



Municipal Housing in Kharkiv: Affordable Rental Models for Housing Recovery in Ukraine

BACKGROUND

Russian full-scale war on Ukraine has caused enormous losses in human lives, infrastructure and economy, and an unprecedented housing crisis in Ukraine. The damages in the housing stock have grown to 1,4 million units according to the latest [World Bank's estimates](#), with one third of this stock being destroyed. As a country of owner-occupiers due to the massive privatization of the housing stock since the 1990s, Ukraine has faced various challenges in the housing sector ever since, like a missing coherent affordable or social housing policy, scarce provision of social housing, a poorly regulated private rental market and a lack of financing and mechanisms for housing modernization. Since 2014 and, increasingly, since 2022, these challenges have been increased massively in the face of huge housing stock losses and millions of internally displaced persons (IDPs) in need of new homes. Therefore, host municipalities who are responsible for the IDPs' accommodation, acknowledge the need to establish new viable housing solutions, for which they require international support.

Kharkiv is the second largest Ukrainian city and one of the most war-afflicted municipalities near the front. The most damaged economic sector is housing. With more than 6,000 residential houses damaged, out of which 500 are irreparably destroyed, the housing sector of Kharkiv requires at least 3 billion Euros for reconstruction as of June 2023, [according to the mayor](#). 320,000 citizens fled the city, 150,000 citizens lost their houses. Nevertheless, the city receives a big share of currently at least 180,000 IDPs who require accommodation. To overcome the losses and challenges of its housing sector, the city of Kharkiv is committed to pilot a comprehensive municipal housing programme as part of the project "*Municipal housing in Kharkiv: affordable rental models for housing recovery in Ukraine*", which will be implemented by the city of Kharkiv and IWO e.V., in partnership with UNECE's UN4UkrainianCities Project.

PROJECT GOALS

The goal of the project is to develop and prepare for adoption a viable municipal rental housing programme the city of Kharkiv, which supports a diversified provision of housing for different target groups. The project also aims at building and improving the city's capacities for implementing new housing models and its ability to mobilize necessary resources, including international financing sources, to provide housing.

The project adopts a multifaceted approach, focusing on the continuous capacity-building for the key city stakeholders and evidence-based policy-making that employs international experience and expertise. The main components of the project are:

I. The city of Kharkiv develops a municipal rental housing programme.

Kharkiv needs support to expand supply of affordable rental housing that enables low- and middle-income households to access housing, addressing the needs of IDPs, returnees and local population. To achieve this, a comprehensive analysis of Kharkiv's housing sector and local housing needs will be conducted as the basis for the municipal rental housing programme. German vast expertise of municipal housing provision and diversified housing market overall is of particular interest; therefore, the development process will be strongly supported by German expert partners.



II. Capacity-building for the city authorities and other stakeholders.

UNECE and IWO will undertake capacity-building activities targeting city officials and local experts, e.g., housing economists and managers, building managers, architects and engineers who are involved in the construction and management of the housing stock. The key topics include governance and management of existing and future housing providers, their business models and financing. Through building respective capacities, the city is provided with the appropriate knowledge and instruments to lead the development of a housing programme and its implementation.

III. Building of an international network for the implementation of future housing projects.

The criteria and conditions to be fulfilled to access suitable forms of financing for Kharkiv will be explored and reflected in the municipal housing programme.

Through negotiations facilitated by IWO's team, Kharkiv authorities will prepare business models and housing projects as a part of the municipal rental housing programme to be presented for funding to international financial institutions, donors, and other investors.

PROJECT FRAMEWORK

The project "*Municipal housing in Kharkiv: affordable rental models for housing recovery in Ukraine*" is implemented by the city of Kharkiv and IWO e.V. in partnership with UNECE's UN4UkrainianCities Project. The [UN4UkrainianCities Project](#) offers support to Ukraine's government in planning a phased urban recovery in the pilot cities Kharkiv and Mykolaiv. In Kharkiv, the project supports relief, rehabilitation, and development, through a series of activities that seek to ensure balanced and inclusive urban development, grounded in the new Master plan for Kharkiv. The project is based on the "build back better" principle.

The UN4UkrainianCities Project is implemented by the United Nations Economic Commission for Europe (UNECE), funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in line with the *Framework for Programmes for the Integrated Rehabilitation of Settlements and Territories of Ukraine*, developed by the Ministry for Communities, Territories and Infrastructure Development of Ukraine to guide local governments in their reconstruction efforts.

The Initiative Wohnungswirtschaft Osteuropa (IWO) e.V. - Housing Initiative for Eastern Europe - brings together private and public partners from Germany and other countries whose common goal is to support a market-based, sustainable, ecologically, and socially compatible development of the housing and building sectors in Eastern Europe. With its members, a vast international expert network, and more than 22 years of experience with housing sectors in transition, IWO can provide the necessary expertise to support Kharkiv in housing policy development.

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