

**TEMPORARY SPECIAL COMMISSION**  
**on the protection of property and non-property**  
**rights of internally displaced persons and other**  
**persons affected by the armed aggression of the**  
**Russian Federation against Ukraine**

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April 10, 2024

**DECISION**

**On Programs of Preferential Lending for Internally Displaced Persons to Acquire Housing and Necessary Measures to Expand and Increase Accessibility of These Programs**

The housing problem for internally displaced persons (IDPs) in Ukraine has existed for over 10 years. However, since the beginning of the full-scale armed aggression by the Russian Federation against Ukraine, this issue has acquired global scale and significance.

Millions of Ukrainians have been forced to leave their homes to preserve the most valuable thing - their lives. A large part of them will never be able to return to their own homes, which were destroyed by Russian terrorists.

These people have to start building their lives anew, in other regions of Ukraine or, unfortunately, abroad. The possibility of resolving the housing issue alongside security concerns is crucial in determining where internally displaced persons should start building their future lives.

Taking into account the long-term nature and insufficient clarity at this stage regarding the issue of reparations payments to internally displaced persons within the framework of the international compensation mechanism, as well as the lack of sufficient capacity, including financial, within the state for the swift protection of Ukrainians' housing rights, state authorities must propose various mechanisms for internally displaced persons to address the housing problem, including preferential lending programs for all able-bodied IDPs to purchase housing.

The state has already implemented certain preferential mortgage lending programs.

For instance, the Ministry of Finance of Ukraine announced that as of October 1, 2022, the State Program for Affordable Mortgage Lending of citizens with a fixed interest rate of 3% per annum for the entire loan period (up to 20 years) has been introduced. This program is specifically for contract servicemen of the Armed Forces of Ukraine, medical workers, educational workers, and scientists (*from January 1, 2023, mortgage loans at a rate of 7% per annum are available to other categories of citizens, including internally displaced persons*), according to the Conditions approved by the Cabinet of Ministers of Ukraine on August 2, 2022, No. 856 "Certain Issues of

*Providing Affordable Mortgage Lending to Citizens of Ukraine by the Private Joint Stock Company 'Ukrainian Financial Housing Company' (hereinafter - eOselya)."*

Under this mechanism, affordable mortgage lending involves providing financial resources to the borrower by the PJSC "Ukrainian Financial Housing Company" (hereinafter - Ukrfinzhytlo) or an authorized entity (bank or specialized financial institution), as well as a compensation mechanism (by enterprises, institutions, organizations) by these Conditions for a portion of the interest rate, initial (down) payment, and loan principal for such loans.

As of April 8, 2024 (<https://ukrfinzhytlo.in.ua/analytyka>), during the entire duration of the eOselya program, 8,843 families have used the right to receive affordable mortgage loans under the program, amounting to 13.6 billion UAH, including 130 families of internally displaced persons (or 1.5% of the total number of loans provided) for a total of 0.2 billion UAH, with the number of applications gradually increasing.

According to the resolution of the Cabinet of Ministers of Ukraine dated December 2, 2021, No. 1265, the Ministry of Economy of Ukraine exercises the authority to manage corporate rights owned by the state in the charter capital of Ukrfinzhytlo.

At the same time, the Ministry for Reintegration of Temporarily Occupied Territories of Ukraine is implementing the project "Housing for Internally Displaced Persons" jointly with the Kreditanstalt für Wiederaufbau (KfW), under which a grant of 42.5 million EUR has been attracted to provide preferential mortgage loans to internally displaced persons by the Cooperation Agreement between the Government of the FRG and the Cabinet of Ministers of Ukraine dated June 3, 2020, the Grant and Project Agreement between the Cabinet of Ministers of Ukraine, represented by the Ministry for Reintegration of Temporarily Occupied Territories of Ukraine, the State Fund for Youth Housing Construction and KfW dated December 28, 2020, and Additional Grant and Project Agreement No. 1 thereto dated December 7, 2023.

The Ministry for Reintegration of Temporarily Occupied Territories of Ukraine, under the budget program according to the CPC classification 3901610 "*Provision of Preferential Mortgage Loans to Internally Displaced Persons*" has allocated 877.5 million UAH in the special fund of the state budget for 2024, including 766.2 million UAH from the grant, 93.8 million UAH from loan repayments, and 17.5 million UAH from interest.

The Ministry of Economy of Ukraine has announced that the Conditions for ensuring Ukrfinzhytlo's affordable mortgage lending to citizens of Ukraine, as well as the compensation mechanism for a portion of the interest rate for loans secured by mortgage collateral and provided under these Conditions, have been approved by the resolution of the Cabinet of Ministers of Ukraine dated August 2, 2022, No. 856.

Within the framework of the program aimed at providing affordable mortgage lending by Ukrfinzhytlo to citizens of Ukraine, mortgage lending to internally displaced persons began on August 1, 2023. According to the conditions, mortgage lending to internally displaced persons is available at an interest rate of **7% per annum for a term of up to 20 years** for the purchase of an apartment or residential house.

The main reasons for partner banks making negative decisions on applications from internally displaced persons include family income not matching the debt burden, delinquency on current loans, and negative credit history.

The State Specialized Financial Institution "State Fund for Youth Housing Construction" (hereinafter referred to as the State Youth Housing Fund) reported on the current situation regarding the implementation of programs aimed at providing housing for internally displaced persons.

The State Youth Housing Fund implements the resolution of the Cabinet of Ministers of Ukraine dated November 27, 2019, No. 980 *"On approval of the Procedure for the use of funds provided in the state budget for providing preferential long-term state loans to internally displaced persons, participants in the anti-terrorist operation (ATO), and/or participants in the operation of Joint Forces (JF) for housing acquisition"*. However, the program has not been funded from the general state budget since 2020; loans are provided only from funds returned from previously provided loans. A total of 129 families of internally displaced persons have been provided with housing during the program implementation period. However, there is a need for more effective implementation of the relevant preferential lending program, simplifying access to participation in it, and expanding international cooperation with various institutions and organizations to search for alternative sources of funding for various categories of citizens, including internally displaced persons.

One of the most effective mechanisms for providing housing to internally displaced persons is the program providing preferential mortgage loans funded by grants provided by the Government of Germany through the KfW Credit Institution by the resolution of the Cabinet of Ministers of Ukraine dated April 28, 2021, No. 451. The Ministry of Reintegration is the main budget manager and responsible executor of the budget program. The State Youth Housing Fund is the recipient of budget funds and the implementing organization.

The program is extremely popular among internally displaced persons. The lending conditions under the program are maximally accessible to internally displaced persons (which is extremely important for the category of citizens who start restoring their economic activity after forced displacement):

- the loan is provided for a term of up to 30 years (until the borrower reaches 65 years);
- the interest rate on loans is 3% per annum;
- the borrower's own (initial) contribution is 6% of the housing cost;
- the loan is provided for the purchase of ready-made housing, built no more than 50 years ago (reconstructed - no more than 35 years ago);
- selection of candidates is made randomly.

More than 36,000 citizens are registered in the candidate list. During the implementation of Phase I of this program, preferential loans were provided to 669 families of internally displaced persons totaling grant funds of 24.5 million UAH.

After completing Phase I of the Project, a comprehensive assessment of the loan issuance procedure was conducted by the German side, and an international audit was conducted. Based on the Verbal Note of the Embassy of the Federal Republic of

Germany in Ukraine, an additional agreement was signed and project funding was increased by 17 million EUR, which will provide housing for 400 families of internally displaced persons. In addition, funds returned from previously provided loans will be directed to new lending.




Another mechanism that could expand housing options for internally displaced persons, according to the State Youth Housing Fund, is providing state support to ensure citizens have affordable housing using funds from the state budget by Government Resolution No. 819 dated October 10, 2018. The conditions for internally displaced persons include paying 50% of the housing cost from the state budget. As of January 1, 2024, 17,858 applications from candidates for state support have been registered. In 2017-2019, 890 families of internally displaced persons received support within the program funded by the state budget. The program was not funded in 2020-2023, although its mechanism was in high demand.

Furthermore, to increase the access of internally displaced persons to preferential mortgage lending programs, the Deputy Minister of Development of Communities, Territories, and Infrastructure of Ukraine emphasized the need to redistribute funds allocated by the Ministry of Development of Communities, Territories, and Infrastructure of Ukraine for 2024 in the special fund of the state budget by reducing the volume of expenditures for the development program under program 3101280 *"Support for Ukraine's Regional Policy"* by UAH 597,554.727 thousand and redirect them under program 3101490 *"Provision of preferential long-term state credit to internally displaced persons, participants in the anti-terrorist operation (ATO), and/or participants in the operation of the United Forces (JF) for housing acquisition"* to provide loans exclusively to internally displaced persons.

The Temporary Special Commission of the Verkhovna Rada of Ukraine on the Protection of Property and Non-Property Rights of Internally Displaced Persons and Other Persons Affected by the Armed Aggression of the Russian Federation against Ukraine (hereinafter - the Commission), discussing the current programs of preferential lending to internally displaced persons for housing acquisition, noted the need to expand and increase the accessibility of these programs, as well as to unify the financial and credit conditions for all internally displaced persons.

The Commission **has decided** as follows upon consideration of the aforementioned issue:

1. To address the Prime Minister of Ukraine with a proposal to engage diplomatic institutions of Ukraine and international partners to search international and internal resources to ensure access for internally displaced persons to the realization of the right to housing by utilizing the mechanism of preferential mortgage lending, with a reduction of the interest rate for internally displaced persons to 3% per annum and establishing the size of the initial contribution at 6%.

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2. To propose to the Ministry of Economy of Ukraine, together with PJSC "Ukrainian Financial Housing Company" (Ukrfinzhytlo), to review the provisions of the Conditions for providing affordable mortgage lending to citizens of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine dated August 2, 2022, No. 856 *"Certain issues of providing the private joint-stock company "Ukrainian Financial Housing Company" with affordable mortgage lending to citizens of Ukraine"* in terms of ensuring access for internally displaced persons to the realization of the right to housing by using the mechanism of preferential affordable mortgage lending, with a reduction of the interest rate for internally displaced persons to 3% per annum and establishing the size of the initial contribution at 6%, including through cooperation between financial institutions Ukrfinzhytlo and Derzhmolodzhutlo.
  3. To propose to the Ministry of Community Development, Territories, and Infrastructure of Ukraine, together with the State Fund for Youth Housing Construction (Derzhmolodzhutlo), to take measures to fill the State Budget with financial resources for the implementation of the Resolution of the Cabinet of Ministers of Ukraine dated November 27, 2019, No. 980 *"On approval of the Procedure for the use of funds provided in the state budget for the provision of preferential long-term state loans to internally displaced persons, participants in the anti-terrorist operation (ATO) and/or participants in the operation of Joint Forces (JF) for the purchase of housing."*
  4. To propose to the Ministry of Finance of Ukraine, jointly with the Ministry of Community Development, Territories, and Infrastructure of Ukraine and the State Fund for Youth Housing Construction (Derzhmolodzhutlo), to take measures to reallocate funds provided by the Ministry of Community Development, Territories, and Infrastructure of Ukraine for 2024 within the special fund of the state budget by reducing the volume of development expenses under the program 3101280 "Support of regional policy of Ukraine" by UAH 597,554.727 thousand and directing them under the program 3101490 *"Provision of preferential long-term state loans to internally displaced persons, participants in the anti-terrorist operation (ATO) and/or participants in the operation of Joint Forces (JF) for the purchase of housing"* for the provision of loans to internally displaced persons, including by amending the relevant regulatory legal acts of Ukraine.
  5. To propose to the Ministry of Community Development, Territories, and Infrastructure of Ukraine, together with the State Fund for Youth Housing Construction (Derzhmolodzhutlo), to take measures to fill the state budget with financial resources for the implementation of the "Affordable

Housing" program within the framework of the Resolution of the Cabinet of Ministers of Ukraine dated October 10, 2018, No. 819 *"Some issues of providing citizens with affordable housing."*

6. To propose to the Ministry of Reintegration of Temporarily Occupied Territories of Ukraine, the Ministry of Community Development, Territories, and Infrastructure of Ukraine to take a series of measures aimed at scaling up the *"Housing for Internally Displaced Persons"* project (currently implemented with KFW funds), including the search and involvement of a wide range of international partners.
7. To appeal to the regional military administrations and all-Ukrainian associations of local self-government: the Association of Ukrainian Cities, the Association of United Territorial Communities, the All-Ukrainian Community Association, and the Ukrainian Association of District and Regional Councils, to assist the activities of local self-government bodies in the development and implementation of existing and new local housing programs for internally displaced persons.
8. The decision of the Commission to be sent to the Prime Minister of Ukraine, as well as to the Ministry of Economy of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Community Development, Territories, and Infrastructure of Ukraine, the Ministry of Reintegration of Temporarily Occupied Territories of Ukraine, the Association of Ukrainian Cities, the Association of United Territorial Communities, the All-Ukrainian Community Association, and the Ukrainian Association of District and Regional Councils.

**Chairman of the Commission**

**P. Frolov**

**Secretary of the Commission**

**S. Velmozhnyi**