



IDP PARTICIPATION IN THE «AFFORDABLE HOUSING» (50/50) PROGRAMME

EVALUATION REPORT

Prepared by UNHCR Ukraine

Acknowledgements

The evaluation report on the IDP participation in the «Affordable Housing» (50/50) Programme was prepared by **UNHCR** Ukraine. The editorial team, led by Anita Rohner (Durable Solutions Officer), included Oleksandr Khoro-shavin, Yurii Arnautov, and Igor Chantefort as reviewer.

The evaluation contained in this report only refers to survey respondents who received housing through the Affordable Housing Programme for IDPs in 2017. The designations employed and the presentation of country or area names, including in maps and country listings, do not imply the expression of any opinion whatsoever on the part of **UNHCR** concerning the legal status of any country, territory, city or area, or the delimitation of its frontiers or boundaries.

The editorial team thanks all survey respondents for taking their time to fill in the online questionnaire.

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[COVER PHOTOGRAPH:]

["Ceremony with IDP recipients of contracts with the State Youth Fund", Central office. State Youth Fund, 28.11.2018]

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List of abbreviations

(50/50) Programme / "50/50" Programme	Commonly used title for the Affordable Housing Programme for IDPs and veterans
Cabmin	Cabinet of Ministers
GCA	Government Controlled Area
IDP	Internally Displaced Person
Minregion	Ministry of Regional Development, Construction, Housing and Communal Services of Ukraine
NGCA	Non-Government Controlled Area
NGO	Non-Governmental Organisation
NMS	National Monitoring System
Sqm	Square metre
UAH	Ukrainian hryvnia
VAT	Value added tax

1. Introduction

1.1 Background of the report

In 2015, the Cabinet of Ministers of Ukraine adopted a “Comprehensive National Programme for Support, Social Adaptation and Reintegration of Citizens of Ukraine Internally Displaced”, which foresaw that Internally Displaced Persons (IDPs) should be included into the Government’s Affordable Housing Programme. This programme is implemented by the State Youth Fund, which is a financial state institution controlled by a supervisory board, the Ministry of Regional Development, and the National Commission on Regulation of Financial Services. The idea behind the Affordable Housing Programme is to allow Ukrainian households with needs for improved housing conditions to apply for subsidised housing.

Under the aspect of Affordable Housing, the State Youth Fund has currently several operational mechanisms at the national level. The general component provides affordable housing at a rate of “70/30” to Ukrainians who successfully applied for affordable housing. It means that if the applicant household is able to cover 70% of the apartment costs, the State Youth Fund contributes a cost coverage of 30%.

In 2017, the Affordable Housing Programme was amended to specifically target IDP and veteran households. It foresees participation of IDPs and veterans in a subsidised housing purchase programme, where 50% of the apartment costs are covered by the IDP/veteran household and 50% by the state budget. Applicant households are registered on a waiting list. Based on a “first applied – first served” basis, the State Youth Fund offers “contracts for maintenance of funds for construction¹” (hereafter called “housing contracts”) to the first households on the waiting list, financially limited by the yearly budget of the Affordable Housing Programme. As a next step, these households need to pay 50% of their apartment costs within a few days to be able to sign a housing contract with a developer, and at a later stage, move into their newly purchased apartment. This

¹ Official title of the housing contract between the housing recipients and the State Youth Fund, according to the decree no. 819.

programme is commonly referred to as the “50/50 programme”. In 2017, the Affordable Housing Programme for IDPs operated with a funding volume of 30 million Ukrainian hryvnias (UAH) and in 2018 with 100 million UAH. The legal basis of the entire Affordable Housing Programme is covered by Ukrainian law no. 800 “on the prevention of the consequences of the world economic crisis on the construction sector”. The Cabinet of Ministers (Cabmin) decree no. 140 of 2009 used to regulate the procedure of the Affordable Housing Programme. As of 10 October 2018, Cabmin decree no. 140 of 2009 has been replaced by a new Cabmin decree no. 819, which has entered into force.

The **main differences between both Cabmin decrees are:**

1) **Selection of housing objects:** Cabmin decree no. 140 of 2009 foresaw that applicants receiving a housing support offer from the State Youth Fund chose apartments based on a list of newly constructed objects selected by the Ministry of Regional Development (Minregion). As per the new Cabmin decree no. 819 of 2018, buildings are not pre-selected by Minregion, but applicant households themselves have to actively search and choose suitable developers who have to provide them with a set of required documents. The documents have to be shared with the State Youth Fund and should include among others, information about the developers’ legal identity, the land plot and the construction stage.

2) **New selection procedure:** The new Cabmin decree no. 819 of 2018 foresees a three-step system, which includes the regional offices of the State Youth Fund, the State Youth Fund and the Commission. The regional offices of the State Youth Fund collect and process the documents, and provide the State Youth Fund with preliminary conclusions. As a second step, the State Youth Fund establishes a list of applicants and proposed recipients of state support, and submits the list to the Commission for approval. This Commission is tasked with reviewing the proposed list of applicants and deciding on the recipients of state support. Afterwards, the regional offices of the State Youth Fund inform the applicant households about the decision of the Commission. The Commission determines the housing object, the financial size of the state support (in comparison with the regional price adopted by Minregion) and the state support recipients.

3) Cabmin decree no. 819 of 2018 foresees that beneficiaries of housing support under the Affordable Housing Programme **have to refund their obtained state**

support in case they sell their received housing object during the first three years.

Apart from the national state budget, different Ukrainian settlements decided to introduce their own local budgets for Affordable Housing Programmes for IDPs. The sum of local budgets for 2018 is not yet known.

In early 2018, **UNHCR Ukraine proposed to the State Youth Fund to independently evaluate IDP participation in the Affordable Housing Programme (50/50) from the perspective of IDP households who received housing support from this programme in 2017.**

1.2 Objectives of the report

The objective of this evaluation is to collect information about IDPs' access to the Affordable Housing Programme in 2017 and to analyse their socio-economic profile as of mid-2018. For this purpose, UNHCR Ukraine reviewed the experience of IDP families who received an apartment under the State Youth Fund's Affordable Housing Programme. For comparison purposes, UNHCR used the statistical data of the International Organisation for Migration's National Monitoring System (NMS)². Furthermore, statistical data prepared by the Ukrainian Ministry of Social Policy was consulted.

The goals of this analysis are:

- to present the socio-economic and demographic profile of surveyed IDP housing recipient households;
- to present lessons learned for the State Youth Fund, which the State Youth Fund may include in its future work;
- to suggest legal improvements on the Cabinet decree no. 819; and
- to advocate for improvement and expansion of housing programmes for IDPs.

² June 2018 edition

1.3 Evaluation methodology

This report is based on a systematic evaluation of 52 out of 65 IDP families who received housing through the State Youth Fund's Affordable Housing Programme in 2017³. The state budget for this programme was 30 million UAH. The review was achieved by means of the following steps:

- Desk review of information on the Affordable Housing Programme (50/50) for IDPs (April-May 2018);
- Elaboration of an online questionnaire for households who received housing support through the Affordable Housing Programme. The questionnaire was reviewed by the Ukrainian State Youth Fund (May-June 2018);
- The State Youth Fund contacted the recipient households, encouraging them to participate in the online questionnaire. The State Youth Fund shared the questionnaire link with the beneficiary households (June-July 2018);
- The State Youth Fund informed employees of its regional offices about the review and encouraged them to fill out a questionnaire about their experience with the Affordable Housing Programme. The questionnaire was reviewed by the Ukrainian State Youth Fund (June-July 2018);
- 52 recipient households filled in the online questionnaire (July-August 2018);
- Receipt of e-mail responses from local State Youth Fund employees (August 2018);
- Assessment and analysis of online data on the Affordable Housing Programme's beneficiary households; elaboration of a PowerPoint presentation (September-October 2018);
- Elaboration of an evaluation report in English and Ukrainian languages (October-December 2018).

Limitations of the methodology:

UNHCR was only able to receive information from the housing beneficiaries based on the online questionnaire in order to respect the State Youth Fund's precondition of complying with the Constitution of Ukraine, which prevents the disclosure of per-

³ With a 90% confidence level, there is a confidence interval of 5.3.

sonal data to a third party. Therefore, UNHCR was not able to directly contact survey respondents or verify the survey information, which makes the data set of the online survey a collection of spontaneous declarations of unverified surveyed respondents.

1.4 Report structure

Part 1 covers background information about the Affordable Housing Programme for IDPs, the purpose of the evaluation and its methodology.

In part 2, the report builds a statistical base using a sample analysis of measurable information on IDP families who benefitted from the Affordable Housing Programme for IDPs. It includes analyses on:

- The geographical profile of beneficiary IDP families;
- The demographic, social and economic profile of beneficiary IDP families, including their household size, financial and employment situation and educational level;
- IDP beneficiary families' access to the Affordable Housing Programme for IDPs and their satisfaction with the application procedure;
- Physical conditions of the acquired apartment; and
- Housing accessibility to social infrastructure.

Part 3 covers observations on the Affordable Housing (50/50) Programme and the underlying Cabmin decree no. 819.

This report's part 4 sets out concrete recommendations on how the Affordable Housing Programme for IDPs could be optimised.

2. Findings and data analysis

2.1 Geographic profile of recipient households

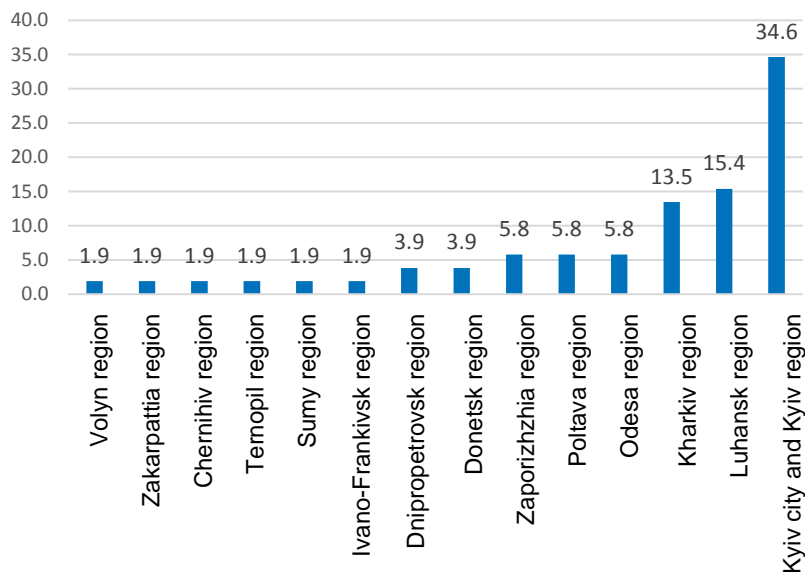


Figure 1. Location of survey respondents (in %): Volyn region (Lutsk/Kovel), Zakarpattia region (Uzhorod), Chernihiv region (Chernihiv), Ternopil region (Ternopil), Sumy region (Sumy/Shostka), Ivano-Frankivsk region (Uhornyky), Dnipropetrovsk region (Dnipro), Donetsk region (Sloviansk/Lyman), Zaporizhzhia region (Zaporizhzhia), Poltava region (Poltava/Kremenchuk), Odesa region (Ilichanka), Kharkiv region (Kharkiv), Luhansk region (Sievierodonetsk), Kyiv region and Kyiv city (Kyiv/Borispil).

The majority of the 52 families who filled in the online survey **received their apartment in either Kyiv region (18), Luhansk region (8) or Kharkiv region (7)**. Furthermore, three families each received a chance to move into apartments in Zaporizhzhia, Poltava and Odesa regions. Two families acquired an apartment in Donetsk region and two families got an apartment in Dnipropetrovsk region. The remaining apartments were given to families living in other urban locations.

Households displaced from Luhansk or Donetsk city made up 61% of all surveyed households, which received an apartment through the Affordable Housing Programme; 25% used to live in rural non-government controlled areas (NGCA) and 14% stayed in government controlled areas (GCA) of Luhansk/Donetsk region before their displacement.

2.2 Demographic profile of recipient households

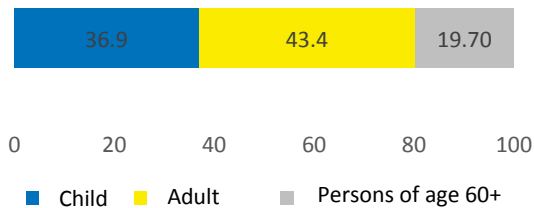


Figure 2. Age repatriation of surveyed households (%).

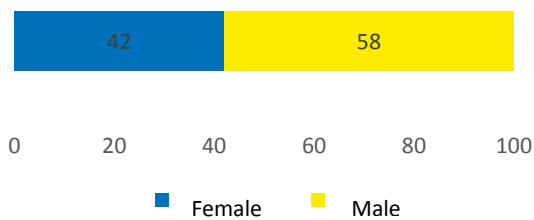


Figure 3. Gender repatriation of surveyed households (%).

On average, surveyed households consist of 3.02 persons.

This indicates that the survey encompasses information about a total of 157 persons. The average number of household members is 15% higher than an average Ukrainian IDP household⁴. Compared with an average Ukrainian household, it is higher by 17%⁵.

Children represented 37% of all surveyed household members. 20% were persons of age 60+ and 43% were adults of working age. Among them, 3% were persons with disabilities, which is close to the proportion of persons with officially recognised disabilities in the

total Ukrainian IDP population (3.22%)⁶. 42% of all surveyed household members were women, which is much lower than the proportion of women in an average Ukrainian household (54%)⁷ and in an average Ukrainian IDP household (57%)⁸. The reasons for these discrepancies remain unclear.

The survey indicates that 26% of all households had a young mother and 16% a young father under the age of 36. Only 27% of the surveyed households had a retired head of household (both genders equally), which is similar to the proportion

⁴ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 10. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

⁵ Expenses and resources of households in Ukraine (according to the data of the sample survey of living conditions of households) for 9 months of 2017. Statistical Bulletin. State Statistics Service of Ukraine. – K., 2017. Page 34. http://www.ukrstat.gov.ua/druk/publi-cat/kat_u/2018/zb/07/zb_vrdu2017_pdf.pdf

⁶ Statistics of the Ukrainian Ministry of Social Policy, November 2018. <https://bit.ly/2CZaLzr>

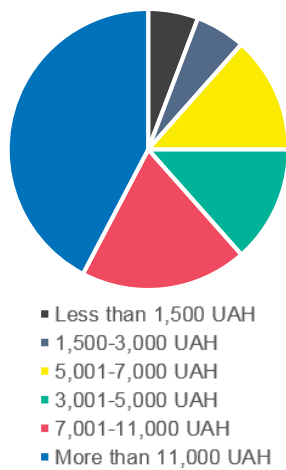
⁷ Distribution of the permanent population of Ukraine by gender and age as of January 1, 2018. Express Issue 21.06.2018. State Statistics Service of Ukraine. – K., 2018.

⁸ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 11. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

of retired persons in an average Ukrainian IDP household (cumulatively 51% for both genders⁹).

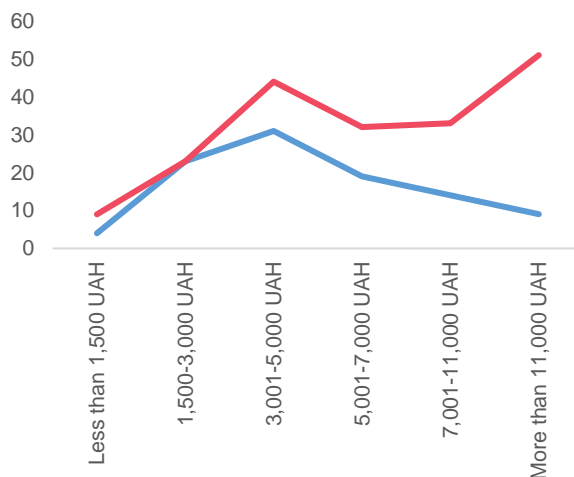
2.3 Economic profile

2.3.1 Monthly income and its usage



The survey asked respondents about their average monthly income since January 2018. **42% of them stated to have earned more than 11,000 UAH per month** and 19% between 7,001 to 11,000 UAH. 13% received an average monthly income of between 5,001 to 7,000 UAH and another 13% between 3,001 to 5,000 UAH. 5% earned less than 1,500 UAH per month. 8% of all respondents did not give full particulars on their monthly income.

Figure 4. Monthly income of survey respondents.



The data above shows that most surveyed households have significantly higher income than average Ukrainian IDP households in the regions¹⁰. The respondents are mostly middle-income Ukrainians.

Figure 5. Break down of average monthly incomes (in %). Blue: NMS data covering the whole Ukrainian IDP population. Red: Surveyed respondents of the Affordable Housing programme for IDPs.

⁹ Statistics of the Ukrainian Ministry of Social Policy, November 2018. <https://bit.ly/2CZaLzr>

¹⁰ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 19. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

Spending on basic needs is a major source of household expenditure among the surveyed households. Basic needs include housing, nutrition, medicines, education, communications, clothing and transport. 17% of all respondents declared to spend between 3,001 to 5,000 UAH monthly on basic needs and 32% spent 5,001-8,000 UAH. 25% stated that they spent 8,001-12,000 UAH on their basic needs and the remaining 26% of the surveyed households spent even more of their monthly income on the satisfaction of their basic needs. Compared to average Ukrainian households, the surveyed households of the Affordable Housing Programme spend considerably more on basic needs in absolute numbers, but less in income percentages¹¹. This is another indicator that the housing recipient households are wealthier than average IDP households because they can afford spending a higher amount of money on basic needs. However, **their monthly income is often too low to make considerable monthly savings.**

The households who previously stayed in **rented accommodation** were also asked about their monthly rent payments (i.e. what they used to pay before moving into their current purchased homes). Among average IDP households, rental payments are a **major component of household expenditure**. Accommodation expenditure also falls into the category of spending on basic needs. Most survey respondents stated that they spent between 3,001 to 7,000 UAH per month on rent. However, these numbers have to be considered with caution due to several limitations in the data set¹².

Some 57% of the respondent households stated that their most problematic issues were living conditions. 28% mentioned that a household member was suspended from social payments. These proportions are much higher than in the average Ukrainian IDP population (7%/1%)¹³. The reasons for these divergences were not investigated in this review.

¹¹ Expenses and resources of households in Ukraine (according to the data of the sample survey of living conditions of households) for 9 months of 2017. Statistical Bulletin. State Statistics Service of Ukraine. – K., 2017. Page 60. http://www.ukrstat.gov.ua/druk/publi-cat/kat_u/2018/zb/07/zb_vrdu2017_pdf.pdf

¹² Limitations: 15% of the respondents did not correctly answer the question about their previous accommodation type. Furthermore, 17% of the respondents who indicated having previously lived in private apartments did not reply to the question about the monthly amount they previously paid for rent.

¹³ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 24. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

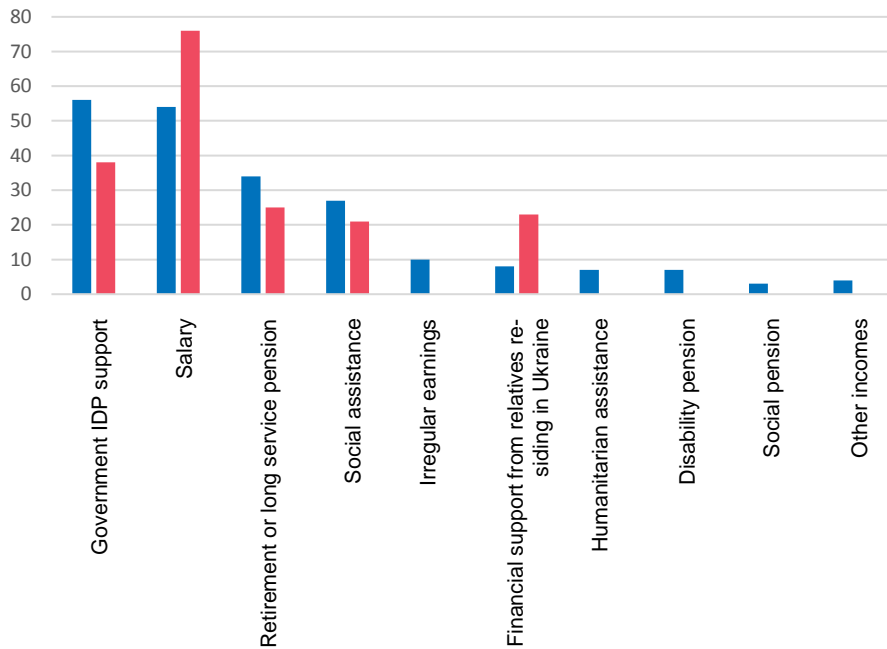


Figure 6. Sources of income of households (in %). Blue: NMS findings of the whole Ukrainian IDP population. Red: UNHCR surveyed households of the Affordable Housing Programme for IDPs.

The **main household income source** of the surveyed households was **salary (76%)**, followed by 38% government IDP support, 25% retirement or long service pension, 23% financial support from relatives residing in Ukraine and 21% social assistance. **On average, 1,8 persons per household generated income.**

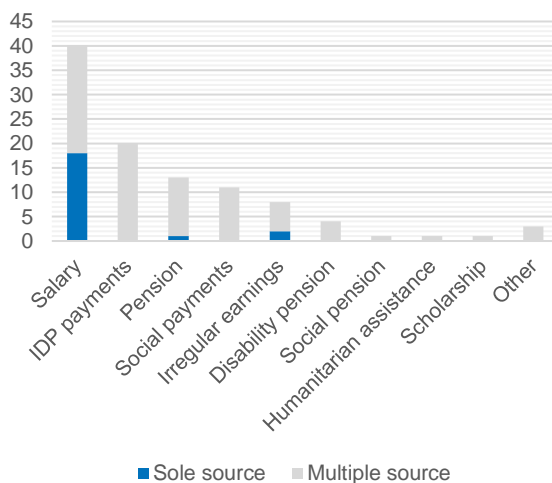
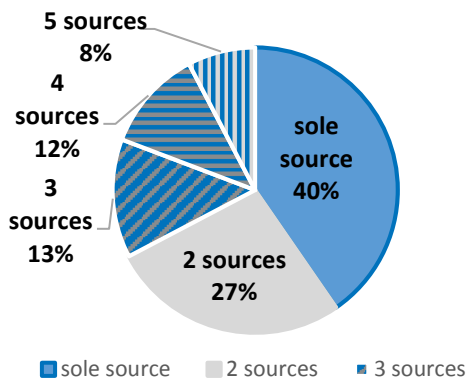


Figure 7. Income sources covered by sole or multiple sources (in %).

In comparison with average IDP households in Ukraine, the surveyed households of the Affordable Housing Programme are able to cover much more of their household expenditures with their salary, which makes them **more economically independent from the State**¹⁴.

¹⁴ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 23. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

The analysis of the surveyed households’ income sources indicates that a **majority of households have multiple income sources** (up to five).



Households with monthly incomes of more than 11,000 UAH have the highest prevalence of multiple income sources. In other words, the comparatively high incomes by the majority not only contain salary. Moreover, household members of age 60+ mostly do not depend on pensions alone.

Figure 8. Repatriation of income per number of sources.

# income sources	sole	2	3	4	5	
Grand Total	40%	27%	13%	12%	8%	100%
Less than 1,500 UAH	4%	2%	0%	0%	0%	6%
1,500-3,000 UAH	2%	2%	0%	2%	0%	6%
3,001-5,000 UAH	8%	4%	2%	0%	0%	13%
5,001-7,000 UAH	2%	2%	6%	4%	0%	13%
7,001-11,000 UAH	10%	6%	2%	2%	0%	19%
More than 11,000 UAH	15%	12%	4%	4%	8%	42%

Figure 9. Number of income sources per income category.

The survey reveals that among the beneficiary households of the Affordable Housing Programme, **only 27% were able to make savings on a regular basis**. Monthly savings varied significantly from 500 UAH to more than 5,000 UAH depending on the household. Out of the 73% respondents without regular savings, 21% stated that they had to borrow money to cover their household expenditures.

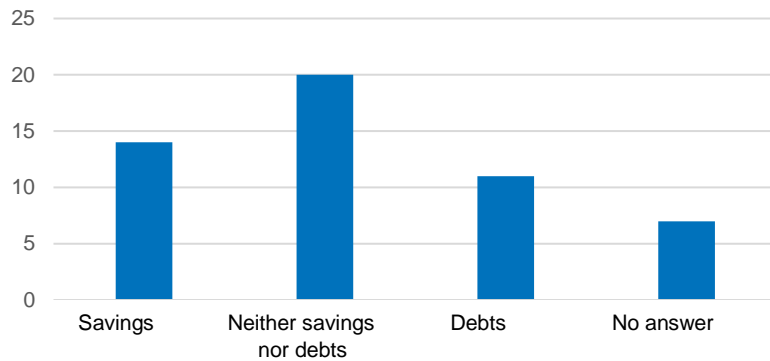


Figure 10. Monthly financial situation of surveyed households (in %).

Personal savings (often from pre-displacement times or sale of property in NGCA) and financial support from relatives could be among the main sources, which allowed the recipient households to cover 50% of the apartment costs under the Affordable Housing Programme.

2.3.2 Employment situation

The survey reveals that **before their displacement, 88% of the surveyed households had economically active members** and 12% were economically inactive. **93% of their jobs were official.** 23% of them worked in the financial sector, 19% in the public sector and 7% in retail. The rest of the jobs was spread among different other economic sectors. The survey respondent households had much **higher employment rates than average IDP households before displacement.**

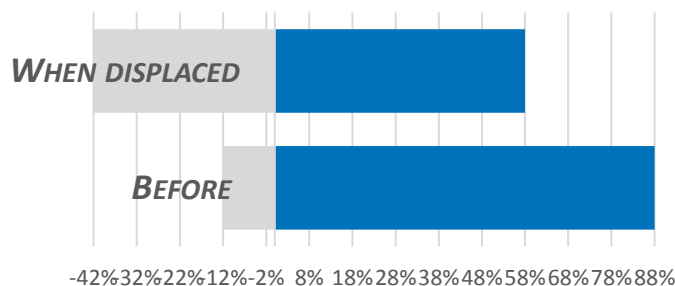


Figure 11. Economic activity of surveyed households before and after displacement.

After displacement, 58% of the apartment recipient households were **economically active** and 42% were economically inactive. This sharp decrease of economic activity after displacement is in line with similar trends among the average Ukrainian IDP population¹⁵. **86%** of all surveyed households stated that their household members were **officially employed**. 15% of the surveyed households had members working in public services, 9% in the financial sector and 5% in retail. The rest was spread among different economic sectors.

2.4 Educational profile

84% of the surveyed households stated that their household head **acquired higher education**. 11% had secondary school education and 3% benefitted from vocational training. 2% did not give full particulars on their educational profile. **In comparison with average Ukrainian IDP households, more surveyed household heads completed higher education and less vocation training** (average: 46% versus 27%)¹⁶. Relating it to the comparatively high economic activity levels of the surveyed households, it could be concluded that households with highly educated heads have found it easier to be employed.

2.5 Motivation to participate in the Affordable Housing Programme

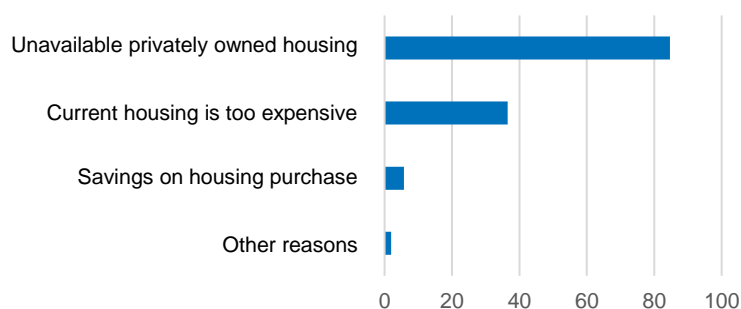


Figure 12. Motivation for participation in the Affordable Housing Programme (in %).

¹⁵ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 12. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

¹⁶ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 11. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

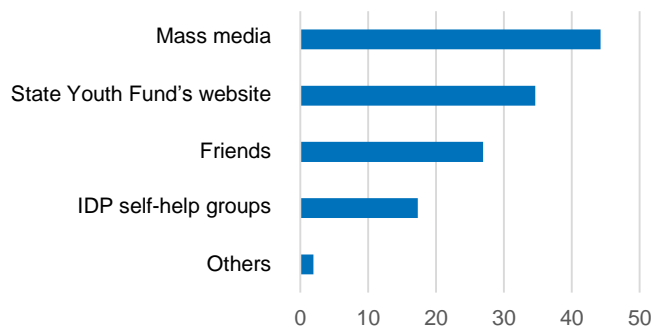


Figure 13. Sources of information about the Affordable Housing Programme (in %).

The survey states that there have been mainly **two reasons for participating in the Affordable Housing Programme: unavailability of privately owned housing (84%) and high costs of current accommodation (36%)**. These findings correspond with some of the most problematic issues stated by average Ukrainian IDP households¹⁷.

Surveyed households heard and informed themselves about the Affordable Housing Programme through the following channels: mass media (44%), the State Youth Fund's website (34%), personal networks (26%) and IDP self-help groups (17%).

98% of the surveyed households **stated that information about the Affordable Housing Programme was accessible to them**. A majority applied for the Affordable Housing Programme without contacting the State Youth Fund's hotline in advance. The **28% hotline users** found it particularly helpful to inquire about the conditions of participation.

¹⁷ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 24. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

2.6 Application process

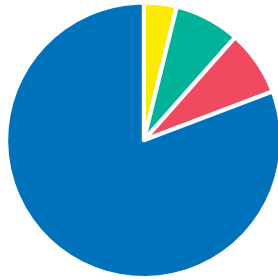


Figure 14. Time period of application submission.

42 out of 52 surveyed recipients (**80%**) stated that they applied for the Affordable Housing Programme in November 2017, i.e. between 28 to 30 November. 7% applied between 1 to 10 December and 7% from 11 to 20 December. 6% did not give full particulars on their application date. The data indicates that those families that applied in December 2017 had **low chances of receiving housing support.**

67% of all surveyed households **did not face difficulties in obtaining the required documents.** 11% faced problems in receiving a certificate to verify their place of residence and 7% found it difficult to acquire a solvency document. The remaining 15% is split between all other required documents. In conclusion, the required documents were acquirable for the majority of the surveyed households.

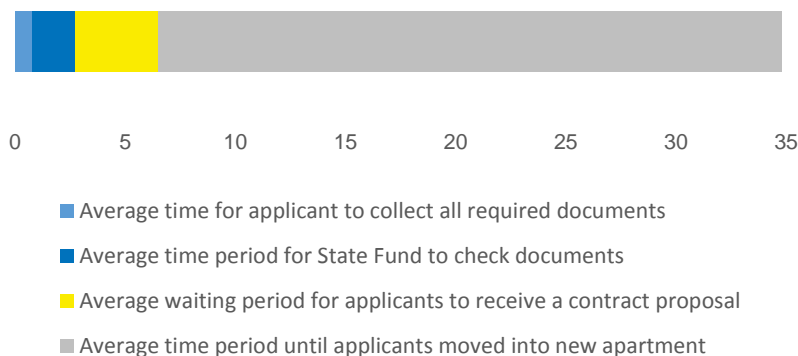


Figure 15. Repartition of the time period for all procedural steps (amount of weeks).

On average, it took the surveyed households **five days to collect all required documents in order to apply for the Affordable Housing Programme.**

As a next step, the State Youth Fund **checked all submitted documents and this took on average two weeks** (half a month). **It proposed housing contracts to the surveyed households after an average of 26 days**, which is approximately one month. The surveyed households stated that they could **move into their apartments after an average of more than six months (188 days)**. This indicates a **long waiting period for housing recipients**. The related reasons were not part of this investigation. 94% stated that they did not require assistance from non-governmental organisations (NGO) during the application process. Among surveyed households, **more than 80% stated that they did not apply to other housing programmes of the State Youth Fund**. 5% stated to have applied for a loan and 3% for a mortgage programme with the State Youth Fund.

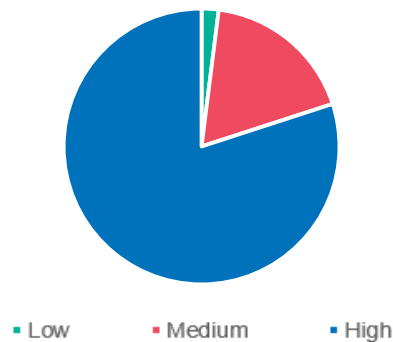


Figure 16. Trust level of surveyed households toward the State Youth Fund.

According to the survey results, **76% of applicants who received a housing contract had a high trust level toward the State Youth Fund**. Only a small minority (1%) had a low trust level.

2.7 Financial contribution of survey respondents to the Affordable Housing Programme

Many surveyed respondents depended on several financial sources to cover their 50% contribution, with 63% using personal savings¹⁸. 4% borrowed money from family/friends and 30% used a private loan. 7% received a related bank loan and 7% used other financial sources.

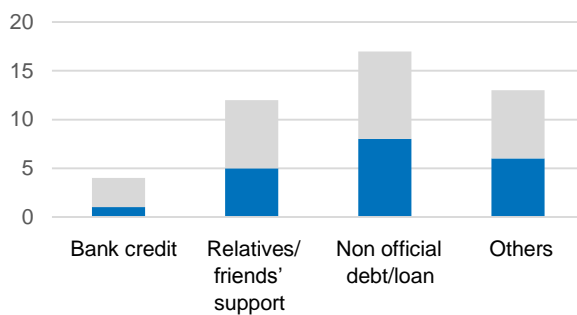


Figure 17. Other financial sources than personal funds. Cases of sole and secondary source (in %).

Respondents with bank loans stated that their bank credits constitute 26% of their financial contribution. 75% of the bank credits have a timeline of up to 10 years and 25% a timeline of up to 20 years. This puts an additional financial burden on these survey respondents

due to high bank interest rates. Survey respondents who had to borrow money mentioned that their borrowings amounted to 45% of their financial contribution. This shows that **personal savings and borrowing are the two main means of financial contributions** that survey respondents have made to the Affordable Housing Programme. As mentioned earlier, personal savings might often originate from the pre-displacement time period or from property sales in NGCA of Ukraine.

¹⁸ This means that the survey respondents covered 50% of the total apartment costs with their personal savings.

2.8 Housing objects

Applicants who received a housing support offer from the State Youth Fund chose apartments based on a list of newly constructed objects selected by the Minregion¹⁹.

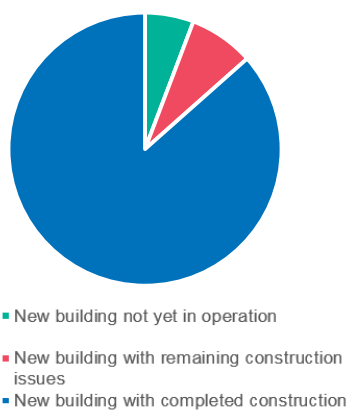


Figure 18. Status of the building.

86% of the survey respondents stated that their chosen apartment is located in a new building, whose construction had been recently completed. Hence, 14% did not answer properly the survey question or they acquired an apartment in a building where the developer did not fulfill its obligations²⁰. Out of these 14%, 8% live in buildings with remaining construction issues and 6% mentioned that their buildings were not brought into operational use.

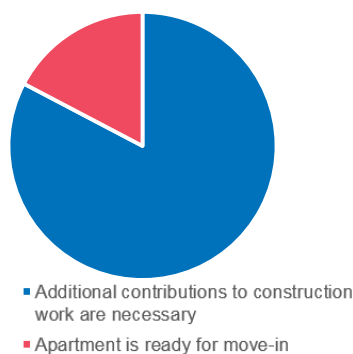


Figure 19. Type of apartment.

When the survey was conducted, **82% of the purchased apartments required some work to be completed**²¹. **90%** of the households had invested or will have to **invest additional resources into their apartments**. This could include, for example, spending on wall painting and interior household appliances (e.g. a refrigerator) and/or furniture.

¹⁹ According to decree no. 140 of 2009.

²⁰ The Ukrainian construction legislation obliges developers to only provide newly constructed buildings that are certified and are therefore ready to be brought into operational use.

²¹ This work could be of various nature, from core construction work to light finishing touches. Some of these apartments are ready to be occupied.

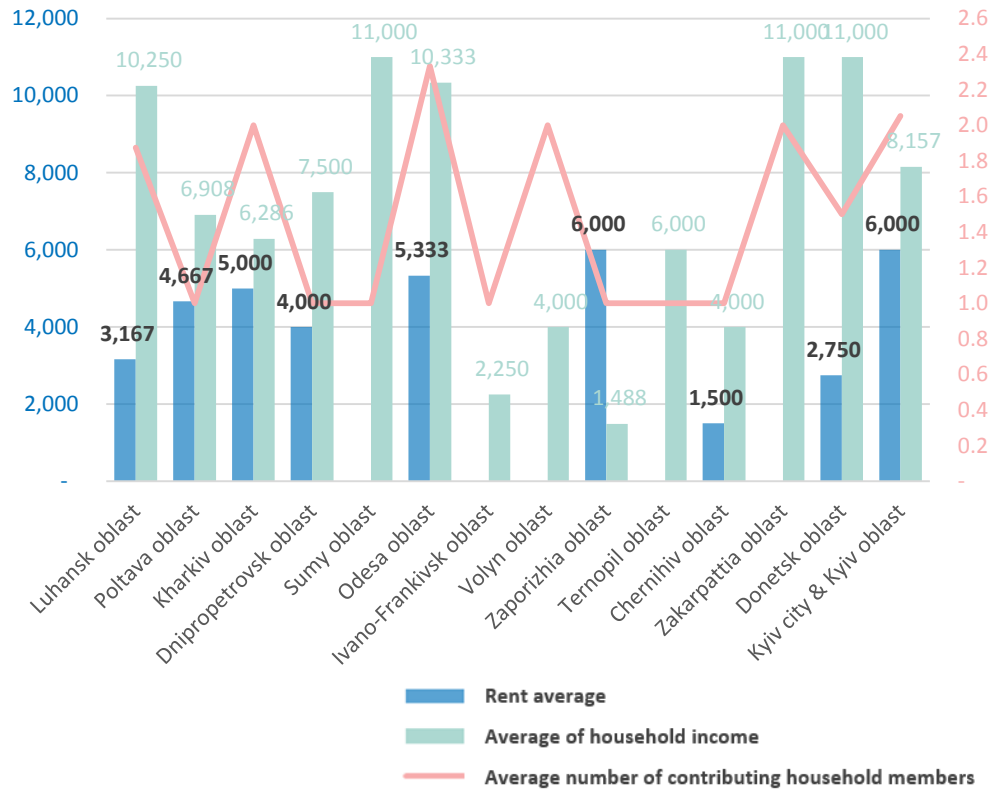


Figure 20. Illustration of regional averages of rent, household income and contributing household members.

The survey reveals that **on average, an obtained apartment encompasses 61 square meters (sqm), which means approximately 20 sqm per household member.** This number is lower than the 73.5 sqm, which are prescribed by the Cabmin decree no. 140. One possible explanation could be that the applicants often restricted themselves to purchasing cheaper two-room apartments, which are

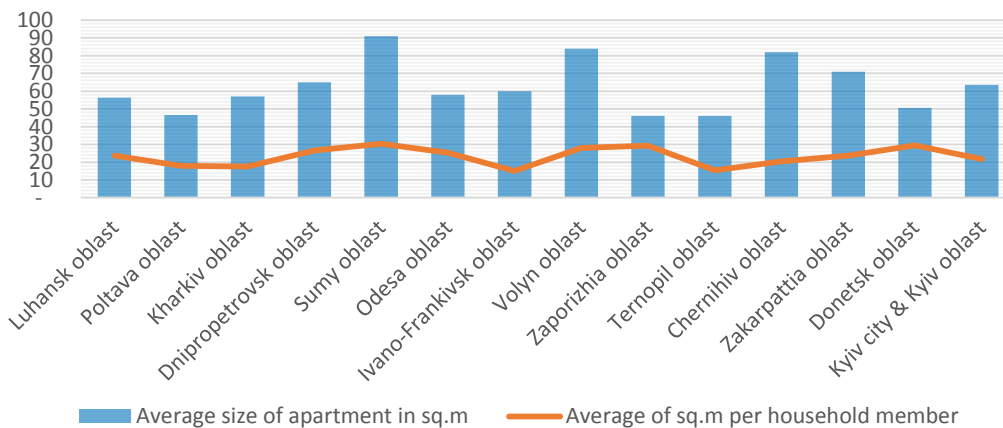
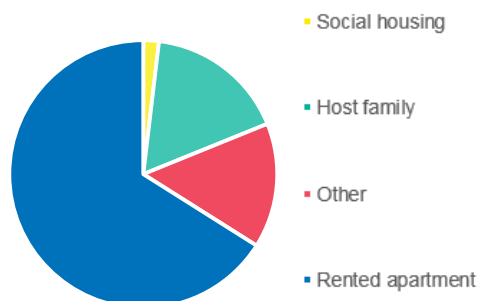


Figure 21. Regional division of average apartment size, and average size per household member.

often smaller than 73.5 sqm. This trend could be due to some of the households' challenges in affording the 50% financial contribution to the Affordable Housing Programme.

2.8.1 Previous accommodation type



67% of the respondent households stated that they **previously stayed in a rented apartment**, 17% with a host family, 2% in social housing and 14% in other housing circumstances. These findings only slightly differ from the average IDP situation in Ukraine²².

Figure 22. Type of previous accommodation.

²² National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 25. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

2.9 Access to city centre and social infrastructure

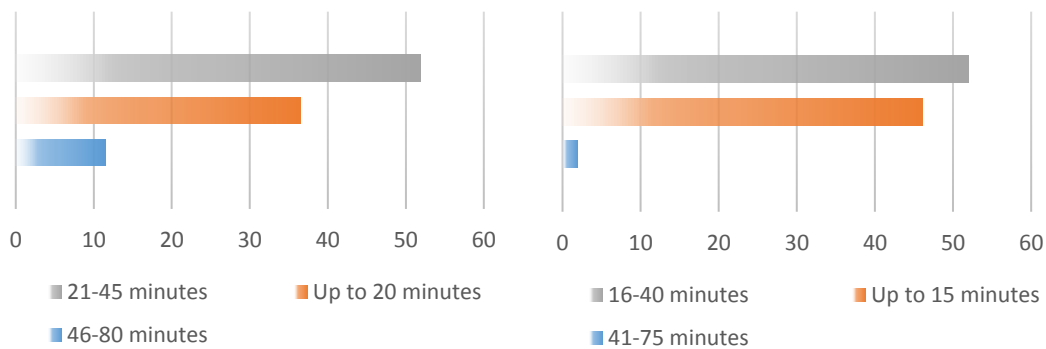


Figure 23. Time period from the apartment to the city centre.

Figure 24. Time period from the apartment to the next medical facility.

80% of the respondents stated that their apartment is situated near a public transport stop. For every second survey respondent, it took up to 45 minutes to reach the city centre. 46% of the respondents' apartments were located maximally 15 minutes away from a school and healthcare facility, while 51% were situated within 16-40 minutes away from an educational and health facility. These findings indicate that **a majority of the chosen apartments are within accessible reach to the city centre and to social infrastructure like schools and healthcare facilities.**

3. Observations about the 50/50 programme

It has to be acknowledged that there is no housing programme that meets the needs of roughly 1.5 million Ukrainian IDPs due to their different requirements and capacities. There is a whole spectrum of Ukrainian housing programmes, which could be suitable for different sections of the IDP population.

There should be a reasonable relationship between the financial volume of the programme and the number of potential housing recipients. Financially limited housing programmes currently have to cope with a huge group of potential beneficiaries. This raises expectations which cannot be met, causes frustration and may damage the reputation of the institution hosting the programme.

Currently, the 50/50 Affordable Housing Programme of the State Youth Fund has a rather broad target population. It covers all IDP households whose monthly income is lower than the sum of three average monthly incomes. Using a projection based on NMS data, this would theoretically encompass more than 90% of all IDP households²³, or more than 1.35 million persons.

The national state budget for the 50/50 programme in 2017 was 30 million UAH and 100 million UAH in 2018. In 2017, the budget covered only 65 IDP households. For 2018, up to 300 IDP households could benefit from this programme (estimation of State Youth Fund in November 2018). However in 2017, the waiting list encompassed 1,272 IDP households who applied for housing support under the 50/50 Affordable Housing Programme. **It would be advisable to either significantly increase the national state budget to meet the demand, or to introduce a narrower target IDP population to address housing needs of a particular niche:** not average middle-class households, since they can afford loans or rent-to-own schemes; not the poor, since they need social housing; but perhaps middle-class IDP households with specific housing needs (e.g. persons with disabilities who need specific types of apartments, families with 3+ children, foster families who need more space, etc.).

²³ National Monitoring System Report on the Situation of Internally Displaced Persons, June 2018. Page 19. http://www.iom.org.ua/sites/default/files/nms_round_10_eng_press.pdf

3.1 Selection process

The analysis of the application process shows that **housing recipients were selected solely on the basis of the date** when they submitted all required documents to the State Youth Fund (“first-come, first-serve basis”). In other words, benefiting from housing depended primarily on applicant household members learning about the Affordable Housing Programme at an early stage, their timely receipt of the required documents and their quick reaction.

Once applicants are on the waiting list, there are no **regulations on how to manage the waiting list and in which cases applicants will be removed from the waiting list** (e.g. death, inability to cover the 50%, changes in life situations, etc.). For transparency and fairness reasons, related regulations are required. Currently, persons who receive a housing contract proposed by the State Youth Fund but cannot cover their financial contribution, are not removed from the waiting list. Actually, they are able to keep their high position in the waiting list by simply postponing their housing request and being considered again for the following year’s round. Clear procedures for these cases have to be established.

Numerous cases of **applicants with the same surname** can be found that hold close-by positions on the waiting list. This observation introduces the suspicion that with a high probability, several applicants from the same family applied with the same housing programme by entering the credentials of different household members (“split family phenomena”). The **regulations** of the application process should **clearly state that only one application per household is allowed and that if a family submits more than one application, none of the applications will be considered**. Additionally, the State Youth Fund should **conduct a positive communication campaign about the eligibility criteria to motivate eligible households to apply for this programme**. This approach will provide applicant families with **incentives to comply with the rules**. Another approach for households whose actions reveal deception permits the State Youth Fund to apply parts 1 and 2 of Article 230 of the Ukraine Civil Code, which sets out the legal consequences of committing a transaction under the influence of deception. Based on this article of the Ukrainian Civil Code, a civil court declares the contract invalid and obliges the offender to compensate twice the value of the damage and the moral damage caused. In this way, the State withdraws its support in case of deception. In practice, **a prescription period for cases of deception will have to be added to the contract** between the IDP applicant household and the State Youth Fund.

The current regulations do not **forbid simultaneous participation in several State Youth Fund programmes** (e.g. "Youth Lending" and "Affordable Housing"). However, the role of the State Youth Fund should not be to provide the same applicant with housing under different programmes. The programme should support a maximum number of households, paying attention to their specific needs. This approach is even more relevant given that approximately 600,000 Ukrainian citizens stated that they require improvement in their housing conditions. Therefore, it is important that this aspect is well regulated and does not contain any loopholes.

3.2 Unification of processes

The analysis of affordable housing programmes at the local, regional and national state levels reveals the **existence of several queues for the participation in such programmes**. Complexity could be reduced, processes unified and user-friendliness improved by **establishing one single queue system for the national, regional and local levels**. One important step would be to provide explicit and understandable information about all available affordable housing programmes on the websites of each regional offices of the State Youth Fund.

3.3 Financial issues

UNHCR found that some **affordable housing programmes at the regional and local levels were publicised online, although they are in practice not functional due to lack of funds**. Such programmes were found, for example, in Mykolaiv, Odesa, Uzhorod, Ternopil and Mariupol. **Clear communication about these programmes is important not to mislead the public**.

Contrary to available information on the State Youth Fund's website, the **mortgage lending component of the Affordable Housing Programme is in reality not available. Related information should be updated not to mislead the public**.

The Ukrainian Tax Code states that residential properties purchased under the Affordable Housing Programme are exempted from the payment of value added tax (VAT). In fact, both the State Youth Fund and the housing recipients pay the full price of the apartment to the developer, including the VAT. Due to the

increased value, both parties have to assume the burden of excessive financial costs.

Furthermore, the increased prices led to a lower number of housing beneficiaries. On the one hand, fewer households were able to cover their 50% financial contributions. On the other hand, the increased total cost of the apartments reduced the number of housing objects which the State Youth Fund could offer to applicant households under the State Youth Fund's already limited financial budget. Tax authorities should be made aware of the related existing regulations. If taxation for housing objects under affordable housing programmes continues, Minregion should intervene at a higher political level.

Housing recipients who borrow money to cover their 50% financial contribution are confronted with high interest rates, which will create future financial burdens for these households. However, the Affordable Housing Programme of the State Youth Fund is socially-oriented. Therefore, **the State Youth Fund should advocate with the State Fiscal Service for the recognition of loans spent for the purchase of affordable housing as “affordable housing loans”. An “affordable housing loan” would permit a housing recipient to demand tax reimbursement** and use it and other resources for financial coverage of the interest rate payments.

3.4 Remarks about Cabmin decree no. 819

Cabmin decree no. 819 prescribes a timeline of 15 days for the regional offices of the State Youth Fund to verify an applicant's documents. However, this decree does not foresee any timelines for the working process of the State Youth Fund and the decision-making process of the Commission reviewing applications. **Appropriate timelines should be added in the decree.**

Providing applicants with only seven days for collection and resubmission of documents is too short. As mentioned in paragraph 2.6 above, this evaluation found that it took every second surveyed household more than five days to collect all required documents. For some, it took as long as 10 days. Therefore, the seven-day reapplication period could prevent some applicants from re-submitting all documents on time. For this reason, the State Youth Fund should **increase the reapplication period to at least 10 days instead of seven.** Furthermore, opening the

application process for 2018 only in November resulted in a very **tight time schedule for applicants. It is recommended to open the 2019 application process earlier.**

Moreover, there are **no available appeal mechanisms to file a case against the decision of the regional offices of the State Youth Fund, the State Youth Fund and the Commission. Such mechanisms should be established** to ensure a strong Rule of Law component in the Affordable Housing Programme.

Regarding **this year's adjusted application process**, participants informed UNHCR that they faced several **problems during this process**. Firstly, it was the applicants' responsibility to collect relevant documents from developers. Apparently, **only a few developers** (e.g. construction companies) **wanted/were able to provide the whole set of required documents**. As a consequence, the choice of available housing decreased and apartment prices rose significantly above average market prices. In other words, **the new regulations resulted in a separate housing stock market**, in which the applicants and the State Youth Fund have to contribute more financially in order to cover their 50% share of the apartment costs. As a consequence, limited funds oblige the State Youth Fund to finance a lower number of apartments, which is a disadvantage for IDP applicants. In order to broaden the available housing stock market and thereby reduce housing prices, related regulations should only foresee a collection of reasonable documents that developers are realistically able to provide.

The Commission approves the list of housing recipients and the size of financial state support (50% cost coverage) on the basis of an evaluation about "citizen category", "purchased object" and "size of state support". It is **questionable whether the Commission is able to process the numerous application packages and assess their conformity** in a timely manner. There is also no decision-making procedure explained in the decree.

Cabmin decree no. 819 does not exclude reconstruction as an alternative to newly constructed buildings. Reconstruction would be more affordable for potential IDP households because those apartments are usually smaller and have lower prices per sqm. Therefore, **the State Youth Fund should consider promoting reconstruction as a more affordable alternative to newly constructed buildings.**

This approach would include an information campaign among potential IDP household applicants and developers about this alternative. Also, the State Youth Fund should prepare instructions regarding required submission documents.

4 Conclusions and recommendations

The profile of the surveyed IDP households reveals some common features:

- Households are **mostly middle-class²⁴ Ukrainians. Every fourth household head is a person of age 60+** and the **proportion of young parents is low**. Compared with average IDP households, the surveyed housing recipients have **high levels of economic activity and education**, which makes them more economically independent from state employment support. Their **average income per household member is comparatively high**. However, the income is **often not sufficient to make regular savings**. Personal **savings and borrowing have been main sources which allowed the surveyed households to receive an apartment under the Affordable Housing Programme**. The profile of surveyed households is heterogenous. Nevertheless, the Programme does not cover the whole variety of IDP household situations, which consists of even more disparities.
- Taking into account the diversity of IDP housing problems, the financing volume of affordable housing programmes through the state budget should be increased.
- If the national state budget for affordable housing of IDPs will not be significantly increased, it is **recommended to introduce a narrower target IDP population to address housing needs of a particular niche**. It could become a niche programme **for IDP households with particularly specific social vulnerability run in parallel with other types of housing support suitable for other sections of the IDP population²⁵**. This niche would not include average middle-class households, since they can afford loans or rent-to-own schemes; not the poor, since they need social housing; but perhaps middle-class IDP households with specific housing needs (e.g. middle-class households with persons with disabilities who need specific types of apartments, families with 3+ children, foster families who need more

²⁴ This finding results from an income analysis where 42% earned more than 11,000 UAH, which is average income in Kyiv (the city with the highest average income).

²⁵ Such other types of housing support could be temporary and social housing, revolving funds, other affordable housing programmes and subsidised credits, etc.

space, etc.). In this case, the solely “first-come, first-serve” registration date will not be the only selection criteria.

- Due to financial reasons, not all economically-active IDPs are able to make their financial contribution to the 50/50 programme. Therefore, it could be worth considering introduction of a second financial mechanism within the Affordable Housing Programme for IDPs/veterans, which would be preferential mortgage lending.

Concrete recommendations:

1. The review assessed the **timeline from the moment when applicants submitted the documents to the time period when they could move into their new apartments**. The analysis shows that the whole procedure took on average 188 days, which is **longer than six months**. When the surveyed recipient households moved into their new apartments, 82% of the residences still required some sort of work to be finished by the construction company. For user-friendliness, **the State Youth Fund should examine alternate solutions to make the programme more timely and accessible for IDP applicant households**.

2. From a Rule of Law perspective, the new decree no. 819 has some serious deficits, which should be improved.

- a. The management of the waiting list should be regulated.** Among others, the decree should include clear rules on when to remove participants from the waiting list to allow other participants to benefit from the Affordable Housing Programme. The case of temporary rejection should also be clearly regulated.

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- b. Decree no. 819 should regulate that **cases of several household members applying** for the Affordable Housing Programme will be **investigated and measures be taken in cases of illegally obtained benefits**. A combination of **positive communication about the defined vulnerability criteria and clear perpetrator discouragement** by rejection of their application in case of proven misappropriation, could mitigate the “split family phenomena”.
- c. **A compensation system on housing objects should be established in cases of legally proven deception** (according to Art. 230 of the Ukrainian Civil Code), which legally binds the housing recipients to reimburse twice the value of the state support plus caused moral damage. **A prescription period for cases of deception should be added to the housing contract** between the IDP applicant household and the State Youth Fund.
- d. Decree no. 819 should **forbid simultaneous participation of applicants in several programmes of the State Youth Fund**. It should be ensured that there will not be any legal loopholes. This includes a proper procedure of verification.
- e. **Financing for the Affordable Housing programme should be provided at an earlier moment than in November** in order to ensure a smoother application process.
- f. There is no **legally prescribed timeline for the State Youth Fund and the Commission to decide about applications**. Such a timeline should be included in Cabinet decree no. 819 to ensure timely delivery by the involved state bodies. Moreover, it would increase user-friendliness for applicant households.
- g. The State Youth Fund should **closely monitor this year’s process and assess how many days of verification and internal decision-**

taking are required. In 2019, decree no. 819 **should be amended with realistic timelines.**

- h.** The **timeline for applicants to re-submit documents is too short and should be increased to at least 10 days** instead of seven.
- i.** **Appeal mechanisms should be established** so that applicants have a legal means to file a case against the decision of the regional offices of the State Youth Fund, the State Youth Fund and the Commission.
- j.** As only a few developers are able/willing to provide the whole set of required documents to applicants, **the list of required documents should be reconsidered by the State Youth Fund.**

3. **One single queue system should be established by the State Youth Fund and its regional offices to unify processes and improve user-friendliness.**

4. **Information about fund (un)availability and the waiting list of all local affordable housing programmes should be published on the website of each regional office.** Clear communication about these programmes is important in order to not mislead the public and create wrong expectations and hopes. There should be sufficient information about the available budget, the waiting list and how to become participants in the programme. Information should be presented in a simple, user-friendly way (similar to the four-step model on the national State Youth Fund's website).

5. The number of IDP applicants that received **housing in Donetsk, Luhansk and Dnipropetrovsk region** in 2017 is very low, considering the high number of IDP households in these regions. One way to **increase their ratio of total**

housing contracts could be to allocate housing funds in proportion to the number of IDPs inhabiting the region. This would require an amendment to paragraph 4 of the decree no. 819.

6. The Ukrainian Tax Code states that housing objects purchased under an affordable housing programme are exempted from the payment of VAT. This right to tax discount is stipulated in Article 197 of the Ukrainian Tax Code. **The tax authorities should be made aware of the related existing regulations.** In case taxation for housing objects under affordable housing programmes continues, Minregion should intervene on a higher political level.

7. The State Youth Fund should inform housing recipients about the possibility of demanding income tax reimbursement for the purchase of affordable housing. This right to tax reimbursement is stipulated in Article 166 of the Ukrainian Tax Code. The list of expenses, which fall under the tax discount, include the taxpayer's expenses for the purchase of affordable housing, the repayment of preferential residential mortgage loans granted for affordable housing purposes and the interest rate on the loan.

8. The State Youth Fund should advocate in the State Fiscal Service for the recognition of loans spent for the purchase of affordable housing as “affordable housing loans”. An “affordable housing loan” would permit a housing recipient to demand tax reimbursement and use it among other resources for financial coverage of interest rate payments.

9. The State Youth Fund should consider promoting reconstruction as a more affordable alternative to newly constructed buildings. Hence, the State Youth Fund would have to promote an information campaign among potential IDP household applicants and developers about this alternative. It should also prepare instructions regarding required submission documents.