

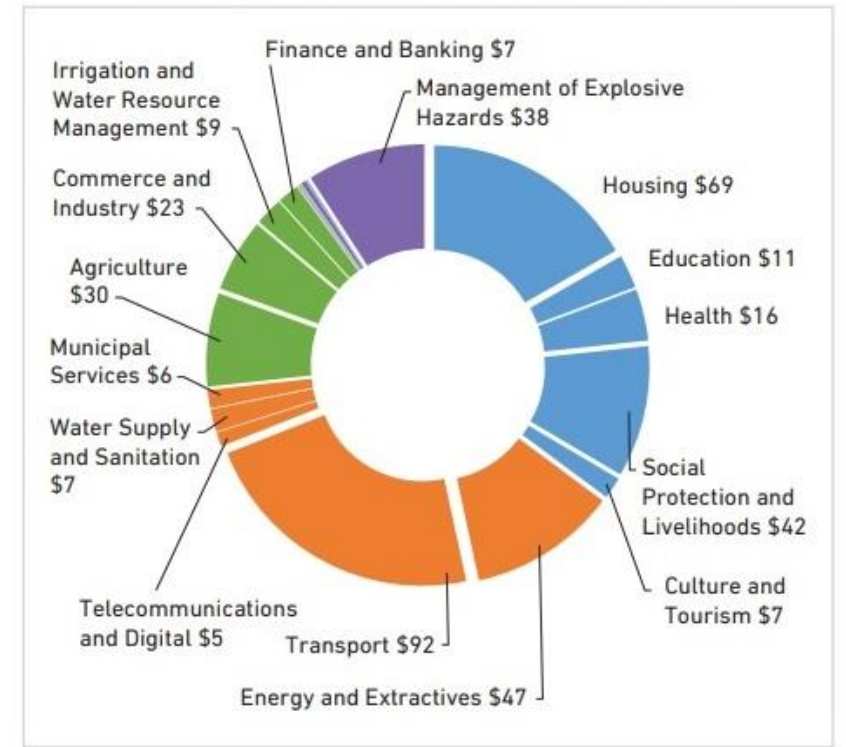
# Rehousing Ukraine: a global priority

Not just relief, not just recovery, a foundation of national reinvention



Northern Saltivka, just outside Kharkiv

**Figure 10.** Total recovery and reconstruction needs (US\$ billion): US\$411 billion



Source: Assessment team.

Note: Needs relate to total estimated needs covering the period 2023–2033.

Global Affordable Housing Conference ♦ June 1, 2023 ♦ 09h30-10h45

David A. Smith ♦ Affordable Housing Institute

[www.affordablehousinginstitute.org](http://www.affordablehousinginstitute.org) ♦ [dsmith@affordablehousinginstitute.org](mailto:dsmith@affordablehousinginstitute.org)

# Rehousing Ukraine: Why this initiative?

Housing is foundation of Ukraine's postwar success

- 2-Mar-22: Russia's invasion stalls in 40 miles of sitting trucks
  - "Ukraine is going to survive"
  - "Postwar Ukraine needs a ready-to-go new housing ecosystem"
- War damage is urban damage is multifamily housing damage
  - Over 1,000,000 dwellings, 80% of them urban; older; owned
    - 84% apartment blocks, 13% homes, 2% dormitories
    - 20<sup>th</sup> century housing stock (Khrushchovka or Bershnevka modalities)
    - 94% privately owned ♦ 'Shadow renting' probably 13%
- War damage is economic damage
  - Ukrainian economy shrank 45% in 2022 (more in 2023?)
- Surviving war is not enough; Ukraine must win peace and its future
- Ukraine's whole housing ecosystem needs to be reinvented
  - Affordability ♦ Rental ♦ Housing PPP ♦ Green, sustainable
- "We have to help them do it ... starting now"
  - Formed a team: AHI, INTEGRITES, Kyiv School Economics, CEDOS
  - Individual experts from Austria, Hungary, Ukraine



*Hostumel, Ukraine  
20 miles northwest of Kyiv  
World Bank HQ to Rockville Metro Kiss & Rise*

# Rehousing Ukraine: 3 horizons, 4 pillars of postwar change

The urgent must propel the emergent (all timetables indicative)

	<b><i>0: Save the country</i></b>	<b><i>1: House everybody now</i></b>	<b><i>2: Build new homes</i></b>	<b><i>3: Leapfrog 21<sup>st</sup> C reform</i></b>
<b>Feb 22-Sep 22</b>	<b>Survive the war</b>	<b>Gain visibility/ credibility Design IDP program</b>	<b>Assemble expert team Sign MoU's with key Ministries</b>	
<b>Oct 22-Jun 23?</b>	<b>End the war by winning it</b> Geographic integrity Viable base for revitalizing Commence de-mining	<b>House IDPs (and returning refugees)</b> Sign up private rental owners Retrofit non-housing → dormitories	<b>Design pilot housing production programs (e.g. municipal PPP)</b>	<b>Map housing value chains</b> Use AHI HVC framework Supply-side, demand-side chains Identify weak/ broken links Find maxi-min solutions
<b>Jun 23?-Jun 24? and beyond</b>	<b>Convert military to civilian economy by rebuilding cities</b> Get heavy equipment, clear rubble Replace/ upgrade infrastructure Make housing ↔ Job creation Prioritize veterans' training/ housing Tap Western hard-currency funding	<b>Transition IDP/ refugee housing to permanent housing</b> Fold properties into pilot paradigms	<b>Launch homebuilding pilot</b> Develop funding pipeline Lay out PPP structure, resources Screen & train municipalities Recruit quality developers 'Registered affordable landlord' Align with green, sustainability	<b>Develop policy consensus</b> Institutionalize HVC thinking Key housing principles New sectors to be incubated - Private landlords - Co-operatives Capacity to build/ borrow/ team
<b>Jun 24? and beyond/</b>	Remake social fabric Euro-style Grow jobs Economy integrated with Europe		<b>Professionalize ownership, management, governance</b> Strengthen regulatory framework, symbiosis and capacity	<b>Leapfrog into 21<sup>st</sup> C housing</b> New technology (modular, green) Structural cementitious materials Broadband, smart home Opportunity for the West

1/ Ukraine wins war but suffers major urban damage. 2/ Rehousing is foundation of national revitalization. 3/ Launch fast: the readiness is all



# Rehousing Ukraine Initiative: Generate solutions that will be needed

Identify problems to be solved, use housing value-chain framework to deliver customized solutions

- MinRegion: Subsidy for Internally Displaced Persons (IDPs) in private accommodations
  - Modeled on experience-tested practice: US, UK, Europe
  - Three typologies: Flats for rent, rooms in private homes, dormitories through repurposing
    - Retrofit vacant, seasonal vacant, daily use with night-time accommodations
- City of Truskavets: Mothballed spa hotels to convert into IDP housing
  - Physical, financial, legal structure; acquisition; funding requirements
- MinRegion: European/ US responses to Ukrainian refugees
  - Findings and principles extracted from recipient-country experience
- MinVeterans: New greenfield veterans' housing/ re-entry campus
  - Both current service members (on-post housing) and veterans
  - Design and planning; financial analysis and advisory
  - Adapt from modern urban development and military on-post housing
- MinReintegration: Affordable housing production PPP program
  - Global principles adapted to Ukrainian context and enabling laws
    - Work in progress now

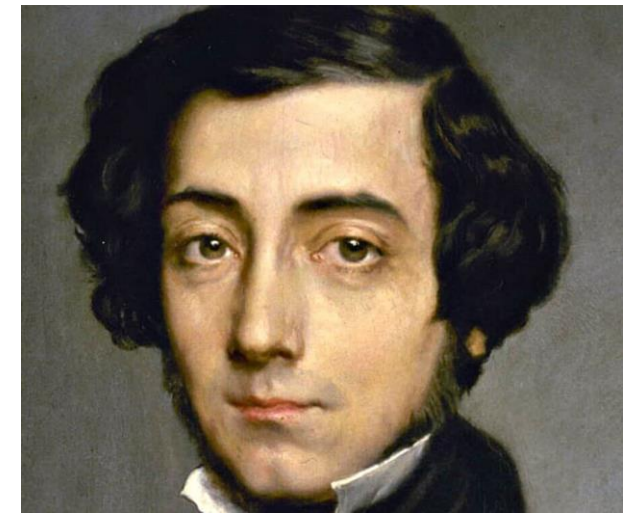


*Hotel Rubin (Ruby),  
Truskavets, Ukraine  
Proposed to be  
acquired and  
converted into IDP  
housing*

# Affordable housing promotes democracy

When you build an affordable housing ecosystem, you are building democracy

- Why did America's Revolution produce democracy where France's didn't?
  - In 1830, Comte Alexis de Tocqueville spent four years touring United States
  - Identified critical characteristics
    - "Egalitarian, individualistic, decentralized, religious, property loving, lightly governed"
- "Nothing is more wonderful than the art of being free ... but nothing is harder to learn how to use than freedom"
- Affordable housing arises alongside and helps create foundations of liberal democracy
  - Shared interests that create unlikely local alliances
  - Public input and public choice
  - Resident participation that gives voice to the voiceless
  - Specialized levels and entities of government that complement each other
- Ukraine recently reorganized its domestic ministries for redevelopment
  - Cannot have communities without housing; cannot have infrastructure without housing
    - Cannot have affordable housing without an enabling legal, policy, economic ecosystem
  - Ministry of Development of Communities, Territories, and Infrastructure
    - Minister: Oleksandr Kubrakov



*Comte Alexis de Tocqueville:  
Theoretician of American democracy*



*Minister of Infrastructure Oleksandr Kubrakov:  
Architect of national community development*

# 10 principles for Ukraine's Rehousing

They emerged from roundtable discussion with our Ukrainian partners

1. Rehousing is the key to economic rebound
2. Ukraine makes its own decisions, chooses its own solutions
3. Citizens' engagement/ consent is key: Visibility, voice, vote, veto
4. Build in subsidiarity: Devolve decision-making as much as possible
  - Build up local capacity as fast as you possibly can
5. Temporary housing solutions will rapidly become permanent
  - Use physical structures that people can adapt and improve
6. Create a 'window of experimentation' for pilots and fast-track experiments
  - Suspend some laws and notice requirements, use benign rapid land assembly
7. Plan for evolution, adaptive reuse, upgrading, technological advance
8. Don't replace, reinvent: jump-start green, sustainability
9. Agree early on Ukraine's key priorities: What comes first?
10. Facilitate/ blend external investment: DFIs, foreign investors, philanthropy, remittances



*Mikhail Sapon, Irpin, Chief Architect*

*"Town meetings are to liberty what primary schools are to science; they bring it within the people's reach."*

*— Alexis de Tocqueville*

# Finance: 'Trust investing' into Ukraine

Foreign capital & platforms, Ukrainian knowledge & workforce

- When the West rebuilt Germany, the West built a democracy
- What Ukraine needs: Trust investment that thinks like impact equity
  - Heavy equipment ♦ Construction tech (modular, rubble recycling)
  - Hard-currency capital ♦ Large development capacity (balance sheet)
- What Ukraine has: Realized national identity, deployable capacity
  - Motivated workforce ready to rebuild
  - Motivated Western-facing government ♦ Readiness to pilot & reform
- Recapitalizing Ukraine: the ultimate global impact investment
  - 'Pre-packaged sovereign bankruptcy reorganization'
    - Get economy going, create viable long-term growth to fund repayments
      - Agriculture, IT software, engineering, high-tech smart systems
    - What is the NPV of reducing continental and global risk?
      - South Korea ... or North Korea?
    - Concessionary foreign capital is 'corruption antidote' and 'ESG vitamins'
- Ukraine needs transparency, integrity, strategy, 5+ year runway
- Housing solutions that are ready to go (just add money)
  - For Western liberal democracy, this is the ball game



*Launch of the Marshall Plan:  
Harvard Commencement, 1947*



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Every road to recovery goes through rehousing Ukraine

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*A volunteer rebuilding Zhanna and Serhiy Dynaev's home in Novoselivka, near Chernihiv (AP Photo/Evgeniy Maloletka)*