



Analyse zur Übertragung des österreichischen Modells der Wohnungsgemeinnützigkeit auf die Ukraine

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| New
housing |
| policy



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



Es ist gestattet Wohnwagen
mit dem Wohnwagen
auf dem Gelände
zu parken. Die Benutzung
ist von 10.00 bis 18.00 Uhr
täglich. Die Gebühren sind
1,50 € pro Tag.

0,5t



Source: Wien 3420 AG



Main pillars of LPHAs

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

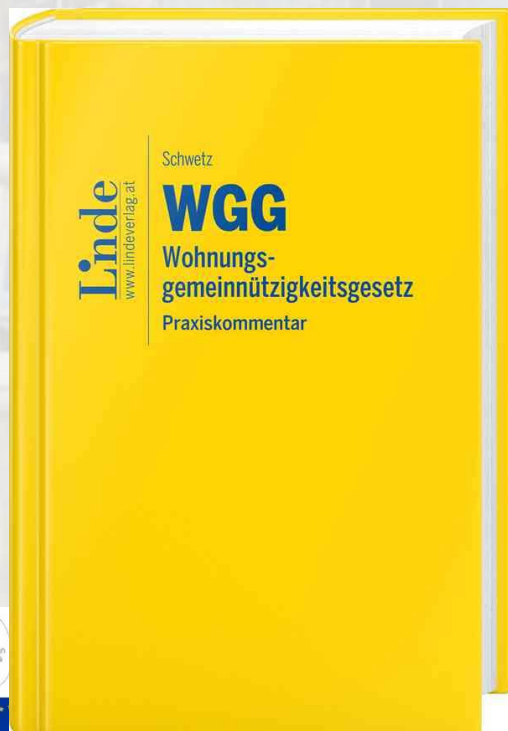
Implementation with a legislative approach

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)**
- Inclusion also of HAOs for single projects
- CGHE 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
 - Public or private limited company, cooperative, foundation, fund, non-profit organisation, communal or state enterprise, joint stock company, association, society
 - 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 and owner-occupied dwellings
- Adequate safeguards for the interests of tenants, purchasers and freeholders
- Rent and sale prices neither above nor below own costs (incl. appropriate return on equity, formation of reserves etc.)
- Restrictions of price increases in the case of re-sale of buildings or plots of land

■ Art. 8 Transfer of shares

- Limited return on equity of the CGHE owner
- Limited revenue in the case of liquidation or sale of shares
- Provisions in the case of liquidation of the ENHE

■ 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 CGHE
 - Revocation only by a court order, not by CGHE 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 CGHE 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 CGHE, 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



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