



# UKRAINE RECONSTRUCTION OFFICE

The rebuilding of Ukraine has already begun. Although the war is ongoing, one can see the activities of volunteers in the liberated area who are clearing the debris from cities and repairing bombed-out houses. In the background, less visible institutional work is taking place – the creation of an organizational and legal framework for rebuilding the country.

The rebuilding is an opportunity to transform the state – to create new institutions, to abandon existing laws, to quickly implement reforms. There is no straightforward answer to the question of what Ukraine should be like after the war. The exhibition shows the issues faced by those involved in the process.

Together with Ukrainian specialists – a politician, a developer, urban researchers and activists involved in heritage preservation – we look at five areas: housing policy, construction, heritage preservation, legislation and administrative structure. We show how these areas have developed until February 24, 2022, and what context for future rebuilding they create.

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## HOUSING POLICY

Ukraine's current housing policy is based on the 1983 Housing Code, which was drafted back in the days of the Ukrainian Soviet Socialist Republic.

In the 1990s, the housing market liberalized, and foreign investors came to Ukraine, and new financial instruments, such as the mortgage, were created. Housing construction was actively developing until 2008, when the financial crisis halted many investments. From the Russian invasion in 2014 to the outbreak of war in 2022, the housing market was again on the rise. This happened due to people resettled from Donbass and working in EU countries and earning foreign currency, which created demand for housing.

However, a number of problems were evident in the housing sector. The housing stock was in poor condition – most of the general renovations were carried out before independence in 1991, and according to 2018 data, 45% of housing units in Ukraine had never been renovated. The rental housing market was disorderly, with about 80% of leases based on a verbal agreement and paid in cash without paying tax. The market for new housing construction has been monopolized by large companies that received land for construction as a result of political pressure. The state's policy of financing private housing continued the Soviet pattern of 'allotment housing'. At the same time, apartments were becoming an investment instrument, further driving up their prices.

The state has rather chaotically tried to encourage developers to build accessible housing. It offered cheap loans and subsidies, but did not finance the construction of public housing itself. Instead, it introduced a series of contradictory reforms and laws that were intended to provide ad hoc solutions to the problems of managing old housing stock or poor-quality new construction. The reforms were not completed by the outbreak of war.

## LAW AND URBAN PLANNING

After Ukraine regained independence in 1991, laws went into effect that would amend Soviet urban planning and development regulations. Their goal was to create a legal framework for, among other things, private investments that were not made during the Soviet era. Subsequent legislation regulated the activities of architects, updated state construction standards.

The Urban planning and development law passed in 2011 unified regulations at the national level, but at the same time limited the powers of the cities' chief architects and removed the public and experts from decision-making processes. Its consequences were chaotic construction in historic city centers and numerous protests against construction projects.

In 2012, regulations were introduced for the so-called General Scheme of Urban Planning of Ukraine. Despite the existence of legal regulations, the quantity and quality of urban planning and development documentation remained unsatisfactory. In 2017, more than 60% of

urban planning schemes still dated back to Soviet times, and only 72% of cities and towns had received a so-called master plan (the equivalent of a Polish urban development study).

In 2021, work began on a new urban planning and development reform. It is intended to strengthen digitization in the construction industry. However, the provisions concerning the introduction of a system of private architectural and construction control (i.e., carried out by investors themselves, with no obligation for local authorities to control), limiting the powers of local governments and public participation and architects' copyrights, as well as expanding the influence of the ministry in charge of the construction sector, are cause for discussion. Work on the reform is still in progress.

## PROTECTION OF HERITAGE

Ukraine's independence in 1991 began the process of rediscovering Ukrainian identity and local cultural heritage. Grassroots initiatives were formed, which since the beginning of the 21<sup>st</sup> century have organized high-profile protests in defense of heritage, such as against the development of Peizazhna Alley (2007) or the Andriivskiy Descen (2012) in the historic center of Kyiv. After the 2014 Dignity Revolution, urban movements began to emerge, making residents even more strongly committed to protecting their local legacy.

The main problem remains the lack of a strategy for protecting cultural heritage. As of 2022, no state document dedicated to this issue had been created in Ukraine. Decisions remain in the hands of officials and private building owners, who, without top-down regulations, find it easier to demolish a monument than to seek funds for its restoration.

A major impediment is the lack of expertise. Today, there are about 100–150 specialists in restoration in Ukraine, and as of 2015, there are no longer any studies in Ukrainian universities that educate them.

In the near future, the state budget will be allocated for defense purposes. This means that the restoration and conservation of dilapidated historic architecture will not be financed from the local or state budgets. Meanwhile, the losses are mounting. As of September 3, 2022, Ukraine's Ministry of Culture and Information Policy has recorded 500 cases of Russian war crimes against Ukrainian architectural heritage in 15 regions. Some valuable objects have been deliberately destroyed, such as the museum of prominent artist Maria Prymachenko or poet and philosopher Hryhorii Skovoroda.

## CONSTRUCTION AND DEVELOPMENT INDUSTRY

The first developers in Ukraine were those who sidestepped the law and privatized Soviet construction plants in the early 1990s.

From the beginning of the 21<sup>st</sup> century until the 2008 financial crisis, there was rapid urbanization. Opaque

laws allowed investments that ended in construction scandals, like the high-profile construction of the Elite Center in Kyiv – apartments that were each sold to two or three customers but were never actually built. More than one and a half thousand people fell victim to the developer at the time. Corruption was rampant in the state bodies that issued construction permits, and the relevant approvals were not granted without political support. This translated into architecture. It was difficult to get permission for a modern project, those in the style of homespun sumptuousness were most popular. There was limited public consultation. The financial crisis caused investments to be abandoned or extended over time.

The second construction boom began in 2016 and lasted until the Russian military invasion on February 24, 2022. Corruption was largely eliminated – building permits could already be obtained online. Greater regulatory transparency allowed for new companies to enter the market that could operate without political connections. In mid-2021, new, high-value construction projects unrelated to the government began to appear in Ukrainian cities. The war, however, halted these changes.

## ADMINISTRATIVE AND TERRITORIAL SYSTEM

In 2014, after Euromaidan – mass demonstrations organized in Kyiv in response to then Ukrainian President Viktor Yanukovich's refusal to sign an agreement with the European Union – work began on local government reform. The country was then divided into 11,518 administrative units. By 2020, when the first local elections under the new rules were held, it was possible to combine them into 1,479 municipalities (hromadas).

The merged municipalities gained greater financial and decision-making independence. The state administration, which had concentrated all executive power before the reform, ceded it to local governments, and the duty to provide basic services – education, public transportation or health care – was transferred to municipalities. The merging of administrative units was to occur from the bottom up (more than two-thirds of the municipalities merged on their own initiative). To encourage local governments to get involved more quickly in the ongoing reform, the government created a special state fund for them to develop local infrastructure.

The reform was seen as an important point on the road to Europeanization, and was also meant to close the period of post-socialist, neoliberal chaos. Although it was not carried out to the end, it proved to be an effective tool during the Russian-Ukrainian war. It was the local government that took on the main burden of caring for local communities during the Russian invasion. Setting up temporary shelters for refugees, distributing humanitarian aid, quickly restoring the functioning of key infrastructure after bombings, or resuming school operations despite the risk of airstrikes are just a few of the challenges they successfully face on a daily basis.