or slightly below the self-costs of developers (construction costs, land costs, utility access costs). To avoid degradation of quality standards, they require detailed definition. The acquired apartments shall be disposed by an independent asset management company, with the target to sell or rent to eligible households. The program should have a predetermined term. This model could also work for the model "Adoption of unfinished apartments".

E.4 Full assessment of PSP models

Descriptive title of project	2 Guaranteed purchase of dwellings at capped prices
Estimated investment costs	Required volume of financing of the Asset Management Company cannot be estimated yet.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	
e) Origin of request for advice & support for project	
f) History and present status of project Origin of project idea	P3DP mission 29 June 2015, meeting with Irakli Esurbai, adviser to the Governor of the Odessa Oblast.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	Market based approach. It is expected that construction companies who also develop estates will be willing to accept cost based price, whereas developers with lower running costs and equity reserves will refuse.

E.4 Full assessment of PSP models

2

Descriptive title of project

Guaranteed purchase of dwellings at capped prices

h) Financing model, financing already acquired, env Financing of the Asset Management Company requires clarification.

i) Other information

The model has been widely positively assessed in interviews within the P3DP mission.

j) SWOT-analysis; possible risks, problems, or obst

+ Market approach;
+ Expected low public costs;
+ Expected positive impact on market prices;
- Difficult definition of required quality of construction;
- Threat of quality degradation.

k) Legal, regulatory and administrative feasibility

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Paper

n) Work plan and timeline

o) Technical Assistance required?

TA for setting up the Asset Management Company.

p) Contact persons

Odessa Oblast: Iraklji Esurbai: #

q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	3 Loan program for moderate income buyers
a) Owner of the project, when indicated	• Kadorr Group, Odessa;
Summarizing assessment	Would create added value.
Milestones of implementation	
b) City/town/oblast	Odessa; interest also from other cities.
c) Brief description of project Background information	Kadorr Group is market leader for owner-occupied housing in Odessa with purchase prices of currently 580-1000 \$/m ² . It is strong in own equity and needs no construction financing. But a loan program for buyers is expected to have a strong impact. Under current economic conditions such a scheme is unfeasible, as banks are not willing to give mortgages.
Project objectives	<ul style="list-style-type: none">• Own property for moderate income households;• Minimum risks for all participants;• Minimum public involvement.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	An average apartment of 50m ² and 600 \$/m ² costs \$ 30,000. With a down-payment of 25%, maturity of 15 years, 3% interest rate \$/€-denominated = the monthly instalments will amount to around \$ 150, which seems affordable for moderate income households. It is expected that Kadorr Group alone is able to sell 500-1000 apartments addressing such a loan program. To reduce public involvement to a minimum, Kadorr Group is willing to acquire its own bank to administer such a scheme. The field of operation of this bank would be limited to this loan program. It would accept minimum fees for administration, a contractual limitation of profits to 2.5-5% and an obligation to reinvest. The owner Kivan Adnan is willing to give a personal guarantee for a substantial part of the program.

E.4 Full assessment of PSP models

Descriptive title of project	3 Loan program for moderate income buyers
Estimated investment costs	The investment volume is expected to be \$ 20-30 mill. per year.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved	
Specification of beneficiaries	The program should be linked to a maximum purchase price per m ² , maximum size of an apartment (dependent on household size) and maximum income of beneficiary households.
If user charges are envisaged, indications of demand, affordability, etc.	The income limits should be clearly above the median income as the program targets at middle class households.
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	Kadorr Group proposes full responsibility within the group of companies, including a personal guarantee of the owner.
e) Origin of request for advice & support for project	Kadorr Group.
f) History and present status of project	
Origin of project idea	P3DP mission 29 June 2015, meeting with Kivan Adnan, owner of Kadorr Group.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out	
If a private partner is already involved in some way, describe nature of involvement	
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	Direct credit line from IFI to Kadorr Group.

3

Descriptive title of project

Loan program for moderate income buyers

h) Financing model, financing already acquired, env Loan program with 25% down-payment, 15 years maturity, 3% interest rate \$/€-denominated; specification of maximum purchase price, maximum size of apartment and maximum income. Refinancing with a credit line from an IFI to Kadorr Group. In the face of the Muslim background of Kadorr Group it seems reasonable to address OFID to support this program.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Economic strength and commitment of Kadorr Group;
+ PSP approach;
+ Clear target group;
- No IDP targeting;
- Difficult implementation of audit and control.

k) Legal, regulatory and administrative feasibility Clarification of treatment of country risks for international financing required.

l) Suggestions on monitoring Due diligence assessment of financial stability of the involved small private bank.

m) Further work needed to prepare a Concept Paper

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons • Kadorr Group, Odessa: Kivan Adnan: kivan@kivangroup.com

q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	4 Establishment of a PPP housing sector according European best practice
a) Owner of the project, when indicated	State Government
Summarizing assessment	At present an important measure to assess interest of stakeholders.
Milestones of implementation	Concept - communication - request of expression of interest
b) City/town/oblast	All Ukraine.
c) Brief description of project Background information	Social housing between public and private (PPP) is established in many Western European countries. In countries such as Netherlands, Austria or France, those schemes represent more than 20% of the total housing stock. Nevertheless such schemes never were recommended for implementation in transition countries such as Ukraine (which is perceived as a failure in past development policy).
Project objectives	<ul style="list-style-type: none">• Promote awareness of PPP housing solutions in Ukraine;• Assess willingness of public and private sector to apply;• Empowerment of civil society.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Implementation of PPP schemes comparable to European best practice is not yet feasible. But it seems timely to promote such business cases. An appropriate strategy could be to ask for Expressions of Interest (EOI) to form such institutions, combined with measures of Western twinning partners and awareness raising.

E.4 Full assessment of PSP models

Descriptive title of project	4 Establishment of a PPP housing sector according European best practice
Estimated investment costs	None in short term.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for deve Networking with Western twinning partners.	
e) Origin of request for advice & support for project	
f) History and present status of project Origin of project idea	P3DP mission 26 June - 1 July 2015.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	Plenty of studies, e.g. from IIBW.
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	PPP

E.4 Full assessment of PSP models

Descriptive title of project	4 Establishment of a PPP housing sector according European best practice
h) Financing model, financing already acquired, env	
i) Other information	
j) SWOT-analysis; possible risks, problems, or obst	+ Huge potentials; - Big legislative and institutional challenge to implement.
k) Legal, regulatory and administrative feasibility	Legal reform required.
l) Suggestions on monitoring	
m) Further work needed to prepare a Concept Pape	
n) Work plan and timeline	Long term.
o) Technical Assistance required?	Twinning partners, e.g. addressing CECODHAS HOUSING EUROPE.
p) Contact persons	e.g.: • Dnepropetrovsk: Vyacheslav Glushenko, CEO Olvia, glu@obs.olvia.com
q) Attachments	

E.4 Full assessment of PSP models

Descriptive title of project	5 Adoption of unfinished apartments
a) Owner of the project, when indicated	Government, Housing Fund (to be established), Oblasts, Municipalities
Summarizing assessment	Doubtful whether resulting costs/prices would compete with new construction of social housing.
Milestones of implementation	Invitation/tender of the government for feasible projects
b) City/town/oblast	Relevant for most cities in Ukraine, e.g. Kyiv, Odessa, Dnepropetrovsk.
c) Brief description of project Background information	After the crisis of 2008 many residential projects were frozen, as house prices deteriorated. Most of those structures are ready to revive. The potential is significant in most Ukrainian cities, but usually consists of only a moderate number of apartments per developer.
Project objectives	<ul style="list-style-type: none">• Use of unfinished structures for social housing issues;
Infrastructure and services to be provided	Advantage that infrastructure already exists
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Developers/constructors in many cases have stopped projects, despite pre-payments of several buyers. With fresh money such projects may be unlocked. This may result in low cost housing for vulnerable households, in solving the situation of previous buyers and in revival of involved developers. NGOs may facilitate such projects and organize fair allocation of dwellings.

E.4 Full assessment of PSP models

Descriptive title of project	5 Adoption of unfinished apartments
Estimated investment costs	Significant.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	IDPs and low/medium income households.
If user charges are envisaged, indications of demand, affordability, etc.	Very limited affordability and willingness to pay of IDPs have to be considered.
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	e.g. "Misto Reform" has established cooperation with a housing developer ("Petrovsky block" housing estate); it is envisaged to establish a pool of constructors with unfinished apartments
e) Origin of request for advice & support for project	Several comunal and oblast administrations, "Misto Reform"
f) History and present status of project Origin of project idea	P3DP mission 26 June - 1 July 2015, existing initiatives of several public authorities, NGOs and private sector
Indication of any existing concept notes or other descriptions of the project	None known
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	None known "Misto Reform" has established arrangements with constructors; Titul Group is preparing a private fund to purchase unfinished apartments; Several regional authorities have collected data on economic potentials.
Describe any consultations with, or support from, other government bodies or stakeholders	Local administrations of Kyiv, Odessa, Kharkiv and Dnepropetrovsk; NGO "Misto Reform"; Titul Group.
Other information about history and present status of project	
g) Explain how the private sector will be involved	Developers/constructors with locked structures may benefit.

Descriptive title of project	5 Adoption of unfinished apartments
h) Financing model, financing already acquired, env	Either sale at own costs to beneficiaries, leasing or rent. Several options in discussion: <ul style="list-style-type: none"> • Mortgage finance addressing international IFIs; • Purchase guarantee at a capped price (see model "Guaranteed purchase of dwellings at capped prices"); • Establishment of an association of "old" owners (which made prepayments) to take over the building; • Private fund purchasing unfinished apartments (Titul Group).
i) Other information	
j) SWOT-analysis; possible risks, problems, or obst	+ Infrastructure already exists; + Multiple positive effects (unlocking housing projects etc.); + Socially integrative; - Resulting costs (purchase price of unfinished structure + adoption) hardly lower than new construction; - Developers of unfinished buildings partly are insufficiently reliable.
k) Legal, regulatory and administrative feasibility	The legal status of unfinished projects is quite divers. Some developers are bankrupt, some projects are heavily loaded with mortgages. Identification of economically feasible projects requires individual appraisal.
l) Suggestions on monitoring	Crucial.
m) Further work needed to prepare a Concept Pape	
n) Work plan and timeline	
o) Technical Assistance required?	Reasonable only after clarification of the model.
p) Contact persons	<ul style="list-style-type: none"> • "Misto Reform": Angela Danelyan: anzhela.danelyan@gmail.com; • Titul Group: Telman Abbasov: abbasovtelman@gmail.com; • Regional authorities.
q) Attachments	

E.4 Full assessment of PSP models

Descriptive title of project	6 Adoption of communal structures in rural areas
a) Owner of the project, when indicated	e.g. Oblast of Odessa
Summarizing assessment	Promising, but small in quantity.
Milestones of implementation	
b) City/town/oblast	Odessa Oblast.
c) Brief description of project Background information	Several rural municipalities own buildings for rent which require some adoption to be habitable. IDPs could perform such refurbishment works as a trade-off for free rent for a defined period of time.
Project objectives	Low cost accommodation for IDPs.
Infrastructure and services to be provided	NGO assistance required.
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Availability of communal structures, which require completion. This may be accomplished by IDPs. In return they get approval for rent free of charge for a defined period of time. Example in Odessa Oblast (50 km from Odessa): Hostel, 47 families. Cost to finish € 50,000. 16 hostels ready for fortification. Some have documentation, only require financing. NGO assistance would be helpful.

E.4 Full assessment of PSP models

Descriptive title of project	6 Adoption of communal structures in rural areas
Estimated investment costs	Moderate.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	Well-targeted to IDPs.
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for deve	
e) Origin of request for advice & support for project	
f) History and present status of project Origin of project idea	
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	

Descriptive title of project

Adoption of communal structures in rural areas

h) Financing model, financing already acquired, env Feasible with grants or low interest loans.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Targeted at IDPs;
+ Support to municipalities to fulfil their obligations;
- Unclear consequent use of facilities;
- Financing model without income generation.

k) Legal, regulatory and administrative feasibility No reforms required.

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Pape

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons

q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	7 Replacement of Chruschtschowkas
a) Owner of the project, when indicated	Kyiv Municipality
Summarizing assessment	Urgent challenge; prior legal reform required; PPP seems an appropriate approach.
Milestones of implementation	Advisable only after legal reform and revived housing markets.
b) City/town/oblast	Kyiv and other cities.
c) Brief description of project Background information	Social housing in the 1950s and 1960s (Chruschtschowkas) was executed with a limited life span, which has long exceeded. The technical condition of those structures hardly allows for capital repair. Sooner or later there is no way out of replacing them. In Kyiv some 1.4 mill. m ² of such structures are concerned. Mass privatization of this stock in the 1990s makes it more difficult to find solutions, as sitting owners expects replacement basically free of charge. In an environment with very high land prices, strong demand for housing in the upscale market and sufficient space for re-densification this has proved possible without additional subsidies ("Moscow model" with 2- to 8-fold re-densification). But under average economic conditions this seems economically infeasible.
Project objectives	Development of models to replace Chruschtschowkas in Kyiv.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Adequate housing alternatives have to be offered, either smaller apartments, apartments in cheaper locations, places in homes for elderly people or favorable financing schemes to afford re-erected apartments.

E.4 Full assessment of PSP models

Descriptive title of project	7 Replacement of Chruschtschowkas
Estimated investment costs	Massive.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved	
Specification of beneficiaries	Sitting owners and tenants.
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	
e) Origin of request for advice & support for project	
f) History and present status of project	
Origin of project idea	P3DP mission 26 June 2015, meeting with Kyiv Municipality.
Indication of any existing concept notes or other descriptions of the project	Masterplan available.
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	On the "Moscow Model"?
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	Commercial housing will finance replacement of Chruschtschowkas.

Descriptive title of project

Replacement of Chruschtschowkas

h) Financing model, financing already acquired, env Commercial housing will finance replacement of Chruschtschowkas.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Replacement of deteriorated buildings without public subsidies;
+ Use of existing infrastructure;
- Market conditions in Kyiv not yet adequate;
- Massive densification;
- No extension of the housing stock;
- No targeting at IDPs.

k) Legal, regulatory and administrative feasibility Economic feasibility of replacement of Chruschtschowkas under average economic conditions requires legal reform:
• Reform of quorum regulations with a qualified majority of owners (e.g. 2/3) being enough to decide for replacement.
• Legal definition of the trade-off for old owners: the market price for such apartments is not qualified as a basis, as it mostly does not reflect the state of structural deterioration. A possible approach is appraisal of the full land value (even though not owned by the tenants) and 10-20% of the value of a new apartment of the same size and location, depending on the scale of possible redensification.

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Paper

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons

q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	8 Leasing for low-income owners
a) Owner of the project, when indicated	
Summarizing assessment	Insufficient legal regulations; Unsolved institutional setting.
Milestones of implementation	
b) City/town/oblast	
c) Brief description of project Background information	Leasing could be an appropriate alternative to rents for low and moderate income households. But existent leasing legislation seems insufficient.
Project objectives	Make owner-occupied housing affordable to low and moderate income households.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Establish a leasing scheme for owner-occupied economy housing.

E.4 Full assessment of PSP models

Descriptive title of project	8 Leasing for low-income owners
Estimated investment costs	
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	Low and moderate income households.
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	
e) Origin of request for advice & support for project	
f) History and present status of project Origin of project idea	P3DP mission 26 June 2015, meeting with
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	

Descriptive title of project

Leasing for low-income owners

h) Financing model, financing already acquired, env Leasing.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Low/moderate income households prefer it to rental housing;
+ Feasible financing model in other context;
- Legislation and practice insufficient;
- Long financing periods;
- Difficult treatment of ownership titles.

k) Legal, regulatory and administrative feasibility Legal reform required.

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Paper

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons

q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	9 NGO-private sector cooperation in new construction with all permits
a) Owner of the project, when indicated	NGO "Misto Reform"
Summarizing assessment	Promising, but insufficiently developed.
Milestones of implementation	Invitation/tender of the government for feasible projects
b) City/town/oblast	Between Makarov town and Kyiv region (oblast).
c) Brief description of project Background information	NGO "Misto Reform" is seeking housing solutions for IDPs.
Project objectives	Gather affordable housing for IDPs
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	"Landscape Lakes" housing estate ready for implementation, all permits and utility access in place
Major physical/technical features of project	Attracting private sector cooperation partners for new construction of projects where all permits are already in place.

E.4 Full assessment of PSP models

Descriptive title of project	9 NGO-private sector cooperation in new construction with all permits
Estimated investment costs	Purchase price of apartments 10,000-11,000 UAH/m ² (400-500 \$/m ²).
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved	
Specification of beneficiaries	IDPs.
If user charges are envisaged, indications of demand, affordability, etc.	Very limited affordability and willingness to pay of IDPs have to be considered.
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	"Misto Reform" has established cooperation with a housing developer
e) Origin of request for advice & support for project	
f) History and present status of project	
Origin of project idea	P3DP mission 26 June 2015, meeting with "Misto Reform"
Indication of any existing concept notes or other descriptions of the project	None known
Indication of any studies already carried out	None known
If a private partner is already involved in some way, describe nature of involvement	"Misto Reform" has established cooperation with a housing developer
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	Developer has equity, 100 apartments available for the program, other 100 sold to Ministry of Defense, 100 sold within the subsidy program "Affordable Housing"
g) Explain how the private sector will be involved	"Misto Reform" intends to facilitate the project and to organise fair allocation of dwellings

Descriptive title of project

NGO-private sector cooperation in new construction with all permits

h) Financing model, financing already acquired, env Not defined.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Project ready for implementation at fairly low costs;
- Financing model unclear;
- Institutional setting unclear.

k) Legal, regulatory and administrative feasibility

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Paper

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons

• "Misto Reform": Angela Danelyan: anzhela.danelyan@gmail.com;

q) Attachments

	10
Descriptive title of project	Upgrade Sanatoriums for IDP housing
a) Owner of the project, when indicated	a) Kharkiv Oblast Council, proposed by Kharkiv Regional Center on Investments and Development (NPA) b) Mykola Tsarenko, Chairman, Development Company "Pantheon", Dnepropetrovsk
Summarizing assessment	Business case questionable.
Milestones of implementation	
b) City/town/oblast	a) Kharkiv; b) Dnepropetrovsk.
c) Brief description of project Background information	Municipalities in many cases have carried out their duty to host IDPs by adopting hostels, sanatoriums or schools. Such initiatives have in some cases been co-financed by donor organizations. This has motivated other stakeholders to follow the example. Such initiatives have to answer the following questions: <ul style="list-style-type: none"> • Is the required investment volume adequate for the temporary use of IDP accommodation? • Does the proposed subsequent use justify donor engagement (who benefits from investments in the long term)? • Is a feasible business plan in place, including income generating use of premises?
Project objectives	<ul style="list-style-type: none"> • IDP hosting; • Renovation of existing structures.
Infrastructure and services to be provided	
Description of existing facilities (if brownfield project)	In Kharkiv it is an operative Sanatorium for children with TBC deceases, with structures from the 1970s and historic buildings from the late 19th century.
Major physical/technical features of project	The project in Kharkiv includes 14,000m ² floor space, which requires major renovation, disinfection and adoption. The premises includes 8 ha of building land. The premises shall remain in the property of the oblast council. Additionally job opportunities for IDPs shall be created. A subsequent use as geriatric center is proposed.

E.4 Full assessment of PSP models

Descriptive title of project	10 Upgrade Sanatoriums for IDP housing
Estimated investment costs	The project has unsuccessfully been applied for EU funding, with investment cost estimate of € 2 mill.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	Not defined IDPs; subsequent use as geriatric center.
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for development	For Kharkiv, the oblast council intends to remain owner of the premises. A joint venture with private investors is not possible.
e) Origin of request for advice & support for project	Kharkiv Regional Center on Investments and Development (NPA).
f) History and present status of project Origin of project idea	P3DP mission 27 June 2015, meeting with Olexandr Dudka, Head of NPA Kharkiv; 1 July 2015, meeting with Mykola Tsarenko, Head of International Chamber of Commerce of Ukraine, Dnepropetrovsk.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	Development Company "Pantheon", Dnepropetrovsk, as private investor.
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	

10

Descriptive title of project

Upgrade Sanatoriums for IDP housing

h) Financing model, financing already acquired, env Unclear income generation.

i) Other information

j) SWOT-analysis; possible risks, problems, or obst + Combination of IDP accommodation and renovation of existing structures;
- Unclear business case.

k) Legal, regulatory and administrative feasibility

l) Suggestions on monitoring

m) Further work needed to prepare a Concept Pape

n) Work plan and timeline

o) Technical Assistance required?

p) Contact persons

- Kharkiv: Olexandr Dudka, dudka.alex@gmail.com;
- Dnepropetrovsk: Mykola Tsarenko, info@pantheon.dp.ua

q) Attachments

	11
Descriptive title of project	Cooperative formed by soldier association
a) Owner of the project, when indicated	
Summarizing assessment	Quite interesting approach to strengthen civil society; in short term only small quantities.
Milestones of implementation	Invitation/tender of the government for feasible projects - support of self-help groups to establish cooperatives.
b) City/town/oblast	Relevant in most urban and many rural areas of UA.
c) Brief description of project	
Background information	Retired soldiers receive a parcel of land. Some 10,000 have already been provided with such benefits. This obligation meets both the Ministry of Defense, municipalities and oblasts. Most soldiers are quite effectively organized in associations. Such organizations could be a starting point for the establishment of housing cooperatives with all the positive civil society effects linked to this. This could be a starting point for communitarian developments in Ukraine, where, as a result from state-socialism, this self-organization of societal groups is widely missing.
Project objectives	Establishment of plenty of small or medium sized cooperatives, conducted by associations of soldiers.
Infrastructure and services to be provided	Utility access at no or minimum costs.
Description of existing facilities (if brownfield project)	
Major physical/technical features of project	Retired soldiers mostly are well organized in associations. Those associations could organize cooperatives to realize housing provision for own use; both in multi-apartment buildings (urban areas) and in semi-attached structures (rural areas). For establishment of housing cooperatives, Western twinning partners may be addressed. To organize individual ex-soldiers, those associations seem most important. As in many cases it will be necessary to coordinate different interests and land titles. An important challenge is to connect new cooperative settlements to urban agglomerations (jobs, public transport). In some cases, such programs could be linked to employment programs for ex-soldiers.

E.4 Full assessment of PSP models

Descriptive title of project	11 Cooperative formed by soldier association
Estimated investment costs	Low.
Quantity of services to be provided	Twinning partners.
Sources and methods of remunerating the private sector entities involved Specification of beneficiaries	Retired soldiers for self-help.
If user charges are envisaged, indications of demand, affordability, etc.	
Focus on energy efficiency	
d) Envisaged organizational responsibilities for deve Housing cooperatives including all responsibilities.	
e) Origin of request for advice & support for project	
f) History and present status of project Origin of project idea	P3DP mission 26 June-1 July 2015, meetings with Sergey Mikhaylenko, Head of Charitable Fund for War Veterans and Participants of the antiterrorist operation; Meetings with other stakeholders.
Indication of any existing concept notes or other descriptions of the project	
Indication of any studies already carried out If a private partner is already involved in some way, describe nature of involvement	
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	Self-help of cooperatives.

11

Descriptive title of project

Cooperative formed by soldier association

- h) Financing model, financing already acquired, env Retired soldiers contribute with the land provided as compensation. Additional financing should be covered with low interest loans, being compensated from rents or self-use.
- i) Other information The model has been widely positively assessed in interviews within the P3DP mission.
- j) SWOT-analysis; possible risks, problems, or obst + Empowerment of existing civil society structures;
+ Organizational power of soldier associations;
- Limited qualification for IDP housing;
- Limited quantity;
- k) Legal, regulatory and administrative feasibility Assessment of existing Law on Housing Cooperatives.
- l) Suggestions on monitoring Introduction of a scheme of audit and knowhow-transfer.
- m) Further work needed to prepare a Concept Pape Cooperation with soldier association.
- n) Work plan and timeline
- o) Technical Assistance required? Yes, both on a State level to establish framework conditions (cooperative legislation, tender), and on local level to establish such cooperatives
- p) Contact persons
- q) Attachments

E.4 Full assessment of PSP models

Descriptive title of project	12 Ministry of Defense Housing Program
a) Owner of the project, when indicated	Ministry of Defense of Ukraine; cooperation envisaged with FIABCI-Ukraine and IIBW
Summarizing assessment	Promising.
Milestones of implementation	Detailed concept - clarification of financing - planning, tender procedures etc. - pilot projects - execution
b) City/town/oblast	Premises all over Ukraine.
c) Brief description of project Background information	Current political developments have strongly increased the need for housing for soldiers both in service and retired (estimated each 20,000 until 2021). Soldiers retired from current services are awarded with a plot of land or an apartment free of charge. This is a responsibility both of the Ministry and of Municipalities.
Project objectives	<ul style="list-style-type: none">• Setting the framework for realization of 40,000 new housing units for soldiers both in service and retired until 2021;• Attraction of feasible financing mechanisms and financing sources;• Development of an abuse-resistant allocation scheme.
Infrastructure and services to be provided	Such settlements require comprehensive urban planning including social and commercial infrastructure.
Description of existing facilities (if brownfield project)	The Ministry of Defense owns 500,000 ha of building land all over UA.
Major physical/technical features of project	The big quantity is a major challenge. It is intended to develop a small number of optimized housing types. Prior execution of two pilot projects in different (small military) cities.

E.4 Full assessment of PSP models

	12
Descriptive title of project	Ministry of Defense Housing Program
Estimated investment costs	Following cost calculation a financing need of \$ 400 mill. is estimated.
Quantity of services to be provided	
Sources and methods of remunerating the private sector entities involved	
Specification of beneficiaries	Soldiers both in service and retired; consideration of the diverse structure of demand (different parts of army, affordability, preferences, apartments for widows, for invalids).
If user charges are envisaged, indications of demand, affordability, etc.	Users have to bear no (service apartments) or only utility costs (apartments for retired soldiers).
Focus on energy efficiency	Optimization of costs for energy and maintenance.
d) Envisaged organizational responsibilities for development	Ministry of Defense; A comprehensive concept is envisaged, including competition on all levels, the development of an abuse-resistant allocation scheme, audit and control etc.
e) Origin of request for advice & support for project	Project Group within Ministry of Defense "Housing Reform for Militaries"
f) History and present status of project	
Origin of project idea	Going back to an initiative of the Ministry of Defense and FIABCI-Ukraine, with a request of support to IIBW, which forwarded the request to the EU Parliament and the Commissioner of Enlargement Johannes Hahn. He replied in a letter from 10 April 2015.
Indication of any existing concept notes or other descriptions of the project	P3DP mission 26 June 2015; meeting with Igor Melnik, Advisor to the Minister of Defence, Deputy Head of Tender Committee; Lyudmila Shramenko, Acting Director of Construction Department; Yuri Momot, Advisor for Construction; Oleksiy Alexey Chepelyik, Head of the Project Group "Housing Reform for Militaries".
Indication of any studies already carried out	
If a private partner is already involved in some way, describe nature of involvement	FIABCI-Ukraine and IIBW is intended to support the Ministry of Defense in development of the concept.
Describe any consultations with, or support from, other government bodies or stakeholders	
Other information about history and present status of project	
g) Explain how the private sector will be involved	To be defined.

E.4 Full assessment of PSP models

Descriptive title of project	12 Ministry of Defense Housing Program
h) Financing model, financing already acquired, env	Either pre-financing of construction companies or mortgage loan from IFI.
i) Other information	
j) SWOT-analysis; possible risks, problems, or obst	+ Clearly defined demand; legally defined commitment of the Ministry and municipalities; + Economy of scale; - Threat of uniformity; - Challenge of big refinancing obligations for the State.
k) Legal, regulatory and administrative feasibility	Big challenge to implement.
l) Suggestions on monitoring	Development and implementation of a scheme of audit and control (e.g. in cooperation with Western twinning partners); development and implementation of a transparent and abuse-resistant allocation scheme (following the model of e.g. the Vienna Municipality).
m) Further work needed to prepare a Concept Paper	Intensive cooperation with the Project Group "Housing Reform for Militaries"
n) Work plan and timeline	Elaboration of a detailed concept in 2015; detailing, planning, tender procedures etc. in 2016; execution until 2021.
o) Technical Assistance required?	Yes; previously EBRD provided TA to the Ministry in capacity building.
p) Contact persons	See above
q) Attachments	