



# Housing for the Common Good: Sustainable Governance from European Best Practice for the Recovery in Ukraine



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Need for affordable housing  
alternatives in Ukraine



# Orientation towards international good practices in affordable housing policies





**No copy-paste ...  
but reinvention of a new  
affordable housing system**

**following the model of ...  
e.g. Austrian Limited-Profit  
Housing Associations (LPHA)**



# Austrian LPHAs as inspiration

## ■ Quantity:

- 1 million housing units = 45% of total multi-apartment stock
- New construction of 15-20,000 units p.a. = >40% of total multi-apartment construction in Austria
- Generalistic approach, accessible to almost everyone
- Active in all regions
- Active in all cities and in many places with no market housing supply

## ■ Quality

- Very good cost-benefit ratio
- Effective rehabilitation scheme
- Social and ecological sustainability

## ■ Finance

- Many LPHAs with high equity ratios
- Commercial banks queue to finance LPHAs due to low risk and excellent credit history
- Housing subsidies in new construction account for only approx. 20% of construction costs in cash value
- Moderate State expenditure on housing of total 0.5% of GDP, which equals to the lowest third of all OECD Countries







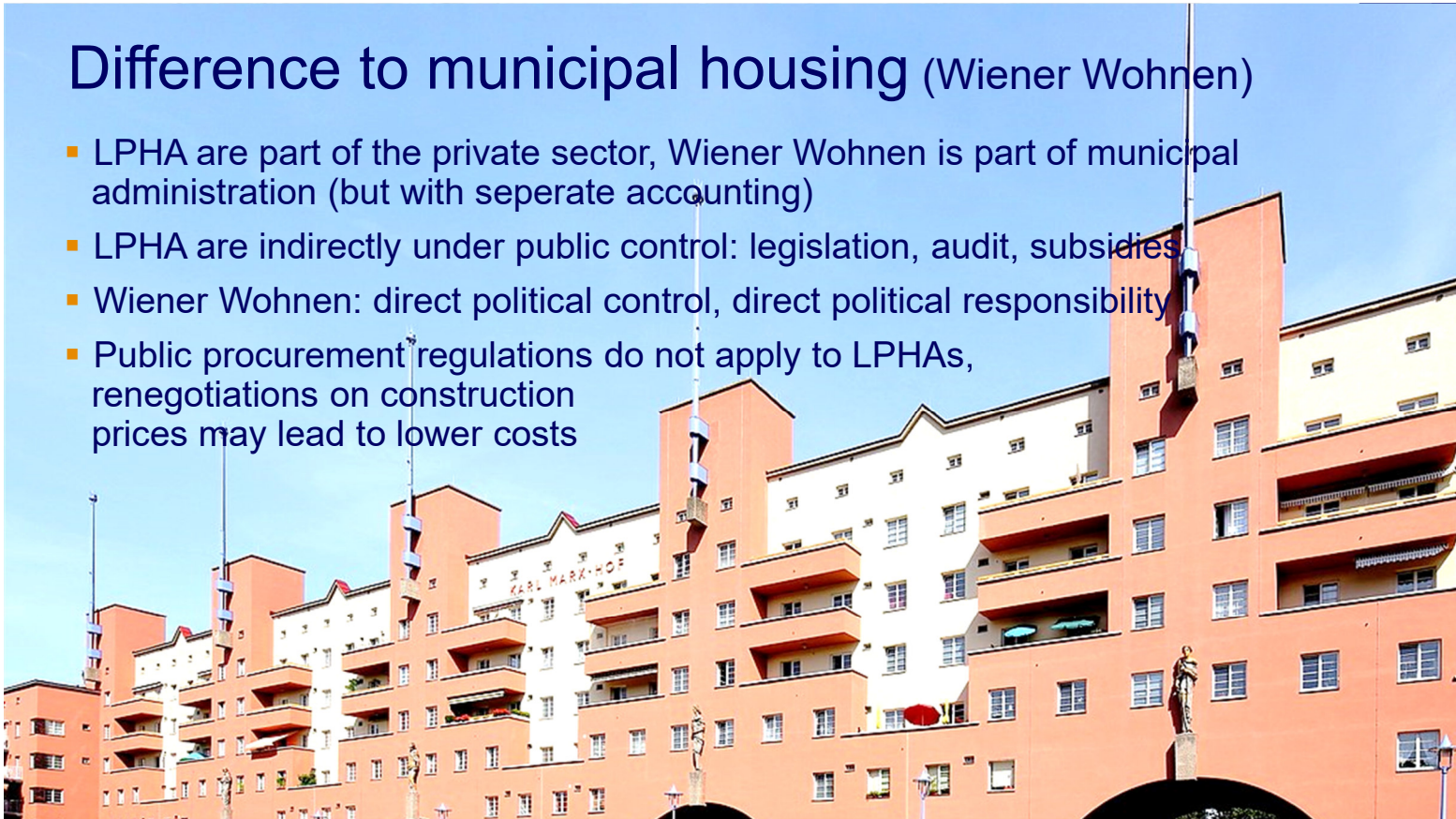
## Main pillars of LPHAs

- Cost rents
- Surpluses are revolved
- Tie-up of assets
- Limited business activities
- Obligation to build
- Strict audit and supervision



## Difference to municipal housing (Wiener Wohnen)

- LPHA are part of the private sector, Wiener Wohnen is part of municipal administration (but with separate accounting)
- LPHA are indirectly under public control: legislation, audit, subsidies
- Wiener Wohnen: direct political control, direct political responsibility
- Public procurement regulations do not apply to LPHAs, renegotiations on construction prices may lead to lower costs



Implementation possible  
with a legislative approach

# Implementation with a legislative approach

## a model **Law on Common Good Housing**



... following the Austrian “Wohnungsgemeinnützigkeitsgesetz”  
(Law on Limited-Profit Housing Associations, WGG)

... but much shorter

## Common Good Housing Law

- The function of this new sector is explained in 6 Chapters / 18 Articles on 6 pages
- Explanatory Statement
- Chapter 1: General Provisions
- Chapter 2: Conditions for approval
- Chapter 3: Procedure
- Chapter 4: Auditing and supervision
- Chapter 5: Housing subsidies
- Chapter 6: Transitional provision



# Explanatory Statement / General Provisions

- **Service of General Economic Interest (SGEI)**
- CGH entities only if licensed under this law
- Limitation of activity
- Inter-generational design
- Tie-up of own capital only to this purpose
- Obligation to underlie provided mechanisms of audit and supervision

## Chapter 2: Conditions for approval

- **Art. 2 Legal form and minimum capital**
  - In the case of Ukraine: only public authorities as shareholders
  - Sufficient economic capacity
- **Art. 3 Supervisory Board**
- **Art. 4 Incompatibilities**
  - Independence from political parties, construction and real estate industry
- **Art. 5 Admissible restriction of beneficiaries**
  - Allocation of dwellings considering objectivity, need for accommodation, size and income of the household
- **Art. 6 Limited business activities**
  - Construction and management of standard dwellings
  - Connected legal transactions
  - Principle of strict economy concerning construction costs, operating and maintenance costs, however state of the art quality standards
  - Housing management including financing and maintenance procedures, management of construction, management of flats acquired by other means
  - Other activities only with special permission by the competent authority under certain condition



## Chapter 2: Conditions for approval

- **Art. 7 Selling prices and rents**
  - Affordability in providing rental dwellings (if applicable also owner-occupied)
  - Adequate safeguards for the interests of tenants and shareholders
  - **Rents neither above nor below own costs** (incl. appropriate return on equity, formation of reserves etc.)
  - Restrictions on increases of rents and prices
- **Art. 8 Transfer of shares**
  - **Limited return on equity of the CGH owner**
  - Limited revenue in the case of liquidation or sale of shares
  - Provisions in the case of liquidation of the CGH entity
- **Art. 9 Economic efficiency of the business and reliability of the housing management**
  - Reasonable costs of management and administration
  - Accordance to statutes and business ethics
  - Integrity of members of the Board of Directors and the Supervisory Board

## Chapter 3: Procedure

- **Art. 10 Competent authority**
  - **Local financial authority responsible for approval, refusal or withdrawal of an CGH entity**
  - Revocation only by a court order, not by the CGH entity itself
  - Rules of withdrawal
  - Information of the public
  - Fines

# Chapter 4: Auditing and supervision

- **Art. 11 Auditing Association**
  - Licensed by the Minister of Finance, provisions in the case of liquidation
- **Art. 12 Auditing association by-laws**
  - Scope of activity, affiliation of an CGH entity to only one auditing association, quality standards, provisions in the case of termination of an auditing association
- **Art. 13 Legal status of an Auditing Association**
  - Affiliation to an umbrella organization, issuance of guidelines for audits and audit reports
- **Art. 14 Audit and supervision**
  - Periodic audits of CGH entities, conditions of extraordinary audits
  - Range of audits
  - **No approval of annual accounts without positive audit**
  - Right to inspection of all business transactions and the conduct of business for the competent authority
- **Art. 15 Accounting**
  - According to guidelines by the umbrella organisation with approval of the Minister of Finance
  - Measures to comply with all objections by the Auditing Association
  - Measures to enforce action

# Chapter 5 / 6: Housing subsidies / Transitional provision

- **Art. 16 Tax benefits**
  - **Exempt from corporate income tax**
- **Art. 17 Privileged access to housing subsidies for new construction and renovation**

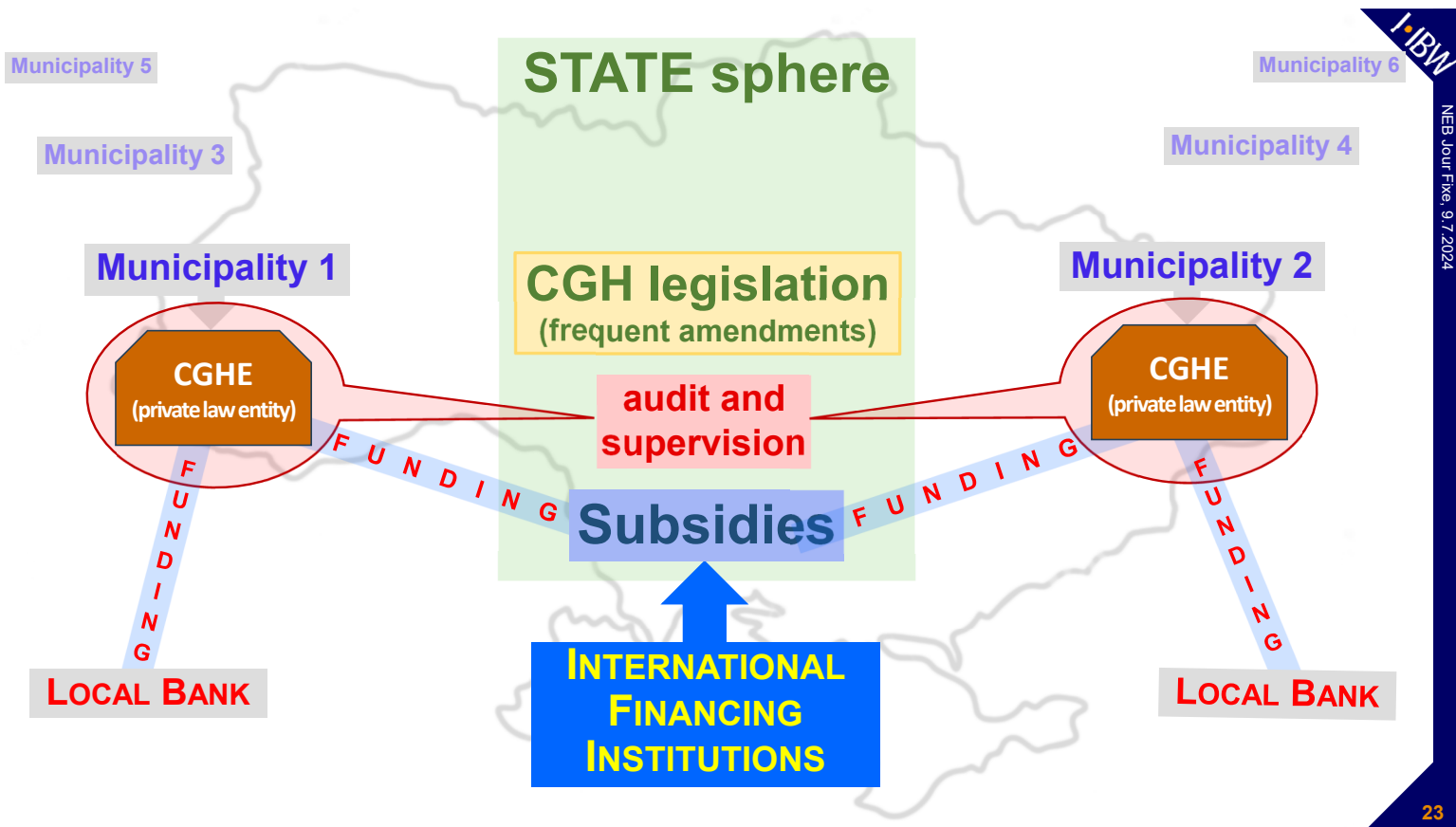


# GESIBA

- Limited-Profit Housing stock corporation Vienna/Austria
- Owned by the City of Vienna
- 30.000 affordable dwellings under management

[www.gesiba.at](http://www.gesiba.at)





## Current IIBW activities

- Presentation of the CGH approach in the Vienna House Brussels, 10/2023
- Presentation in a conference in Lviv, 11/2023
- EIB/IOM Workshop in Vienna 1/2024
- Ongoing consultation on UA social housing legislation, e.g. **STARTER** (Strategic Technical Assistance in Reforms Towards Energy Efficiency and Renewables)
- Cooperation with ICC UA (National Committee of the International Chamber of Commerce)
- Preparation for EIB TA, creation of a high level project consortium





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