

A Policy Brief

On February 24, 2022, Russia invaded Ukraine, devastating cities, destroying critical infrastructure, and forcing millions of people to leave their homes.

Habitat for Humanity International has been responding to the immense housing need in neighboring countries since the onset of the conflict, devising immediate, mid-term and long-term solutions for refugees and their housing needs. Habitat recognizes that each country has a unique affordable housing context and had various challenges in ensuring access to adequate and affordable housing for individuals even before the conflict. With the influx of individuals in need, it is imperative to identify solutions for mid- and long-term housing for refugees as they continue to be displaced, based on the respective structures of each country's housing system.

Notably, while these findings reflect the realities of housing access due to conflict in a European context, Habitat recognizes that conflict and disaster will increasingly force people to flee from their homes, around the world. These recommendations can be a tool for additional learnings to address the needs of people on the move, who are all deserving of a decent place to call home.

Refugee housing solutions in an ongoing conflict context

Over the last twelve months, several initiatives have been launched to accommodate people fleeing Ukraine. However, the heterogeneity of the solutions shows that, beyond solidarity-based private responses and solutions by national and local governments, responses from the NGO sector and private market options were equally crucial in addressing immediate housing needs. Moreover, while short-term responses initially played the dominant role, longer-term solutions started to emerge towards the end of the summer of 2022, but only on a smaller scale. The chart below summarizes the different emerging solutions:



It is very uncertain what proportion of Ukrainian refugees will return to Ukraine after the war ends and what proportion will stay in neighboring countries. For those who remain, affordable housing is an imperative to ensure stability and adequate inclusion in social and economic sectors of their new community. Habitat for Humanity has determined that the provision of stable rental housing solutions is an area of urgent need, and a proposed solution for addressing the housing affordability gap for millions in the region.

This conclusion is based on research and analysis of the housing markets across Europe who have had various exposure to providing housing support to migrants and refugees. Germany's housing system has proven a useful case for comparison and exemplifies progressive and inclusive housing rental options for refugees and asylum

seekers. For the four new EU Member States currently hosting a great number of refugees – Poland, Hungary, Romania and Slovakia, strengthening their rental housing programs to increase affordable housing options for refugees will also improve affordable housing availability for the wider populations of each of these countries.

In order to provide more stable housing solutions for refugees, three basic long-term rental housing models are identified, for which concrete schemes can be developed, all of which include subsidies and incentives for various actors within the affordable housing pipeline. Based on which actor receives funding for the intervention, we distinguish three types of models: (1) landlords based, (2) tenants based, and (3) intermediary organizations based.

1. Landlord-based models to increase the supply of affordable rental housing

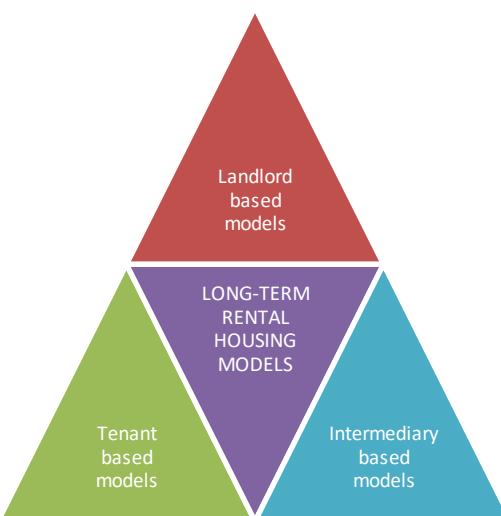
This model aims to increase the supply of affordable and social housing by refurbishing pre-existing stock and creating new housing. The subsidies target landlords regardless of which sector they belong to – public, private, cooperative or non-profit. The form of subsidy can be preferential loans and grants; it may be granted for purchase, renovation or/and operation.

2. Tenant-based model to support the demand for affordable rental housing

According to this model, the tenants (refugees) receive a housing allowance or rent supplement and are responsible for finding the appropriate dwelling to rent. The subsidy technically may have three different forms: the tenant can receive it in the form of (1) cash or (2) a voucher, or (3) it can be paid to the landlord directly, also considered in-kind support.

3. Intermediary-based model to increase equitable access to affordable rental housing

Many NGOs play an intermediary role in the rental market by mediating between supply and demand, reducing the effect of discrimination against vulnerable groups and mitigating risk for landlords and tenants. Typical intermediary organizations are municipal or non-profit social rental agencies and/or public or non-profit development agencies. Both can play substantial, although different, roles in the implementation of affordable housing programs. In the longer term, it can be expected that institutions entrenched in intermediary-based models will be the dominant players in the affordable housing sector.



Many affordable or social housing programs currently use a combination of these three models. In order for these solutions to be adopted, governments at municipal, national and regional levels must incorporate policy and systems changes to encourage adoption of landlord, tenant and intermediary based models for increasing rental housing supply. Habitat for Humanity encourages all levels of government to incorporate the recommendations below in order to sufficiently address the urgent and destabilizing gap in adequate and affordable rentals in Poland, Hungary, Romania and Slovakia.

Recommendations for national governments

- **Improve the regulation of the private rental sector:** Regulation should clearly stipulate procedures related to non-payment, length of contracts, and conditions of rent increases. Currently, in new Member States, the tenant-landlord relationship is not well regulated which largely hurts both parties' interests and hinders the growth of the sector. Governments can also provide standardized contract forms that increase the security of refugees (tenants) and landlords. A registration system for landlords who provide housing to refugees and a notification system for refugees (e.g. helplines) could be established.
- **Set up an early intervention social response system to stabilize the situation of tenants at risk of losing their rental housing:** Such an early intervention mechanism should involve tailor-made solutions to the individual-level problems behind non-payment through the provision of a layered set of social, employment and debt management-related services.
- **Introduce a rent supplement (housing allowance) scheme:** To enable the smooth transition from refugee accommodation to mainstream housing, a rent supplement should be introduced. In many cases, refugees are able to find work and their income increases after the initial phase of reception. Providing them with a means-tested rent supplement to enable them to rent on the market rather than a higher lump-sum subsidy within the refugee reception system would be less costly and increase their independence and chance of integration into the local community.
- **Introduce financial measures to increase affordable housing supply:** Across all contexts, The supply of affordable housing needs to be increased. Additionally, the spatial distribution of refugees also can be improved as a means of avoiding the inflation of rent due to increases in demand. This can be achieved by mobilizing currently abandoned or unused housing stock by providing preferential loans, potentially combined with grants, for energy-efficient renovations. The construction of new rental housing is also essential, for which similar financial schemes can be applied to private and municipal developers. This should primarily be concentrated in big cities associated with a strong labor market, as location is an essential component of ensuring successful integration and livelihood opportunities for refugees.
- **Use of intermediary organizations like social rental agencies:** Based on the experience of non-profit and municipal initiatives, social rental agencies can play an essential role in mitigating the risk for landlords and tenants, especially in the case of vulnerable groups by securing regular rental income for a given period and guaranteeing the maintenance of housing quality for the landlords, while providing social work for vulnerable tenants. Public or other non-profit development agencies can also fill the gap in public actors' capacities to design and implement larger-scale projects, especially if the projects involve several public and private actors. Governments should support the establishment and operation of such intermediary organizations.
- **Access EU funding on a larger scale to support affordable housing schemes and integration-related services for refugees:** The governments of Poland, Hungary, Romania and Slovakia should use available EU funding on a larger scale to expand affordable housing solutions for refugees. For example, the European Social Fund plus, or ESF+, can be used to finance rent-supplement measures and develop service provision. In addition, the European Regional Development Fund plus, or ERDF+, and the Cohesion Fund can support the renovation of the unused building stock in an energy-efficient way and the construction of municipal and non-profit housing for refugees.

Conclusion

Habitat for Humanity International has worked in the Central and Eastern European region for almost 30 years, engaging with the housing sectors of each country in an effort to ensure adequate and affordable housing for all. In response to the conflict in Ukraine, and the significant influx of people in need of adequate and affordable housing, Habitat strongly recommends that responding countries, in addition to the European Union, strive to urgently support the expansion of tenant, landlord and intermediary based solutions for increasing the affordable rental stock in each affected country. While the conflict will one day end, the human costs continue. Housing stability has the potential to bring peace and prosperity to populations in need. National and regional governments have a responsibility to support everyone in finding a decent place to call home.

This policy brief is summarizing the key findings of an extensive study commissioned by Habitat for Humanity International. The study by the Metropolitan Research Institute summarizes the housing interventions developed in response to the Ukrainian refugee crisis across five countries (Germany, Poland, Hungary, Romania and Slovakia) and their broader housing policy frameworks. In the analysis, the German housing system was used as a benchmark for identifying the gaps for the housing systems of the four new Member States. The process of country-level data collection, including numerous interviews and document analyses, was launched in the summer of 2022 and concluded in early December 2022.

About Habitat for Humanity

Driven by the vision that everyone needs a decent place to live, Habitat for Humanity began in 1976 as a grassroots effort on a community farm in southern Georgia. The Christian housing organization has since grown to become a leading global nonprofit working in local communities across all 50 states in the U.S. and in more than 70 countries. Families and individuals in need of a hand partner up with Habitat for Humanity to build or improve a place they can call home. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. Through financial support, volunteering or adding a voice to support affordable housing, everyone can help families achieve the strength, stability and self-reliance they need to build better lives for themselves. Through shelter, we empower. To learn more, visit habitat.org.