



Initiative Wohnungswirtschaft Osteuropa (IWO) e.V.

Co - operative Housing International  
Board of Directors Meeting, June 6, 2018, Tallinn, Estonia

## **TOP 5: Ukraine Symposium**

**Ukrainian Housing Market:  
housing co-operatives  
and**

**the challenge of complex energy-efficient refurbishment of  
typical multi-family apartment buildings in Ukraine**

**Knut Höller, IWO e.V.**

# The Housing Initiative for Eastern Europe (IWO e.V.)

... is an **NGO founded in 2001** to help

- develop **market-oriented structures in the housing sector and the building industry in Eastern Europe and Central Asia**
- foster **sustainable urban development** in the project regions
- improve **living and housing conditions** in the project regions

... forms - with its members and partners - a European network of expertise

... fosters **partnerships and cooperation of stakeholders in Germany and abroad**, that is, private and public companies and organisations as well as committed individuals and experts

... follows a **wholistic, systemic approach** in cooperation and projects initiated and developed by IWO, coordinating transfer of knowhow and experiences in the fields of business economics, technology, energy and finance for sustainable and tailored project results.

# IWO's network and member structure

... about 25 active and sustaining members, among them:



# Successful project management and networking of 16 years

Energy-efficient refurbishment



Energy-efficient redevelopment of urban areas

Education & training



Associations & networks



Internationaler Verband für Immobilienmanagement (IVIM)



Baltic Energy Efficiency Network for the Building Stock



Transnational projects in the Baltic Sea region



Energy Efficient and Integrated Urban Development Action

Housing sector & civil society  
Russia, Belarus, Ukraine and further countries



# Current projects and activities 2017 - 2019

German-Ukrainian Efficient House (BMWi/dena)



„Professional Housing Management in Kazakhstan & Uzbekistan“ (EU)

**Pro House \***

*\* in cooperation with EBZ*



Training of Managers for Urban Redevelopment in Lithuania (EUKI project)



Promotion of & consultation on BMU's UIP programme



Communication and management for citizen participation in local government in Belarus (German-Latvian-Belarusian project / EU)

... as well as organising and participating in delegations, working groups, network meetings ...

# Focus countries & supporters

Russia excluded, a roughly estimated total population of **195 mio people** live in IWO's project region (OE/ZA/KAU)

The map displays the following countries: Estonia, Latvia, Lithuania, Poland, Hungary, Romania, Serbia, Bulgaria, Georgia, Armenia, Ukraine, Belarus, Russia, Kazakhstan, and Uzbekistan. The logos of the supporting organizations are:

- Federal Ministry for Economic Cooperation and Development
- Bundesministerium für Wirtschaft und Technologie
- Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit
- giz
- kf.w FÖRDERBANK
- European Climate Initiative EUKI
- EUROPEAN UNION EUROPEAN REGIONAL DEVELOPMENT FUND
- EUROPEAID
- European Bank for Reconstruction and Development
- UNDP

## Eastern Europe Parts of a differentiated picture – often slow transformation processes and urgent need for renovations



The building stock tends to consist of multi-storey family buildings from Soviet times - in which most **dwellings** were **privatised** after the collapse of the Soviet regime. In many an Eastern European country, only a minor share of dwellings are social housing.



- Short video (<3min)



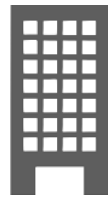
## The everyman or everywoman Ukrainian today...

- lives in an apartment in a multi-storey building
- owns his apartment but is prone to a “tenant’s mentality”
  - is dissatisfied with (communal) housing management
  - lacks awareness for his potential means to influence building and apartment maintenance
- is energy poor or at risk of energy poverty
  - High and rising energy prices
  - 70 per cent of Ukrainian households are paying an unsustainably high share of their incomes for energy bills – despite the fact that energy is subsidized.



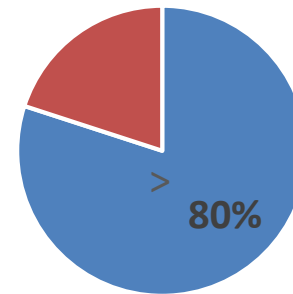
# Building stock in Ukraine...

## 239.000 multi-storey apartment buildings

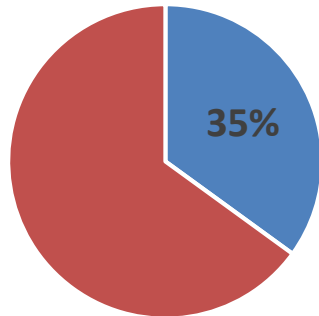


12.8 Mio apartments  
47.5% accommodating of the population  
> 98% privatised

## Share of buildings in need of modernization



## Building sector's share in energy consumption



## Energy demand

**3 times**

... higher than in Western Europe

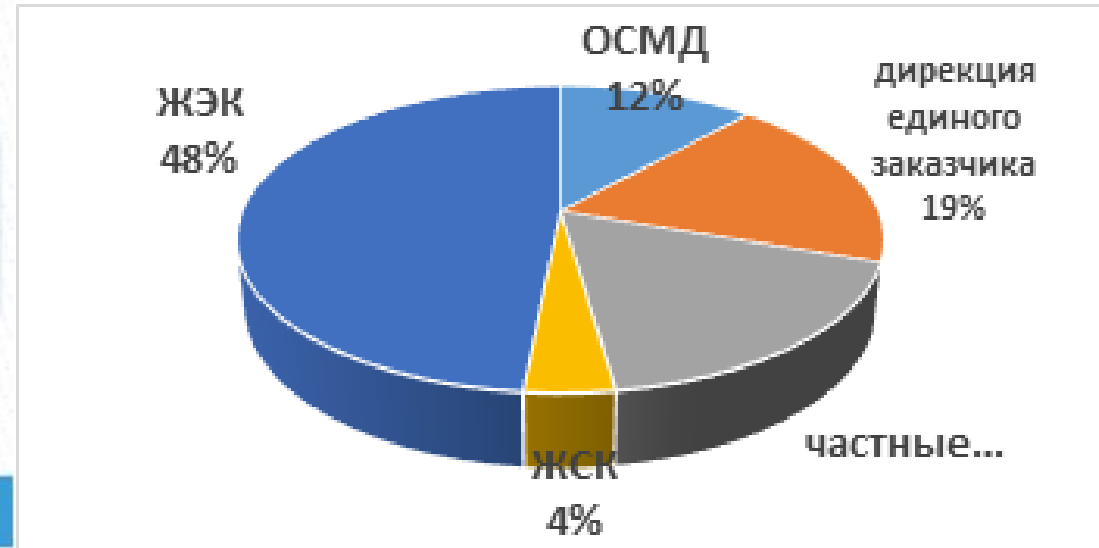


## Energy losses of

**60-80%**

\*

# Administration of residential buildings in Ukraine (source: MinRegion, 2016)



Overall 154.769 multi-family buildings in Ukraine are administrated by:

- 18.037 Home Owner Associations (HOA)
- 28.848 Administrator appointed by the city
- 26.978 Private housing administration company
- 5.880 Housing Construction Cooperatives (HCC)
- 75.026 Municipal housing administration / company (former state companies)

Market Share of Co-operatives (HCC)  
**4 %**

# Housing Co-operatives in Ukraine

## The legal status of HCCs in Ukraine is regulated by:

- The Civil Code of Ukraine of January 16, 2003 No. 435-IV as amended;
- Law of Ukraine of July 10, 2003 No. 1087-IV "On Cooperation" with amendments and additions;
- Approximate charter of a housing cooperative, approved by Resolution of the Council of Ministers of the Ukrainian SSR of April 30, 1985, No. 186 as amended;
- Rules for the maintenance of residential houses and adjacent areas, approved by the order of the State Committee for Housing and Communal Services of 17.05.2005 № 76.
- The Law of Ukraine "On Cooperation" is a general normative act for cooperatives and does not contain special provisions on HCCs.

According to the Rules for the maintenance of residential houses and adjacent territories, HCCs are a legal entity created by individuals and / or legal entities that voluntarily unite on the basis of combining their property shares to participate in the construction or reconstruction of a dwelling house (s) and its subsequent operation.

## Housing Co-operatives in Ukraine

- The housing cooperative is organized to provide housing for members of the cooperative and members of their families through the construction of a multi-apartment residential building (houses), and in cases provided for by law, one-and two-family residential houses of a manor type or a multi-apartment blockhouse (houses) with outbuildings for own means of the cooperative with the help of a bank loan, as well as for the subsequent operation and management of this house (houses) (Clause 1 of the Model Regulations).
- At the same time, guided by the right granted by the Law of Ukraine "On the Association of Owners of an Apartment Building", HCC can be reorganized into an "Association of home owners in a multi-apartment buildings" (ukr. OSBB) and carry out activities in accordance with the requirements of this Law (Article 5).
- Members of the cooperative can only be individuals who have reached the age of 16 and have expressed a desire to participate in its activities.
- An important feature of HCC is that each member of the cooperative has one vote, regardless of the size of the apartment and this right can not be transferred to another person.

## Housing Co-operatives in Ukraine

- There is a longer history of co-operatives in the Central part of Ukraine and in the Western part of Ukraine (former Austrian territory).
- Since 2009 in Ukraine, the former soviet housing construction cooperatives have been re-organized or re-established as a special type of a service cooperative.
- In Ukraine, housing cooperatives (housing cooperatives) are a special form of self-organization of members of the cooperative, whose main purpose is to provide citizens with housing, and after completion of construction - maintenance and management of the residential building and the adjacent territory. The cooperative should be created only before the construction of a residential house, since it is created for its construction. The number of citizens who enter the organized cooperative must correspond to the number of flats in the house (houses) of the cooperative planned for construction (paragraph 3 of the Model Regulations). In the event of the purchase of an apartment, a member of the housing and communal services becomes the owner of this property (Article 19-1 of the Law on Cooperation). So, HCC is a legal entity, it is formed by physical and / or legal entities that voluntarily united on the basis of combining their property shares to participate in the construction of a dwelling house (s) and its subsequent (their) exploitation. In the case where the house is already built, and its residents are the owners of apartments, a cooperative for servicing an apartment house can not be created. According to the new legislation, HCCs are not a form of house management, but only bear the cost of maintaining a house as a residential complex.

## Housing Co-operatives in Ukraine

- There is, unfortunately, no separate statistics on HCC. According to the Ministry of Statistics, as of August 1, 2016: **17,886** service cooperatives were registered in Ukraine.
- However, there is information on the number of HCCs in some cities available:  
in Lviv - 234, in Zaporizhya - 358, in Odessa - about 700, in Kharkiv - about 800, in Kyiv - 911, in Zhitomir - 4 housing cooperatives, on the balance of which there are 126 residential houses, Krivyi Rog - 180, in Poltava – 136.
- In terms of the number of houses serviced by the cooperative, HCCs can be divided into two groups:
  - 1 HCC for 1 house (Lviv, Kharkov, Zaporozhye, Dnieper, Odessa...)
  - 1 HCC for several dozen houses (Zhitomir).
- Further, there is a kind of housing administration, one housing company (with collective form of property) has been created for servicing of all HCC in a city (e.g. Ternopil - 40 HCC). Three housing companies are united and serviced by the housing and communal services of the city (Khmelnitsky - the number of HCC is needs to be specified).
- New HCCs are rarely created and used by construction companies as a scheme to reduce taxes and reduce liability to investors (future owners).



## Actual problems

- Housing Co-operatives lose importance after privatisation of flats. The (international) cooperative model(s) is/are not or little known in Ukraine.
- There is a tendency of transformation of HCC into Home Owner Association /HOA (ukr. OSBB). Cooperatives are probably excluded from the Energy Efficiency Fund/EEF!
- HCC is not defined by Ukrainian legislation as a form of management, but only as a form of home maintenance.
- The formation of cooperatives is 'abused' by developers for tax purposes.
- The biggest problem is an outdated legislation and the institution of membership. Many people who purchased apartments from members of the housing and communal services, and did not join the cooperative do not have any relationship with the HCC. Since HCC represents its members, not co-owners, and this is a big problem.
- Further problems....
- And from our perspective: Ukrainian situation needs to be further analysed for better understanding and for a well prepared discussion and exchange of knowledge, proposals and feasible solutions.

## Further option and discussion (tbd)

- The best scenario for the future development of HCC is the development of new legislation or the alignment with the new realities of the current one.
- It is necessary to regulate the relationship in the field of HCC on the basis of the two existing laws, this is the Law “On Cooperation” and the Law of Ukraine "On the Specifics of Exercising the Right of Ownership in an Apartment Building". Danny symbiosis will create a qualitatively new relationship that will comply with the legislation and will logically fit into the existing system of decision-making in multi-apartment buildings and the organization of housing management.
- An exemplary statute is very outdated and requires an update. In this direction there are good developments of the Odessa Housing Union. The HCC Statute developed by them already takes into account the new realities of the Law "On the peculiarities of realization of the right of ownership in a multi-apartment house" and may serve as a basis for a new model statute of the HCC.

## **Symposium Ukraine: November 5-6, 2018 in Kiev**

- Conference on  
Housing co-operatives as a model for housing  
administration in multi-family buildings in Ukraine and  
contribution of housing co-operatives  
for complex energetic refurbishment of multi-family  
buildings  
and for urban area renewal.
- Could HCC play a role on the future Ukrainian housing  
market?

## **Symposium Ukraine: November 5-6, 2018 in Kiev**

### Day 1

- The cultural heritage of cooperatives / UNESCO
- The importance of housing co-operatives for housing market development - various international speaker and cases
- The current situation of housing cooperatives in Ukraine, various speaker from different regions and cases
- Discussion

### Day 2

- Housing co-operatives and the process of modernisation and refurbishment of multi-family buildings
- Discussion on the future role of HCC in Ukraine

## Symposium Ukraine: November 5-6, 2018 in Kiev

### Organisational issues:

- 2 days conference in Kiev, international and local participants up to 100 participants (depending on budget)
- Total budget estimated 50.000 Euro (so far 5-6 commitments for 15-20TEuro)

### Organizer team:

- Cooperative Housing International,
- Bauverein Halle & Leuna eG / GdW
- Housing Initiative for Eastern Europe (IWO) e.V.
- Center of Competence for Large Housing Estates – Kompetenzzentrum Großsiedlungen e.V.
  
- Ukrainian local partner:  
Alona Babak, Deputy of Supreme Council of Ukraine, Kiev  
(„chair“, tbc in June during visit to Berlin/Halle)  
Volodymyr Brygilevych, Chairman of the board of „Center for Local Government Studies“, Lviv
- Further partners, tbc



Initiative Wohnungswirtschaft Osteuropa (IWO) e.V.

**Thank you.**

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