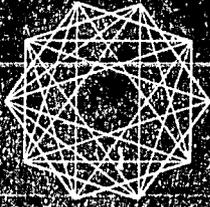


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**PADCO**

PLANNING AND DEVELOPMENT COLLABORATIVE INTERNATIONAL, INC.

## **Housing Subsidy Program in Ukraine**

# **TRAINING MANUAL**

**Produced by  
PADCO, Inc.**

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PROVIDES GOVERNMENTS AND PRIVATE CLIENTS WITH SERVICES IN PLANNING, HOUSING, MANAGEMENT, FINANCE, ECONOMICS, ENVIRONMENT, GEOGRAPHIC AND OTHER INFORMATION SERVICES, AND TRAINING.

# TRAINING MANUAL

4 квітня 1995 року



## HOW TO USE THIS TRAINING MANUAL

This manual is intended to help oblast, city, and raion executive councils implement and manage the housing subsidy system. The housing subsidy system is intended to meet local needs which vary among communities. Recognizing differences in needs, oblast and local governments have been given considerable flexibility in how they design and administer their systems.

This manual includes copies of decrees and regulations of the Cabinet of Ministers creating the housing subsidy system. It is also includes recommendations for how to set up local housing subsidy offices and how to manage the operations of these offices. These sections are recommendations only, not requirements of the system.

This manual is intended to serve as the basis for training local housing subsidy staff and administrators. When regulations are introduced or changed, additional replacement pages will be sent to you for inclusion in this manual. As local housing subsidy systems develop new and better ways of carrying out their functions, the recommendations will be changed to reflect these ideas.

Since each local housing subsidy system will be different in design, local by-laws, regulations, and office procedures should be added to this manual for training local staff.

To solve problems for which immediate solutions are unavailable the Ministry of Social Protection is going to establish a special Hotline Consulting Center. The Center will work 24 hours a day. Any Housing Subsidy Office employee who has questions on the Housing Subsidy Program is welcome to call (044) 212-3222 or FAX (044) 212-1804.

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## GLOSSARY OF TERMS

(Note: **bold letters** in the definitions indicate that the term is defined elsewhere in the glossary)

- Appeals:** The procedure which **applicants** may take if they feel they have been unfairly denied a **housing subsidy** or have been granted an insufficient amount. The appeal process has three steps: 1) appeal to the manager of the housing office; 2) an appeal to the **housing subsidy commission**; and 3) an appeal through the courts. This process is described in Section 8 of this manual.
- Applicant:** A family that has submitted an **application form** for a **housing subsidy** to the **housing subsidy office**. The application process is described in Section 3 of this manual. The application is signed by the principle tenant or dwelling owner on behalf of the family.
- Application:** The document filled in by an **applicant** and submitted to a **housing subsidy office**. It is reproduced in Section "Documents" of this manual. **The application** is accompanied by a detailed description in the "Instructions for Citizens" (also reproduced in Section "Documents").
- Audit:** The process of checking the accuracy of information provided by **participants** and calculations performed by **processing staff** to ensure that only those families that are eligible are granted **housing subsidies** and that the subsidies granted are for the correct amount. The aim of audit is to discover errors, made by applicants and **housing subsidy office** staff, and fraud. Audit process is described in Section 12 of this manual.
- Computerization:** The process of creating software and installing computer equipment for the **housing subsidy offices** to ensure preparation of all necessary information and reports.
- Director:** The person appointed to head the **housing subsidy office**. His responsibilities are described in Section 10 of this manual.
- Family:** All adults and children with propiscas on the same floor space.
- Housing and communal services:** In accordance with Decree N 89 of the Cabinet of Ministers, issued on February 4, 1995, housing and communal services include the following:
- housing maintenance and use;
  - water-, heat- and gas supply;
  - waste water disposal;

- solid waste disposal

Services which are not covered by the **subsidy program** include charges for radio and TV service, electricity payments, etc.

**Housing Subsidy:** It is a discount of monthly payments for **housing and communal services** for the families whose monthly payments for housing and communal services within the **norm of use** exceed the percentage of their **total income**, determined by the Cabinet of Ministers. The housing subsidy office defines the amount of a subsidy, calculating it for every family. This amount is valid for a period of six months, then it should be recalculated. If there are changes in the family conditions, in the amount of incomes, etc., the subsidy can be recalculated earlier.

**Housing Subsidy Office:** The office created by raion or city governments to receive and process applications by **families for housing subsidies**.

**Housing Subsidy Program :** The nationwide program established by Decree No. 89 of the Cabinet of Ministers, issued on February 4, 1995. The program requires all local governments to open **housing subsidy offices** to serve people within their jurisdiction.

**Income:** See **Total Family Income**.

**Information Campaign:** The process of informing the public through TV, radio, newspapers, brochures and posters about why the prices for **housing and communal services** are increasing and how the **housing subsidy program** operates. The public information campaign is described in Section 2 of this manual.

**Interview:** The procedure through which housing subsidy offices **processing staff** check the **application** and question the **applicant** about it. This process is described in Section 4 of this manual.

**Nonpayment:** The failure by a **family** to make regularly scheduled payments for **housing and communal services** or to make them on time. The absence of nonpayments is an obligatory condition for granting subsidies. Ways of reducing the rate of nonpayment are described in Section 9 of this manual.

**Norm of Use: Sanitary norm** of owning and using housing floor space and norms for communal services use are determined on the basis of the family composition and 21 square meters for each person.

**Notification about granting a subsidy:** Each **applicant** who has submitted all necessary documents to the office must be sent a form notifying him that his **application form** has either been rejected or accepted and provided with the reasons for the decision. This process is described in Section 5 of this manual.

**Notification about the recalculation of the subsidy:** A form sent to a participant, notifying him about the recalculation of the subsidy amount.

**Participant:** A family that has applied for and been granted a housing subsidy.

**Recertification:** Recertification is the process through which a participant reapplies for a housing subsidy. All participants must recertify at the end of the six-month term for which subsidies are granted. Before the end of this term the application may be submitted for recalculation of the subsidy amount (described in Section 7).

**Reporting Requirements:** Housing subsidy offices prepare monthly reports for statistic and financial bodies. In accordance with the decision of local executive bodies they can also prepare reports and certificates about the program for such organizations as Zheks, communal service enterprises, city, raion, and oblast executive bodies. It is described in Section 11.

**Sanitary Norm:** Sanitary norm of owning and using housing floor space is determined on the basis of 21 square meters for a tenant and each family member and for those living in one-room flat it is determined irrespective of the amount of housing floor space.

**Subsidy:** See housing subsidy.

**Subsidy Recalculation:** Review of the housing subsidy amount, made on the basis of the participant's application before the end of the six-month term. Subsidy may be recalculated if the participant has experienced a change in circumstances, such as: changes in the family composition, a change in total family income or a change in the prices of housing and communal services. This process is described in Section 7.

**Subsidy Office Staff:** Subsidy office staff, that includes: staff, processing information (interviews applicants, calculates subsidies, fills in notification forms); technical staff (introduces data, prepares financial reports, audits) and administrative staff (responsible for organization of the office work, staff hiring and dismissal, financial accounts). The housing subsidy office staff activity is described in Section 10.

**Termination:** A participant may be terminated from the program for several reasons: if an audit of the application form finds it includes false information concerning either family composition or total family income, if the family composition or income has changed to render it no longer eligible for a housing subsidy, or if the family failed to pay for housing and communal services in time.

**Total Family Income:** The income earned by all family members during the three months preceding the month in which the application form is submitted to the **housing subsidy office**. Income includes benefits from the sources listed in Item 7 of the Regulations on Allocating Subsidies for the Population to Offset Expenses Connected with the Housing and Communal Services Payments, approved by Decree No. 89 of the Cabinet of Ministers, issued on February 4, 1995. These income sources and the documentation required to verify them are described in the informational material accompanying the **applications**. More details are given in Section 3 of this manual.

## AN OVERVIEW OF THE HOUSING SUBSIDY PROGRAM IN UKRAINE

At the present moment, a new Housing Subsidy Program is being introduced in Ukraine. It is intended to protect low-income families from the shock caused by projected increases in monthly payments for housing and communal services. New prices introduced on February 1, 1995, will mean that families will cover 20 percent of the costs of maintaining housing and producing communal services such as heating, water, hot water and gas supply, garbage removal and waste water disposal. The rest (80 percent) is covered by the Government. During 1995, the part of the costs covered by households will be increased to 60 percent (with the Government paying the remaining 40 percent of production costs). It will be effected in three stages: to 30 percent on May 1; to 40 percent on July 1; and to 60 percent on September 1.

These cost increases will be painful to all Ukrainian families. But they are a necessary part of the difficult process of reforming the economy. The housing subsidy program will ensure that families with high incomes pay for a greater part of the costs of housing and communal services while low income families will know that they will not have to pay more than a small part of their income for housing and services. Why are these price increases needed? How will the new housing subsidy program operate?

### **Why Should the Prices of Housing and Communal Services Increase?**

Last year, more than one-fifth of the value of all goods and services produced in Ukraine was spent building and maintaining housing and on producing communal services. Only a small part of these costs -- less than 5 percent -- were paid for through the monthly payments families made to their Zheks or through the savings bank. The rest, 19 out of every 20 Krb, was paid by the government. This was responsible for a large part of Ukraine's budget deficit. Housing was a donation -- something the government paid for everyone. But this system was socially unfair. Families with high incomes living in large, comfortable apartments received large subsidies from the government. Their apartments were expensive to heat and maintain -- expenses the government paid. Poor families, on the other hand, living in overcrowded, deteriorated apartments received only small contributions from the government because their housing was cheaper to provide. Prices are being increased to create a system that targets government assistance to families most needing help. That is why the new housing subsidy program has been created.

The old system was also financially impractical because the government had to borrow to pay for housing, contributing to its growing deficit. When the National Bank of Ukraine issued credits to pay for subsidies, the result was inflation. And when the government could not provide enough money to communal service enterprises, services deteriorated -- elevators stopped working, roofs leaked, and water supplies were turned off. Prices have

had to be increased, therefore, to reduce deficits, to slow inflation, and to ensure that there is enough money to deliver basic services.

### **What is the New Housing Subsidy Program?**

The housing subsidy program is based on a simple principle: no family should spend more than a specified fraction of its income for housing and communal services. Should the amount of monthly payment for housing and communal services exceed this fraction set by the Government a household is entitled to get the housing subsidy which will cover the difference.

After May 1, 1995, families will be able to apply for this subsidy at newly-created housing subsidy offices. On the application form, families will be asked to state their total income over the previous three months, the size of the family, and some other basic information. If their payments for an apartment appropriate to their family size exceeds a certain fraction of their income, they will receive notification that are eligible for a discount on their monthly housing payments. Instead of paying the full amount required under the new schedule of monthly payments, they will pay less -- by an amount equal to the difference to the estimated payments and the fraction of income. They will be entitled to this discount for six months at which time they must reapply. If family circumstances change during this period that would change the subsidy to which the family is entitled -- a change in family income or in the number of family members, for example -- the family may reapply before the end of six months.

Any low income family can apply for the housing subsidy. To ensure this, the nationwide network of housing subsidy offices will open at the beginning of May. This new housing subsidy program will equalize relative expenses of families with different incomes for housing and communal services. Under the housing subsidy program, therefore, the government will spend less on housing and communal services. It will still be paying about half of the total cost -- even after prices have been raised in September. But what it does spend will be directed at families that need the help. And, in the long term, the people of Ukraine will all benefit from better housing and improved services.

## 2 HOW PEOPLE WILL LEARN ABOUT THE HOUSING SUBSIDY PROGRAM

<p style="text-align: center;"><b>Contents</b> The National Media Campaign The Local TV, Radio, and Newspaper Campaign</p>
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The opening of the housing subsidy offices on May 3, 1995, will be accompanied by an intensive media campaign at the national and local levels. The campaign will use television, radio, newspapers, and posters for three purposes:

- Informing the public why the budget deficit requires increases in the prices of housing and communal services.
- Informing the public about how the price reforms will be carried out and what are the long-term benefits of pricing reform.
- Informing the public about the new housing subsidy program, how it will work, and how families can apply.

### THE NATIONAL MEDIA CAMPAIGN

The national campaign will be most heavily concentrated in April in preparation for the May 3 opening of the local housing subsidy offices. However, it will continue through July to prepare the public for the scheduled July 1 and September 1 price increases. The campaign will include four elements:

1. Two 45-minute TV and two 30-minute radio documentaries with participation of Government officials. These would explore, in depth, the problems of underinvestment in infrastructure -- deteriorating water systems, environmental pollution, overcrowded buses -- and how it affects the economic and physical well being of the population. They would also show how a system where people pay for the services it receives is more efficient, fair, and better maintained. People are better served at much lower cost. The program will explain how the present reforms are moving Ukraine in this direction.
2. A series of 3-5 minute TV and radio "infomercials" explaining how the new housing subsidy program will work, what people have to do to enroll, how to fill out the application form, and where to apply. These would be developed in parallel to the local "infomercials" that list local registration centers.

## LOCAL TELEVISION, RADIO, AND NEWSPAPER CAMPAIGNS

Since most of the burden of reforming prices and implementing the housing subsidy program will fall on local governments, local media campaigns must be conducted at the same time as the national campaign. These campaigns will have the same overall goals as the national campaign, but will focus on telling people where their local offices are, who heads their program, and they could also use local examples to explain the growing problem of housing and communal services. In order to assist local communities mount effective public information campaigns, PADCO will distribute, free of charge, to oblast and city governments, the following materials:

1. A series of 5-minute and 10-minute TV and radio programs that inform the public about the new program -- where to enroll, how to fill out forms, and why the new program is necessary. These would be designed to allow introductions by local elected officials and the display of addresses of local offices. About 200 copies of local TV and radio material will be distributed free of charge to local markets.
2. Newspapers are the single most influential and effective way of spreading information. Therefore, their support for pricing reform and for the housing subsidy program is essential for its success. The Ukraine Market Reform Program has established a network of 16 regional Press Clubs for Economic Reform which meet monthly and the Kiev Press Club meets weekly. A program of national and local government speakers will be designated and scheduled to make presentations and distribute printed material to media participants.
3. A leaflet including the application form and instructions that also explains the financial crisis facing Ukraine, the need for pricing reform, its long term benefits, and an overview of the Housing Subsidy Program. Communities may request as many copies as they need of this material.
4. An array of posters, instruction graphics for program offices, leaflets for widespread distribution, and other printed material would be designed, produced and distributed. Much of the material would be produced generically so that it can be customized by local communities to advertise the location of local offices.

### 3. HOW TO APPLY FOR A HOUSING SUBSIDY

<p><b>Contents</b></p> <p>Who Can Apply for a Subsidy</p> <p>How Families Apply for Housing Subsidies</p>
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#### WHO CAN APPLY FOR A SUBSIDY

Anyone may apply for a subsidy if they meet some simple qualifications.

- First, they must not owe any payments for housing and communal services.
- Second, all adult members of the family able to work must be either working, looking after young children, registered as unemployed, or have documents certifying their invalidity (either general or temporary) as well as other grounds on which one does not work according to the legislation in force.
- Third, current payments for housing and communal services must exceed 15 percent of total family income.

Families living in state or enterprise owned apartments, privatized apartments, cooperative apartments, and single-family private homes are allowed to apply. However, if a family owns more than one dwelling unit (an apartment or private house), it may receive a subsidy for only one unit and must declare any income received from renting the other unit.

#### HOW FAMILIES APPLY FOR HOUSING SUBSIDIES

To apply for a housing subsidy, a family will have to take six steps. By following these steps, the family can prove it is eligible for a subsidy according to the program regulations. These regulations are intended to ensure that only families who really need the assistance in paying their monthly payments will receive a subsidy.

##### **Step 1: Pick up Application Form and Instructions for Completing It**

Application forms and instructions are available at Zhek offices, at savings banks, at raion and city offices, and at some other locations the local program director has selected. A copy of the application form and the instructions are reproduced in the "Documents" section of this training manual.

**Step 2: Fill Out Part of Form and Visit Zhek to Fill Out the Rest**

Families should fill out the application form at home. They should then visit the Zhek where officials will fill out the certificate listing family members, both the total area of the housing (not the living area) and the family's floor space within existing sanitary norm, grounds for housing preferences if any and their amount. The passportist will also state the monthly payment for housing and communal services with due regard for housing preferences as well as the payment within the sanitary norm. A copy of this certificate is reproduced in the "Documents" section of this training manual.

The communal services covered under the housing subsidy program are:

- Housing maintenance or housing upkeep expenses within the sanitary norm (21 m<sup>2</sup> per each family member);
- Heat
- Water and waste water disposal;
- Hot water;
- Gas;
- Solid wastes disposal.

Services which are not covered by the subsidy program include charges for elevator maintenance, radio and TV service, and electricity payments.

**Step 3: Acquire Documentation of Income Sources for all Members of the Family Earning Income During the Previous Three Months**

The family must then apply to the employers of family members or to the local unemployment office for evidence of income. Evidence must be provided to verify all sources of income included in the section of the form showing total family income for all members of the family during the preceding three months.

The instructions for the application form list the documents necessary for verifying income sources. These are shown in the accompanying table.

**LIST OF INCOME SOURCES:**  
To be included in the total family income

<i>Source of Income</i>	<i>Supporting Document</i>
Salary, including overtime, work during week-ends, holidays, part time work, work in an agricultural collective enterprise, additions and supplements of all kinds, bonuses paid in the enterprises, companies and institutions regardless of the frequency and sources of payments, % increases and annual performance-based bonuses paid from the fund of an enterprise, company or institution. The increases and bonuses are included into the total family income at the time when they were calculated; not more than one long-service bonus is to be included during one year.	Certificate from place of work
Other systematic payments (including field payments, based on traveling and moveable nature of the employing entities (except for travel allowances);	Certificates from the entities granting work allowances
Scholarships, pensions, allowances (except for one-time allowances);	Certificates from the entities granting them
Incomes from commercial activities, farms, subsidiary farming, sale of products, poultry, cattle and others defined by the local governments;	Certificate from the local government
Incomes from craft, private practice, creative activities (literary, artistic, musical etc.). These incomes are calculated on the basis of tax information available in the financial bodies; all types of bonuses paid to the permanent and not permanent creative workers from honorarium fund, as well as payments for the public performances;	Certificate from the financial entities and notifications of certificates and bonuses
All types of lawyers' incomes;	Certificate of receipt of money
Unemployment benefits	Certificate from office granting benefits
Incomes from rent of housing;	Certificate from financial entity or housing rent office
Natural work payment	Certificate from office that made the payment
Allowances for servicemen, excluding those serving for a fixed period (since they do not count as household members);	Certificate from place of service;
Compensation paid for work-related injuries;	Certificate from entity paying compensation;
Earnings of students working full-time in enterprises and institutions regardless of form of ownership and management;	Certificate from place of work;
Payments for forced absence from work;	Certificate from entity making payments;
Alimony paid to wives and temporary allowances paid to minors whose parents evade paying alimony, or for whom the collection of alimony is impossible;	Certificate from entity making payments;
Actual income of persons employed by individuals or groups of individuals included at 100 percent of money value	Certificate from individuals responsible for payments;
Other revenues including: sums received as the difference in the buying and selling price of homes, apartments, garages, and other buildings, plots of land, calculated at the time of the transaction.	Documents certifying the sale and purchase of property.

The following payments envisaged by the Law of Ukraine "On the Status and Social Protection of the Citizens Who Suffered as a Result of Chernobyl Catastrophe " are also included in total family income:

- raises of salaries to persons working in the areas of radioactive contamination;
- additional paid leave;
- differences in salary if a person is transferred to the lower paid position;
- retained average salary if a person is dismissed because of relocation;
- compensation for the forced downtime;

The incomes are calculated for the month when they were received, if not stipulated otherwise by the above list.

The total amount of family income **does not include**:

- alimony paid by a family member;
- housing and communal subsidies;
- one-time targeted allowance;

#### **Step 4: Visit the Housing Subsidy Office to Apply for a Housing Subsidy**

The family then takes the completed application form to the housing subsidy office. The family should bring the following documents with them for their interview at the Housing Subsidy Office:

- Income verification certificates,
- A housing owner's/tenant's passport;
- Workbooks for all adult family members and documents certifying: the reason for temporary invalidity, the fact of registration as unemployed or other reasons because of which a person does not work in accordance with the legislation in force;
- Completed application form;
- Certificate from Zhek

If the set of necessary documents is not complete, the application form will not be processed. The staff at the housing subsidy office will interview the applicant to verify the information on the application form. (Interview techniques for staff are described in Section 4 below.)

In different regions of the country the interview techniques may vary. Here are possible options:

- Processing an application form and calculating the amount of the subsidy in the course of the interview with further checkup;
- Acceptance of application forms at local housing subsidy offices and their processing at raion housing subsidy offices; later processed application forms will be returned to local offices which staff will notify applicants about the decision within ten days.

If all documentation is in order, the office staff will complete the eligibility calculation form (printed on the back of the application form). If the applicant is eligible for a subsidy, the staff will issue a notification form to the applicant (also included in the "Documents" section). This form shows the amount of subsidy for which the applicant is eligible.

**Step 5: Take the Notification Form to the Zhek to Have Payment Book Changed**

The family that is eligible for the subsidy must then return to the Zhek with their monthly payment book and the notification form from the Housing Subsidy Office to have their payment book changed to reflect the value of the subsidy. The Zhek will reduce the required payments for the household for six months -- the period for which the subsidy applies.

**Step 6: Make Monthly Payments for Housing and Communal Services**

Each month, the family receiving the subsidy will simply present their altered payment book to the Zhek or the savings bank where they make their regular payments. They will pay only the amount shown due in the payment book -- the total housing and communal services prices minus the amount of the subsidy for which they were eligible.

The subsidy is granted for a period of six months. At the end of that period, the family must reapply to extend their subsidy eligibility. Reapplication requires them to follow these six steps again.

## 4. HOW TO INTERVIEW APPLICANTS

<p style="text-align: center;"><b>Contents</b> Preparing for the Interview Interview Techniques Closing the Interview</p>
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The Housing Subsidy Office (HSO) must obtain complete and accurate information from families so it can serve everyone fairly and efficiently. The best way to collect complete and accurate information is by conducting a thorough interview with the applicant.

While the HSO depends on voluntary and honest disclosure by applicants, good interviewing techniques get better information than bad ones: Most applicants do not wish to be dishonest, but, if they perceive a lack of interest or ability on the part of the interviewer, they may give false or misleading information. Some applicants will be prepared to answer certain questions dishonestly, or withhold information intentionally. They may be discouraged from doing so if they know they will be challenged by an interviewer and that the information they give may be verified independently of the interview. The experience of many offices in different countries is that applicants are more likely to give accurate information if more than one member of the family is present. HSOs should, therefore, encourage both husband and wife to attend the interview.

The most efficient interviews are conducted from a "script" of questions developed for all interviewers to use. A script assures that interviewers do not neglect or forget to ask pertinent questions. The application form itself may be used as the basis for this script because it includes questions regarding all income that must be reported. A supplemental list of questions may also be helpful.

### **PREPARING FOR THE INTERVIEW**

The interview area should be private and secure. Locating interview areas away from other parts of the office if possible will reduce noise and the likelihood of interruptions. No one will want to discuss personal income if other people are listening. Privacy protects the confidentiality of information and encourages applicants to be more thorough.

The interview area should be suitable. The interview space should be neat and professional looking. Interviews should only be held in an applicant's home if the applicant is seriously ill or elderly and unable to travel to the office. Conducting interviews in the housing subsidy office indicates a professional business relationship.

Plan enough time. Adequate time should be planned for each interview. Interviews will be conducted within an average of about 30-minutes. But interviewers should be flexible, allowing time for lengthy discussion if the need arises. Allowing too little time for interviews puts pressure on both parties and may result in collecting incomplete or inaccurate information.

Be well prepared. Be certain that the interview space and all necessary forms and supplies are available and ready to avoid unnecessary interruptions.

Establish a businesslike but friendly atmosphere. The interviewer should introduce him/herself to the applicant and attempt to put the applicant at ease. Treating the applicant like an important client is very effective in obtaining cooperation.

Confirm the identity of the applicant. Request documentation of the applicant's identity. Once introductions have been made, the interview may commence.

State the purpose of the interview. Explain the application process and recertification requirements and the need to collect full information about the applicant's income, and household composition. This description will be a confirmation of information the applicant has received in the public information campaign. Educate the applicant during the interview and allow the applicant to ask questions about the program.

At the beginning of the interview, the interviewer asks the applicant if he received an information brochure and if he has read it. The interviewer then covers the following topics:

- eligibility requirements;
- the purpose of the Application Form and the information needed to determine eligibility and the amount of their housing subsidy;
- the importance of accuracy and completeness of the information presented by the applicant and the consequences of misreporting, particularly deliberate misreporting;
- the policy that information provided by the applicant is treated as confidential.

## **INTERVIEW TECHNIQUES**

Record applicant statements accurately. The interviewer's written statement should reflect the answer given by an applicant without interpretation.

Review and analyze the application with the applicant. Evaluate whether the information provided is sufficient. Confront the applicant with facts that appear inconsistent. For example: "If your husband is unemployed as you state in the application, why was he unable to attend this interview."

Use Broad Questions. Broad questions make the applicant give you information. They allow freedom of response. However, they also allow the applicant the opportunity to get off the subject or to "run on." Broad questions are best to start with, but the interviewer must maintain control of the interview when needed. Example: "Tell me about the people who will be living in your household."

Use Specific Questions to get Specific Responses. After the applicant has answered the broad questions you may use the narrow questions to close out an area of questioning by having the applicant state a response to a series of individual items. Examples: "Do your wages include any cash or in-kind bonuses?" "You have told me about your employment income, do you have any child allowances or child support?"

Avoid Rewording Questions Unnecessarily. Trying to make sure the applicant understands a question, interviewers may try to restate it in different ways. Rewording often leads to multiple questions and a tendency to restate questions in a narrower and narrower way. Ask the question right the first time.

Allow Time for an Answer. It is hard for some interviewers to keep quiet until the applicant has a chance to think of the answer. Interviewers should avoid the temptation to answer on behalf of the applicant.

Use Mirror Questions. Mirror Questions are a restatement of the applicant's response. Mirrors give the applicant a chance to hear their response as you heard it and to check that the correct meaning was received. Mirrors are useful in avoiding misunderstandings or even hearing incorrectly because of noises, distractions, or simply because the interviewer wasn't paying attention. Example: "Let me be sure I understand you correctly. You have separated from your husband, and he is not paying any child support or giving you any money at this time, but the court's executive decree declaring child support payment requirements is scheduled for August."

## **CLOSING THE INTERVIEW**

After the interviewer has reviewed the Application Form with the applicant and if the applicant is eligible, the interviewer should cover the following topics at the end of the interview:

- what the household must do next;
- summary of program benefits and obligations;
- recertification and reporting to the HSP;
- circumstances under which benefits would be terminated;
- who the participant should contact if he has further questions;

the appeals process

## 5. HOW TO CALCULATE THE SUBSIDY AND NOTIFY THE APPLICANT

<p style="text-align: center;"><b>Contents</b> How to Calculate The Subsidy How to Notify The Applicant</p>
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The housing subsidy is the discount given to an eligible family that enables them to pay less than the full price for housing and communal services. Eligibility will be determined and subsidies calculated during the interview in which Applicants present completed application forms and required documents to the HSO. If the processing staff determines all the information presented is complete and accurate and that the applicant's income qualifies him for a subsidy, the processing staff will calculate the subsidy. This will involve completing the subsidy calculation procedures outlined on the back of the application form. The applicant will receive a notification form which should be taken to the Zhek where appropriate adjustments will be made to the monthly housing payment book.

In the event an error is discovered on the subsidy calculation when records are entered into the computerized data base (discussed in Section 11, below), the applicant and the Zhek will be notified of the necessary adjustment in the subsidy amount.

If an applicant submits to the HSO incomplete or inaccurate documentation, the subsidy calculation will not be made. Instead, the applicant will be given specific instructions on what additional information or documents to supply and asked to return only after the missing items are obtained.

### HOW TO CALCULATE THE SUBSIDY

The housing subsidy is calculated by means of a formula which calculates the difference between the monthly payments for housing maintenance and communal services for the dwelling provided that the amount of dwelling space is within the sanitary norm for a family of that size (with due regard for existing housing preferences) and the established fraction of the family's average gross monthly income. The sanitary norm allows 21 square meters for each family member. The above mentioned fraction of total family income may vary in different regions however it cannot exceed that established by the Cabinet of Ministers of Ukraine.

It is important to calculate subsidies correctly. The subsidy calculation form can be found in the "Documents" section of this training manual. The certificate completed by the Zhek shows, on Line 6, the total monthly payments for housing and communal services within sanitary norm (after allowing for existing housing preferences). It should be entered on the first line of the subsidy calculation form on the back of the application form. Line 2 of the subsidy calculation form indicates an average total family monthly income which is calculated as the average before tax family income during the previous three months. On the third line, the HSO staff should enter the established fraction (15 percent) of the total family which constitutes the maximum family monthly payment for housing and communal services. The subsidy is calculated on the fourth line of the calculation form by subtracting from the monthly payments of the family (with due regard for housing preferences) and established fraction of income.

### **HOW TO NOTIFY THE APPLICANT**

If established fraction of total family income is less than monthly payments within the sanitary norm, the Family is eligible for a subsidy. The HSO staff should complete the notification form. The eligible Family should be instructed to present this notification form to their Zhek which will then adjust their payment book, or, in oblasts that have adopted systems that allow separate billing for communal services eligible under this program, the separate payment books.

The Zhek may verify that the family presenting the notification form is on the list of eligible families. This list will be prepared at least once a month by the housing subsidy office and sent to the Zheks. The HSO staff should also explain to the applicant that the application form is subject to random audit by city and oblast agencies, including the office of tax administration. The HSO staff should emphasize to the Applicant that, if for any reason, it is determined that information supplied by the Applicant is inaccurate or fraudulent, the subsidy will be reduced or revoked. In the case of fraud, possible sanctions may apply (see Section 11 of this manual).

If 15 percent of income exceeds the monthly payments within the sanitary norm, the family is not entitled to a subsidy. The family should be told to reapply for a subsidy when its circumstances have changed (described in the following section of this manual). Applicants who are rejected should be informed of their right of appeal. Information on how to file an appeal and the appropriate forms are provided to the Applicant before the Applicant leaves the housing subsidy office (see Section 8 of this manual).

## 6. HOW TO CREATE AND MAINTAIN RECORDS OF PARTICIPANTS

<p><b>Contents</b></p> <p>Recommended Structure of Participant File System</p> <p>Summary Reports To Be Submitted to City or Oblast Office of Housing Subsidies</p> <p>Termination of Subsidy Eligibility</p>
---

Local housing subsidy offices should maintain records for each family that has submitted an application form for a housing subsidy. These records should be confidential; the information in these records should not be made available to the public or the press. Participants should be told that their records are confidential. No person or agency will be informed that a family has applied for, or been granted, a housing subsidy. Records will, however, be available under the law of Ukraine to the Department of Tax Administration and to the Ministry of Internal Affairs.

This section of the training manual describes the records that should be maintained in participant's files to allow for the efficient operation of the Housing Subsidy Office.

### RECOMMENDED STRUCTURE OF BASIC FILE SYSTEM

It is recommended that the Housing Subsidy Offices maintain three sets of files:

- 1) Families that have applied for but been determined to be ineligible for a housing subsidy at this time. These families may reapply later when their income, family composition, or prices for housing and communal services have changed. If records are kept of their application, processing the family when it reapplies will be easier.
- 2) Active participants -- families currently eligible to receive subsidies. A current list of these families should be sent to the Zhek every month so that the Zhek can verify that families submitting a notification form (see the previous Section of this manual) are in fact eligible to receive a subsidy. Sending this information to the Zhek prevents families from submitting a forged notification form. According to local Governments decisions the lists may be sent by housing subsidy offices more frequently.
- 3) Inactive participants -- families that have received subsidies in the past but have terminated their participation in the program because they have failed to recertify at the end of the six-month period for which subsidies have been granted or have been terminated at the initiative of the housing subsidy office because their application form was found to contain the wrong information, because an error had

been made in the original calculation, or because they have failed to pay their monthly housing payments for 3 months. Because these families may apply for recertification if their circumstances change or may appeal the decision to terminate their eligibility, it is important to maintain their records.

The files of families in each of these categories should contain the following documents

Document	Ineligible Applicant	Active Participant	Inactive Participant
Application form	√	√	√
Supporting documents to Application Form	√	√	√
Notification Form	√	√	√
Change in Subsidy Status Form	No	Possible	√
Miscellaneous correspondence	√	√	√
Possible Misreporting Form	No	Possible	Possible

#### SUMMARY REPORTS TO BE SUBMITTED TO CITY OR OBLAST OFFICE OF HOUSING SUBSIDIES

Each housing subsidy office will probably be required to submit records, each month, of families granted subsidies. These "summary reports" will be prepared for:

- Zheks or other agencies responsible for the payment accounts of families (so that they can verify the eligibility of families submitting a notification form to have their payment books changed);
- local communal service enterprises (so that they know the total value of subsidies granted to their customers);
- raion, city, and oblast financial agencies so that they can prepare financial reports to ensure that money eventually flows to the communal service enterprises to pay for communal services.

These summary reports will be prepared on computers using the software program developed for the housing subsidy system. They should include the following information (local program regulations may require additional data to be entered):

**Sample of Information Prepared in Monthly Reporting Forms:**

- 1) Participant ID number (from the top of the application form);
- 2) Effective date of transaction;
- 3) Name of applicant;
- 4) Address of applicant;
- 5) Transaction code:
 

Application submitted	0
Application denied	1
Granting a subsidy to a new participant	2
Terminating a subsidy	3
Recalculation of subsidy	4
Error in subsidy calculation	5
Other changes in status (death, relocation)	6
Appeal hearing	7
- 6) Zhek payment account number(s);
- 7) Family size (from Zhek certificate);
- 8) Average total family income during prior three months (from subsidy calculation);
- 9) Total area of dwelling unit (from Zhek certificate);
- 10) Housing preferences as percent of monthly payment (from Zhek certificate);
- 11) Monthly payment for housing and communal services net of housing preferences;
- 12) Type of dwelling ownership (from Zhek certificate);
 

State owned	1
Departmental	2
Collective	3
Cooperative	4
Private single family house	5
Privatized apartment	6
- 13) Payment for sanitary norm of housing (from Zhek certificate);
- 14) Amount of subsidy (from notification form);
- 15) Housing subsidy office identification number (assigned by raion);
- 16) Processing staff identification number (assigned by office administrator).

When this information is entered onto the computer database, the program will automatically calculate the appropriate subsidy. If this calculation shows a different amount than the actual subsidy granted, the processing staff should identify the reasons for the difference. Preparing these summary reports, therefore, is an important part of

maintaining quality control and auditing the work of the staff who have filled out the subsidy calculation form.

Summary reports must list all active participants, and list all the transactions undertaken by the subsidy office. Separate lists should be provided of new subsidies granted, the termination of a participant from the program, subsidies recalculated, other changes in status (death, moving out of district, etc.), and appeals filed.

Each raion is also required to prepare a monthly summary report for the Ministry of Statistics. This form can be prepared by hand or will automatically be prepared by the database software. A copy of this monthly report is reproduced in the "Documents" section of this manual.

### **TERMINATION OF SUBSIDY ELIGIBILITY**

Participants may be involuntarily removed from subsidy program for the following reasons:

- They fail to make monthly housing payments for three consecutive months (this issue is discussed in greater detail in Section 9, below);
- They are found to have filed misleading or false information on their application form (see "Fraud," in Section 12).

They may also be terminated when they move to a dwelling outside the community served by the housing subsidy office (in which case they will need to apply in their new location), when the applicant dies, or when there are changes in the family composition and family income that render them no longer eligible for subsidies.

Participants who are terminated from the program will receive written notification that explains the reasons. They have the right to appeal. Recommendations for designing a local appeals process for the housing subsidy program are discussed in Section 8.

When a participant is terminated, processing staff should include a copy of the notification in the participants file and move the file from Active Participant to Inactive participant category.

## 7. HOW TO RECALCULATE SUBSIDIES

### Contents

Conditions Under Which a Family May Apply for Subsidy Recalculation  
Options for Local Regulation of Requests for Recalculation

### CONDITIONS UNDER WHICH A FAMILY MAY APPLY FOR SUBSIDY RECALCULATION

Families have the right to request that their subsidy be recalculated if they have experienced a change in circumstances. They have an obligation to report these changes to the housing subsidy office. Changes in circumstance that should be reported and that may lead to a request for a subsidy recalculation are:

- An change in the prices of housing and communal services. For example, if prices are increased, the family may be eligible for a larger subsidy.
- A change in family income. For example, if a family member loses his job (and registers for unemployment) and family income declines, the family may be eligible for a larger subsidy.
- A change in family composition. An increase in the number of people in a family, for example, may increase the subsidy for which the family is entitled.
- Change in place of residence. If a family moves to a new apartment with higher housing and communal service payments, it may be eligible for a higher subsidy.
- Change in tenure. If a family privatizes its dwelling, its monthly payments for housing and communal services may change.

To apply for a subsidy recalculation, the family must fill out an application form but need not be required to collect all the supporting documentation that was required for the initial application. The participant must provide documentation that verifies the changes in family circumstances that led to their request.

For changes in the prices for housing and communal services and changes in family composition, this documentation will be a new certificate from the Zhek. This certificate should be filled out in full by the Zhek. If family income has changed, the participant must provide a certificate from the income source showing the new income or, in the event of a loss of a job, proof of registration as unemployed.

The processing staff at the housing subsidy office should verify the documentation and if the participant is found to be eligible for a subsidy recalculation, they should complete the "Change in Subsidy Status" form, provide a copy of this form to the participant, and place

a copy in the participant's record. The participant must take his form to the Zhek to have his monthly payment book changed.

The monthly reports from the housing subsidy office (see Section 6) should summarize all transactions during the month of the office. They should include notifications of subsidy recalculations.

**OPTIONS FOR LOCAL REGULATION OF REQUESTS FOR SUBSIDY RECALCULATION**

If many participants request recalculations, housing subsidy offices may become crowded and families applying for subsidies for the first time may experience long delays. Therefore the Cabinet of Ministers has decreed that oblast and local governments have the right to regulate the conditions under which participants may apply for subsidy recalculation.

There are a number of ways in which oblast and local governments could regulate requests for subsidy recalculation:

- Limit the frequency with which the prices of housing and communal services can be raised -- to the first day in each quarter, for example. If communal service enterprises were required to give three month notification of price increases, subsidies could be adjusted in advance by the housing subsidy office. For example, the notification form sent to the family could state that they would be eligible for a subsidy of X until the beginning of the next quarter when their subsidy would increase to Y.
- Allow families to apply for a recalculation only if they have experienced a significant change in circumstances. Regulations could specify what is meant by significant (for example, families could apply for recalculation only if their incomes have fallen by more than 20 percent since they applied for a subsidy or if monthly payments had increased by 20 percent). These conditions should be included in the instructions accompanying subsidy application forms.
- Allow families requesting subsidy recalculation to visit the housing office only during periods when local subsidy offices are not crowded (between 2 p.m. and 4 p.m., for example, or during Wednesdays and Thursdays).

## 8. HOW PARTICIPANTS MAY APPEAL DECISIONS BY HOUSING SUBSIDY OFFICES

<p><b>Contents</b></p> <p>Step 1: Appeal to the Office Manager</p> <p>Step 2: Appeal to the Local Executive Council</p> <p>Step 3: Instituting A Lawsuit</p> <p>Recommendation to Local Executive Councils to Create New Housing Subsidy Appeals Commission</p>
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Applicants who are rejected and participants who are terminated or granted a subsidy below the level they believe themselves entitled may appeal the decisions of the local housing subsidy office. All applicants should be told of their rights to appeal decisions and be given, in writing, a description of the steps they may take if they wish to appeal.

At present, under Ukrainian law and administrative procedures there are three appeals procedures: the first is the appeal to the manager of the housing subsidy office; the second is the appeal to the body appointed by the local executive council; the third is the formal process of instituting a law suit against the housing subsidy office. In view of the large number of participants expected in the housing subsidy program, it is recommended that local executive councils create a commission to hear appeals before they reach the courts. This will avoid time-consuming and sometimes costly legal proceedings.

### **STEP 1: APPEAL TO THE OFFICE MANAGER OR PROGRAM DIRECTOR**

A family may ask the manager of the office to which they applied to review their case. This should always be the first step in the appeals process. Most disputes can probably be resolved at this level. Office managers may set aside a certain period each week to hear complaints from the public or may require families to schedule an appointment. The office manager should notify the processing staff who rejected the application or decided on the level of subsidy of the time of the appeal appointment so they are able to prepare materials justifying the decision.

Families appealing to the office manager should be instructed to bring the documents supporting their appeal.

### **STEP 2: APPEAL TO THE LOCAL EXECUTIVE COUNCIL**

Should the housing subsidy office manager dismiss the appeal a participant can appeal to the local executive council to which the housing subsidy office submits. The local

executive council or another authorized body must accept and consider the appeal within the terms set by local legislation for the program.

**STEP 3: INITIATING A LAW SUIT**

Under Ukrainian law, the participant in a government program who feels he has been treated unfairly by the administrators of the program may take his case to court. In court the participant can appeal actions of the administrators of the program. Appeals against executive officers' wrongful actions prejudicing citizens' rights are considered according to the legislation in force (Section 31-A of the Civil Procedure Code of Ukraine).

The appeal is lodged to local Raion (City) People's Court within a month from the day when the appellant learnt about the wrongful actions prejudicing his (her) rights, or from the day of dismissal his (her) appeal to either the housing subsidy office manager or local executive council or from the day of termination of the term set by the legislation for considering the appeal by these bodies.

The plea is hold within ten days usually in full session with participation of the appellant and appellee.

**RECOMMENDATION TO LOCAL EXECUTIVE COUNCILS TO CREATE NEW HOUSING SUBSIDY APPEALS COMMISSION**

Lawsuits are time consuming and costly. In several countries where housing subsidy programs exist, local executive councils have created a special appeals process that hear appeals before a law suit is initiated.

The city or raion executive council has the power to create a commission to hear appeals. It also has the power to decide the membership of this commission and the procedures it will follow in hearing cases. Membership on these commissions usually range from three to seven with the heads of departments of housing and communal services, social protection, and the housing subsidy program often represented.

The process for appealing to these commissions usually involves filing by the participant of a notice of the intent to appeal. This notice usually contains the applicant/participant's name and address (and identification number if available), the address of the housing office and the name of the processing staff person whose decision is being questioned, as well as a brief description of the grounds of the appeal.

Some commissions allow anyone who has filed a notice of intent to appeal to appear at regularly scheduled sessions of the commission. Other commission give formal times at which specific appeals will be held. The first approach is likely to be the best until there is greater experience with how long and complex these hearings will be.

## 9. HOW TO REDUCE THE RATE OF NON-PAYMENT

<p><b>Contents</b></p> <p>The Role of the Housing Subsidy Office</p> <p>The Role of the Zheks</p> <p>Legal Sanctions Against Non-Payers</p>
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The sharp increases in housing prices during 1995 may encourage many families to delay payments for housing and communal services or to stop paying altogether. The housing subsidy program is intended to provide protection for families that cannot afford to pay the full amount of the price increases. Unless those families that can afford to pay more make their regular payments it will not be possible to provide subsidies for those families that need help. And non-payment threatens the ability of communal service enterprises to continue to provide basic services.

In the spring of 1995, the rate of non-payment for housing and communal services was about 25 percent. While families were paying only about 4 percent of the total costs of housing maintenance and the costs of producing housing and communal services -- as they were throughout most of 1994 -- the impacts of a high rate of non-payment were small. But by the end of 1995, some families will be paying 60 percent of the costs of their housing and communal services. This increases both the temptation to households not to pay and the consequences to communal service enterprises of non-payment.

Reducing the rate of non-payment will require collaboration between housing subsidy offices, Zheks, and the court system.

### THE ROLE OF THE HOUSING SUBSIDY OFFICE

Only families that are up-to-date with their monthly housing and communal services payments are eligible to participate in the housing subsidy program. Therefore, families that wish to avoid accumulating further debts at an accelerating pace may be encouraged to pay their debts in order to become eligible to apply for a subsidy. Experience in some countries has been that the introduction of housing subsidy programs has been accompanied by a reduction in non-payment rates.

Oblast and local governments could further encourage regular payments by participants by passing by-laws that would terminate subsidy eligibility for any family that fell behind in their payments. Families terminated in this way could be made ineligible from reapplying

for a subsidy for a period of up to six months, for example. These families would face the consequences of accumulating debts rapidly.

A procedure of this sort would require Zheks to notify housing subsidy offices when participants fell behind in their payments. Zheks should also warn families - in person or by mail -- that they are in danger of being terminated. Termination without such warning may not be regarded as either legal or fair.

**THE ROLE OF ZHEKS**

The primary responsibility for reducing non-payment rates will be born by Zheks. Many will have to introduce special programs to deal with late payment and non-payment. This will involve creating files for delinquent accounts and establishing a set of procedures -- starting with formal warnings and increasing in seriousness to the ultimate penalty of relocating delinquent families into less attractive apartments. Procedures allowed under current law and those that may be permitted under proposed changes in the housing code are explained below. It is important that any new initiatives adopted against late payers should be widely publicized so that families understand the consequences of non-payment.

Recommended steps to reduce non-payments rates include the following:

Create separate records for persistent late and non-payers. Families that have failed to make monthly payments on time should be placed on a special file. The Zhek should experiment on ways of improving their payment habits by sending additional notices when payments are due, telephone calls, and household visits. If the family appears to be unable to afford the monthly payments but are not participating in the housing subsidy program, the Zhek staff should provide them with an application form and a set of instructions.

Notify the late paying family of the speed with which late payment fines are accumulating. The Zhek should send a written notice, ten days after payment was due, explaining the accumulated fine to date and the daily rate at which that fine is increasing.

**LEGAL SANCTIONS AGAINST NON-PAYERS**

According to the current Ukrainian legislation the following sanctions can apply for non-payments and delays in payments for housing and communal services:

Sanction	Explanation	Grounds
1. Fine	<p>In case of delay in paying for housing and communal services, the fine is imposed at the rate of 1% of the debt for each day of the delay. The total amount of the fine cannot exceed 100% of the debt.</p> <p>In case of delay in paying for housing and communal services the fine is imposed at the rate of 1% of the debt for each day of the delay. The total amount of the fine cannot exceed 100% of the debt.</p>	<p>The second paragraph of Item 16 of the Regulations for Granting Housing Subsidies approved by the Cabinet of Ministers Resolution No. 89 dated to February 4, 1995.</p> <p>The fourth paragraph of Item 17 of the Regulation for Using Living Houses and Adjacent Territories approved by the Cabinet of Ministers Resolution No. 572 dated to October 8, 1992.</p>
2. Debt collection in indisputable order (with due regard for the amount of the fine) by executive order	<p>The debts are collected by executive order. To receive the executive order a collector should provide a notary with the documents certifying the debt and its indisputability as well as the fact that the right of demand emerged not more than 3 years ago (in relationships with enterprises and institutions not more than 1 year ago). On completion of this term the debt collection is possible only judicially.</p>	<p>Debt collection is regulated by Section V of the Civil Procedure Code of Ukraine. Procedure of carrying out executive orders is regulated by Section 14 of the Law "About Notariat" as well as Section 12 of the Instruction about Carrying out Notarial Actions by Ukrainian Notaries approved by the Ministry of Justice No. 18/5 dated to June 14, 1994.</p>
3. Collection of debts for housing and communal services judicially	<p>Collection of debts can be applied in the following cases:</p> <ul style="list-style-type: none"> <li>- There are no documents certifying the fact of effecting payment;</li> <li>- The debtor disputes the amount of housing charges and pays less amount;</li> <li>- On termination of executive order validity term.</li> </ul>	<p>Articles 66 and 67 of The Housing Code of Ukraine which stipulate liabilities under the agreement, or Article 469 of the Civil Code of Ukraine should there be no agreement.</p>
4. Relocation of a family judicially	<p>Relocation of a family for not paying for housing and communal services to less attractive apartment which complies with technical and sanitary norms for hostels.</p>	<p>The current legislation does not envisage such a sanction. The terms of relocation are stipulated in the draft of the new Housing Code of Ukraine.</p>

# 10. HOW TO SET UP AND MANAGE A HOUSING SUBSIDY OFFICE

<p><b>Contents</b></p> <p>Responsibilities of Oblast Housing Subsidy Department</p> <p>Responsibilities of Local Housing Subsidy Office</p> <p>Staffing Structure for Housing Subsidy Office</p> <p>Recommended Office Design</p> <p>Staff Training</p>
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The housing subsidy system is the responsibility of oblast and local government agencies. This section describes the responsibilities of oblast and local (city or raion) offices and the staff employed in those offices.

## RESPONSIBILITIES OF OBLAST HOUSING SUBSIDY DEPARTMENT

The Oblast Housing Subsidy Office is primarily responsible for overseeing the local offices. Its primary responsibilities are to prepare reports each month for financial agencies and for the Ministry of Social Protection. The office will also be responsible for recommending changes in those procedures and processes over which oblast governments exercise discretionary control (such as regulating the conditions under which families may apply for a recalculation of their subsidy). The staff of the oblast office should perform the following tasks:

- Ensuring that local housing subsidy offices are managed efficiently and effectively by office managers by preparing summary financial and management reports (described in Section 6 of this manual) and by performing audits on a sample of application forms;
- Clarifying procedures and practices in response to requests from local offices;
- Informing local offices of any changes in national rules and regulations of the housing subsidy program;
- Ensuring that appropriate local appeals mechanisms have been created and are operating effectively;
- Ensuring that the public are clearly informed about the program;
- Arranging for data processing and performing other functions in support of local offices.

## RESPONSIBILITIES OF THE LOCAL HOUSING OFFICE

The local HSO will be responsible for the following tasks:

# 11. HOW TO PREPARE FINANCIAL AND STATISTICAL REPORTS

<p><b>Contents</b></p> <p>Informing Zheks</p> <p>Monthly Reports to Statistics Agencies</p> <p>Monthly Reports Required to Financial Agencies</p>
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Local Housing Subsidy Offices will be responsible for preparing several types of reports. All will be based on the participant records maintained in the basic applicant and participant record system (described in Section 6). In most offices, these records will, ultimately, be entered in the computerized data base (also described in Section 6).

This database will be used to prepare information for Zheks, monthly reports to Statistics and Financial agencies as well as any other reports required by oblast or local government executive committees. The database will also be used to keep some of the records needed for internal efficiency monitoring and auditing described below.

In offices without the capacity to computerize their databases -- or the capacity to arrange for other agencies to enter data on computer -- these reports will have to be prepared manually.

## INFORMING ZHEKS

Some local programs may adopt rules that require the housing subsidy system to provide Zheks with lists of families eligible for subsidies. Such lists would enable Zheks to verify that families showing notification forms from housing subsidy offices and requesting changes in their monthly payment books are eligible (this "secondary notification" would prevent the use of forged or altered notification forms).

Under these procedures, housing subsidy offices would provide Zheks, each month (or more frequently), with a printed list of families currently eligible to receive subsidies. The list might include the following information:

- Name of principle tenant;
- Identification number of participant;
- Zhek payment account number;
- Month on which subsidy was granted;
- Address of propiska;
- Amount of monthly subsidy;

- Informing the public about the program and how to apply (see Section 2);
- Processing application forms (see Sections 3, 4, and 5);
- Maintaining confidential applicant records (see Section 6);
- Recalculating subsidies and recertifying applicants (see Section 7);
- Hearing appeals by applicants (see Section 8);
- Taking appropriate steps against applicants who submit inaccurate or fraudulent forms (see Section 13);
- Preparing financial and management reports for oblast and national government agencies (see Sections 11 and 12);
- Maintaining financial records of the HSO operations and the subsidies granted (see Section 11).

**STAFFING STRUCTURE FOR HOUSING SUBSIDY OFFICE**

Offices will vary in their staffing structure, depending on the number of applicants expected to use the office. A large urban office serving over 100,000 potential applicants may include its own data processing department, its own auditors, accountants and other specialists. A rural office may have a staff of only two or three people and specialized functions such as the preparation of summary reports, auditing applications, and preparing financial reports may be performed by other government agencies such as the local office of the Ministry of Social Protection or the raion executive offices.

**How to Estimate Many Staff Will be Needed**

Because office structures depend on the anticipated number of applicants, the first task in setting up the local office is to prepare forecasts. An appendix to this manual includes forecasts of the number of families expected to apply for each raion in all oblasts. Based on the experience of similar programs in other countries, processing staff in housing subsidy offices will probably be able to interview and process about 15 applicants or undertake about 30 recertifications each day. The appendix also shows the number of processing clerks needed to handle the projected numbers of applicants. As a planning rule, about one administrator or support person will be needed for every three processing staff. The final two columns on the right in the Appendix tables shows the number of total staff needed in each raion to serve urban and rural communities.

Staff needs are likely to fluctuate because the number of applicants will fluctuate. Large numbers of applicants can be expected in the days following increases in the prices of housing and communal services (and 6 months later when these participants apply for recertification). Office managers can plan their staffing needs based on this cycle of applicants. The table on the following page shows staffing needs for an office that has 10,000 participants in the subsidy program. Total staffing needs vary between 3 and 12 -- the largest demands for processing staff may be anticipated after the scheduled price increases in September.

## How to Design the Management Structure

A large office will have three types of staff -- each needing different skills and experience:

- Processing staff who interview applicants, calculate subsidies, and complete the notification forms. These employees should be skilled at dealing with the public, be able to perform basic arithmetic calculations, and be familiar with different types of official documents.
- Technical support staff who enter data, prepare financial reports, perform audits, etc. These support staff should be selected because they are familiar with, or are prepared to be trained in accounting procedures, data entry, and the use of basic computer processes.
- Managers responsible for running the office, hiring and firing staff, maintaining financial accounts, and representing the office before the public.

## RECOMMENDED OFFICE LAYOUT

The ideal housing subsidy office would have three functional areas:

- a reception area where applicants wait for their interview, and, in larger offices may have their application form and certifications reviewed for completeness;
- an interview area where applicants can be questioned privately and their application form reviewed -- divided into a series of interview rooms; and
- an administrative area where data are processed, audits undertaken, new staff are trained, and financial reports prepared.

The attached illustration shows how such an office might be designed.

## STAFF TRAINING

All employees in the housing subsidy office should receive training in office procedures. Training should cover three topics:

- The overall purposes of the housing subsidy program. Staff should review the questions and answers provided as an appendix to this manual.
- The overall structure and operations of the housing subsidy program;
- Skills specific to the position the staff will fill. Processing staff, for example, need to know how to verify documents, interview applicants, and other tasks.

Training should use this manual, with updated sections, as well as copies of local by-laws and regulations concerning the local housing subsidy system.

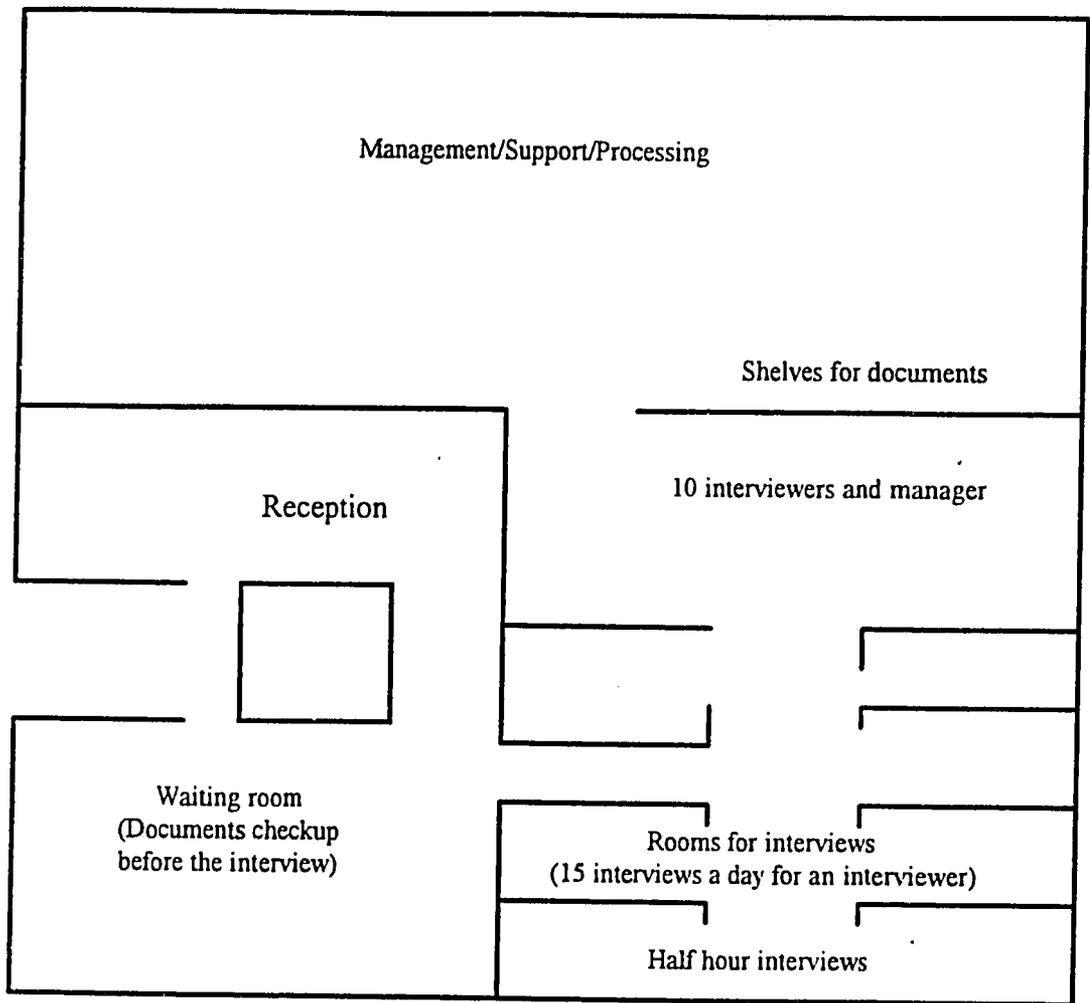
ESTIMATION OF NUMBER OF HOUSING SUBSIDY OFFICE PER 10,000 ACTIVE PARTICIPANTS  
FOR THE FIRST YEAR OF THE HOUSING SUBSIDY PROGRAM

Transactions	Number of staff													Total
	Months	May	June	July	August	September	October	November	December	January	February	March	April	
Number of active participants		600	1000	1500	2000	2500	1500	800	100					10000
Total number of active participants		600	3100	5100	7600	9100	9900	10000						
Number of interviewers		2.00	3.33	5.00	6.67	8.33	5.00	2.67	0.33					
Recalculations of subsidies				350	250	500	250	500	500	750	500	1000	750	5350
Number of interviewers				0.58	0.42	0.83	0.42	0.83	0.83	1.25	0.83	1.67	1.25	
6-month recertification of eligibility								400	700	1200	1600	1800	1800	7500
Number of interviewing								0.67	1.17	2.00	2.67	3.00	3.00	
Total number of interviewers		2.00	3.33	5.58	7.08	9.17	5.42	4.17	2.33	3.25	3.5	4.67	4.25	
Total number of administration, finance and technical support staff		0.67	1.11	1.86	2.36	3.06	1.81	1.39	0.78	1.08	1.17	1.56	1.42	
Total number of staff required		2.67	4.44	7.44	9.44	12.22	7.22	5.56	3.11	4.33	4.67	6.22	5.67	

## Assumptions

- 0,000 applicants are found eligible for the subsidy
- 15 interviews a day per office administrator
- 30 interviews a day per office administrator when recalculating the subsidy
- 30 interviews a day per office administrator when recertifying the eligibility
- 1 administration (finance) assistant per 3 interviewers.

# PROPOSED HOUSING SUBSIDY OFFICE LAYOUT



## MONTHLY REPORTS TO MINISTRY OF STATISTICS

The Ministry of Statistics requires a monthly report to be filed to its local offices before the fifth day of each month. The report and the instructions for completing it are reproduced in the documents section of this manual. Computer software programs can be developed easily to prepare these reports from the data base described in Section 6.

The report requires a summary of the total value of subsidies and the total number of families granted subsidies in the previous month and cumulatively for the year, separated for urban and rural families.

The total has to be desegregated among different classes of dwelling ownership and different family sizes.

## MONTHLY REPORTS TO MINISTRY OF FINANCE

Housing subsidy offices must submit monthly calculation reports on expenses related to granting subsidies to local financial agencies before the 11th day of each month. The reporting form is reproduced in the Documents section of this manual.

Four copies of the payment order for total amount of subsidies must be prepared. Three copies are sent to the bank by the financial office and the fourth one is retained by the financial office which keeps records of the subsidies granted.

Local financial offices must prepare monthly reports on allocation of budget funds for granting subsidies. These reports have the same form as the calculation reports. They are submitted to oblast financial departments which, in turn, submit aggregated reports to the Ministry of Finance.

These reports can also easily be prepared on computer in those offices that have created the data base. Other offices will prepare these reports manually and they will be compiled at the city or raion level.

## 12. HOW TO MONITOR EFFICIENCY AND AUDIT RECORDS

<p><b>Contents</b></p> <p>How to Monitor Staff Efficiency</p> <p>How to Monitor Office Efficiency</p> <p>How to Audit Records</p> <p>What to Do If Fraud is Discovered</p>
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An important part of the roles of the manager of local offices and the director of the Oblast Department of Housing Subsidies is the monitoring of the efficiency of the program. Office managers need to know which of their staff are the most productive, which are the least productive, and the causes of individual differences. Directors of Oblast offices need to know which of the local offices are well managed and which are not. And it is in the interest of all Ukrainians to detect fraud -- by office staff and by applicants -- in order to minimize the cost of the program and to ensure that assistance is given to those who really need it.

This section provides recommendations for procedures to monitor efficiency and detect fraud. These monitoring and audit systems are unlikely to be created during the first weeks after the housing subsidy offices open. The initial period of operation will probably focus on the problems of developing local office policies and procedures and processing the initial wave of applications. Offices should aim to have staff monitoring systems operating by August or September. Oblast and city departments of housing subsidies will be able to issue their monitoring reports as soon as they have installed the database software and have begun preparing the summary financial reports described in Section 6. Office performance measures will be compiled automatically within the database program.

### HOW TO MONITOR STAFF EFFICIENCY

The efficiency of office staff can be monitored by measuring the following aspects of their job performance:

- 1) Number of applications, recalculations, and recertifications performed;
- 2) Number of errors detected on subsidy calculations;
- 3) Number of successful appeals by rejected applicants or terminated participants;
- 4) Number of applicant and participant complaints about staff behavior.

To measure the performance of each employee, therefore, requires the administrator to maintain records. Processing staff should keep records of how many transactions they

have performed during the day, the type of transaction, and the identification number of the applicant or participant. These records can be the basis for the first measure of efficiency.

Transactions Codes	
Submission of application form	0
Rejection of application form	1
Granting a subsidy to a new participant	2
Terminating a subsidy	3
Recalculation of subsidy	4
Error in subsidy calculation	5
Other transactions related to changes in status (death, relocation)	6
Appeal hearing filed	7

To record the second measure of efficiency, the summary reports produced when data are entered into the computerized database will print the error rate (number of errors in calculating subsidies divided by the number of transactions) for each housing subsidy office as a whole and for each processing staff person in each office. This calculation is possible because the summary records include the identification number of each office and each staff person. This monthly report should be the basis for the administrator's assessment of the accuracy of the work of his employees.

The office manager will have to keep two sets of records to complete the efficiency monitoring: a record of appeals by applicants and participants against decisions made processing staff. This record may include the following information:

- |   |   |
|---|---|
| 1. Appellant's identification number.             |   |
| 2. Cause of appeal:                               |   |
| - Incorrect calculation of subsidy                | 1 |
| - Improper termination of eligibility             | 2 |
| - Failure to notify applicant of terms of subsidy | 3 |
| 3. Outcome of appeal:                             |   |
| - Denied  | 1 |
| - Sustained                                       | 2 |
| 4. Housing subsidy office identification number   |   |
| 5. Staff identification number                    |   |

The second set of records the administrator must maintain is a list of customer complaints about the conduct of his staff: customers may complain about rudeness, about the slowness of a staff member, or about the staff's inability to answer basic questions about the program. All customer complaints should be heard. But staff should be able to give their side of the case -- although not necessarily in front of the complainer. Formal complaints against staff members should be noted and records kept.

The purpose of monitoring staff efficiency is not to punish the inefficient. It is to identify problems in order to be able to correct them. If the administrator knows the relative speed with which processing staff are able to perform different tasks, he will be able to provide supplementary training to the ones performing slowly or perhaps reassign them to other responsibilities.

A good administrator will use these performance measures as the basis for providing staff bonuses and for rewards for staff who perform particularly well.

If staff are to be measured and rewarded based on their efficiency, they should also be encouraged to suggest ways in which office procedures could be changed to improve individual and overall office efficiency. Especially during the first weeks and months after offices open, office administrators should hold weekly meetings to encourage staff to find better ways of performing their functions. Administrators should be flexible and reward staff whose suggestions prove effective.

### **HOW TO MONITOR OFFICE EFFICIENCY**

The efficiency of an office as a whole should be measured on the basis of the first three measures used to evaluate staff performance: the number of transactions completed (perhaps adjusted for the number of processing staff), error rates in subsidy calculations, and the number of decisions overturned on appeal (expressed as a percentage of the total number of active participants). The city or oblast office should publish monthly reports showing these measures for all offices within its jurisdiction. This summary report should be distributed to all housing subsidy offices so that the offices can compare their performance with that of other offices. The report should also be distributed to all local executive bodies so that they can evaluate the performance of the office administrators within their system.

Office administrators should be held accountable for the performance of their offices. Oblast, raion, and city executive bodies should be prepared to act when one of the offices within its system consistently performs badly relative to offices in other systems. Office administrators may be warned, placed in a different position within the system, or, ultimately, dismissed. But oblast, city, and raion executives should also be prepared to recognize offices that perform particularly well according to these measures. Government offices in some countries are encouraged to compete for efficiency awards.

### **HOW TO AUDIT RECORDS**

Program directors and office administrators should be concerned about two types of fraud: applicants who provide false or misleading information on application forms causing them to receive a larger housing subsidy than they are entitled, and processing staff who deliberately approve subsidy applications to ineligible applicants or provide larger subsidies than applicants are entitled. As prices of housing and communal services

increase, the value of subsidies will grow. This will tempt both applicants and some processing staff to commit fraud.

Both types of fraud are best detected by auditing a random selection of application forms. Larger offices may include an auditor on the staff. Smaller offices are likely to leave this responsibility to the raion, city, or oblast housing subsidy office or to the financial agencies responsible for financial flows within the housing subsidy system.

The task of the auditor is to confirm the information on the application form, the information on the certificate provided by Zheks, and the income information provided by employers and other income sources. The auditor should randomly select participant files, selecting from the list of participant identification numbers prepared each month by the office. The auditor should then independently verify the information provided in the application form - calling employers to verify income, unemployment offices to verify registration for unemployment, etc. The auditor should also verify the information provided by the Zheks concerning the costs of monthly payments, and other data. He may seek further information from the Office of Tax Administration and other sources.

### **WHAT TO DO WHEN FRAUD IS DISCOVERED**

The fact that cases will be randomly audited should be explained to staff and to applicants. Deterrence is better than detection. When several cases of fraud are discovered, the frequency of sampling should be increased. Consider using the following options for avoiding fraud:

- Make sure that applicants and office staff understand that they face severe consequences if they deliberately falsify information; when serious cases of fraud are discovered, the guilty applicant or staff member should be punished;
- Develop a fair procedure for prosecuting fraud in which people accused of fraud have the opportunity to explain their actions;
- Provide written warning to staff members whose case files are found contain an above average number of suspicious errors;

The actions of the official calculating excessive subsidies may be found in violation of labor discipline ("non-fulfillment or inadequate fulfillment of duties") under Article 147 of the Code of Labor Law of Ukraine and may be reprimanded or dismissed. In addition, Part 1 of Article 166 of the Criminal Code of Ukraine establishes the responsibilities of officials in the administration of public programs. Under this provision, officials who are found guilty of deliberately granting excessive subsidies thereby costing the state additional money, may be imprisoned for up to three years or required to perform forced labor for up to two years.

Under a proposed draft of Part 1 of Article 148<sup>5</sup> of the Criminal Code of Ukraine establishes the responsibility of citizens to provide accurate information. If they deliberately provide false information they may be subject to prosecution.

Beside that the current Ukrainian legislation envisages the following responsibilities of the parties for authenticity of the documents submitted to housing subsidy offices:

<i>Responsibilities</i>	<i>Explanation</i>	<i>Grounds</i>
1. Criminal, administrative	Officials who do not fulfill or inadequately fulfill their duties	Article 167 of the Criminal Code of Ukraine (negligence); Article 172 of the Criminal Code of Ukraine (official forgery)
2. Criminal, administrative	Citizens who falsify documents associated with payments for housing and communal services	Article 87 of the Criminal Code of Ukraine "Material losses caused by fraud or breach of trust"; Article 194 of the Criminal Code of Ukraine "Falsification of documents, stamps and seals as well as sale and usage of falsified documents".

## 13. HOW TO DEAL WITH PROBLEMS

<p><b>Contents</b></p> <p>Long Lines of Applicants at HSOs</p> <p>High Error Rate in Subsidy Calculations</p> <p>Low Rate of Program Participation</p>
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The housing subsidy program is new. During its implementation, problems will occur -- some easy to solve, some more difficult. For technical questions, local housing subsidy offices may inquire through the hotline operated by the Ministry of Social Protection. For more difficult problems, changes in local policy and procedures may be needed. This section recommends ways of dealing with these problems.

### LONG LINES OF APPLICANTS AT HOUSING SUBSIDY OFFICES

It is difficult to anticipate how many families will apply for housing subsidies on any given day, during any given week, or during any given month. The number of applicants is likely to increase when local prices for housing and communal services have been increased, at the beginning of the month before payments are due, during bursts of inflation, and, perhaps, after government announcements of changes in wages and pensions.

As a guide to anticipating the number of applicants, a model has been developed that projects the number of families applying in each raion in Ukraine, and calculates the number of office and staff that will be needed to process these applicants. The results of this model have been distributed to all oblasts and raions. But these projections are intended for planning purposes only. Actual numbers of applicants will, undoubtedly, differ from these projections.

Large, unanticipated numbers of applicants may occur as a result of the right of participants to apply to have their subsidies recalculated as a result of changes in family circumstances (see Section 7 of this manual). Under amendments to Decree No. 89, issued in March 1995, oblast and local governments have the right to issue regulations describing the circumstances under which participants may apply for a recalculation of their subsidy.

There are three different types of situation in which lines can form: 1) when the number of applicants exceeds the capacity of the processing staff in a local office most of the time; 2)

when the number of applicants exceeds the capacity of the processing staff some of the time; and 3) when an short-term increase in applicants can be predicted.

To determine the relationship between the number of applicants and the capacity of the office staff to process these applications, office managers should maintain a record of the number of applicants each day. For crowded days, they should also maintain a log of the number of people waiting to be served in the office.

1) *The Number of Applicants Exceeds the Capacity of the Office Processing Staff Most of the Time (that is, there are long lines on most days)*

If the number of applicants consistently exceeds the capacity of the staff to process quickly, there are two permanent solutions:

- increase the number of permanent staff responsible for processing applications (these staff could be assigned from an office where the number of applicants is below capacity) ;
- open a new office with additional staff.

2) *The Number of Applicants Exceeds the Capacity of the Office Processing Staff Some of the Time (that is, there are long lines only on certain days of the week or month)*

Although the total number of applicants handled by the office is within the overall capacity of the office when averaged over the month, the office needs to manage the flow of applicants more effectively. Management techniques that the office manager might consider include:

- Dividing the area served by the office into districts (or groups of buildings) and allowing applicants from each districts (or group of buildings) to apply only on certain days;
- Allowing certain categories of applicants to apply on specified days (e.g. single mothers on Mondays, pensioners on Tuesdays; unemployed on Wednesdays, and so on);
- Extending office hours or open the office for extra days each week;
- Excluding from the office during crowded days or during crowded hours during the day applicants wanting subsidies recalculated (see Section 7);
- Station staff temporarily in other organizations such as Zheks or regional offices of the Ministry of Social Protection to process applications;
- Accept, but do not process, applications during crowded periods and return subsidy notification by mail or by hand after the staff has processed the application during less crowded times.

Note: Be sure that whatever techniques you adopt for your office are communicated clearly to the public. These procedures may be defined in regulations issued by oblast or local government executive bodies.

### 3) *Predictable Increases in Caseloads*

Predictable increases in the numbers of applicants will occur, for example, 6 months following earlier increases, as people reapply after their initial certification has expired. They will also occur immediately after the prices of housing and communal services have been increased.

Predictable increases in caseloads may be addressed by hiring temporary staff or by some of the caseload management techniques described above. Office managers should use local radio, television, and newspapers to explain to the public the temporary application procedures that will be used.

### **HIGH RATE OF ERROR IN SUBSIDY CALCULATIONS**

When summary financial reports (described in Section 6 of this manual) are prepared for the city or oblast, a high rate of error in calculations may be discovered. This indicates a need for further local staff training. High rates of error are likely during the first weeks after the offices open as staff become familiar with processing techniques.

Office managers need to be able to detect error rates among their staff that are above normal. They should consider, therefore, maintaining records of error rates for each staff member in order to be able to detect, as soon as possible, who is having the most difficulty. When high error rates are detected, consider the following options:

- When problems arise because of staff misunderstanding by staff, the office manager should explain how to process applicants with certain characteristics (e.g. existing housing preferences, pensions, or wherever errors have been most frequent);
- Offer staff regular "follow-up" training sessions;
- Offer special training programs for processing staff experiencing difficulties;
- Make sure all staff are informed about any new procedures or clarification regulations issued by the Ministry of Social Protection through its "hot line;"
- Develop a system of positive incentives to reward staff that achieve a high rate of accuracy and speed when processing application forms.

### **LOW RATE OF PROGRAM PARTICIPATION**

Because the housing subsidy program is new, it will take several weeks before eligible families understand how to use the program. That is why there will be extensive nationwide and local campaigns to inform the public about the program. These campaigns are described in Section 2 above.

The more information made available to families, the fewer ineligible families will apply, the fewer families will fill out application forms incorrectly or will provide inadequate documentation, and the less likely offices will experience sudden long-lines of applicants.

Good public information will, therefore, make the job of office managers and processing staff much easier.

Therefore, if the number of applicants is far below predicted levels, it may indicate that the local public information campaign has not, so far, proved effective. Consider using the following options:

- Repeat the TV and radio “infomercials” used earlier in the campaign;
- Place advertisements in local newspapers;
- Hold a press conference by the Mayor or chief executive of the raion;
- Advertise the program in Zheks;
- Use of television news programs to explain the program.

## 14. QUESTIONS AND ANSWERS ABOUT UKRAINE'S HOUSING SUBSIDY PROGRAM

### GENERAL QUESTIONS

#### **Why Does Ukraine Need a Housing Subsidy Program?**

Last year, more than one-fifth of the value of all goods and services produced in Ukraine was spent building and maintaining housing and producing communal services. This expenditure is responsible for a large part of Ukraine's current budget deficit.

The current level of spending on the housing sector cannot continue. To achieve its goals of economic reform, the government must reduce overall spending. Government expenditure must be limited for the near term, to the extent possible, to building productive capacity in the overall economy, with provision of a social safety net to protect the most needy Ukrainians. The government can no longer afford to subsidize people who could afford to pay more for their housing and communal services.

Decreasing housing sector expenditures will allow increased investment in programs designed to increase the productive capacity of Ukraine, enabling the economy to grow and providing more and better jobs and a better life for all Ukrainians.

#### **Why are Housing Maintenance and Communal Services Costs Increasing?**

The primary reason for cost increases is inflation -- fueled by the large deficit in the national budget. But costs of housing maintenance and producing and distributing communal services are increasing faster than the rate of inflation because of the rapid increase in fuel costs as Ukraine adjusts to international price levels.

During this period of restructuring and budget constraints, the government has not been able to increase its subsidies to communal services enterprises to compensate for these cost increases. The result is deteriorating services -- nonworking elevators, leaking roofs, disruptions in water service. To ensure the continued provision of basic services, the increased production costs will have to be covered by increased payments by those families that can afford to pay more.

#### **How much will family monthly payments be increased this year? Starting when?**

Family monthly housing payments were first raised last October -- from a level where they covered about 4 percent of production costs to a level where they covered approximately fifteen percent of actual production costs for heat, water and waste water disposal, gas, garbage removal, and hot water. Prices were raised again in February 1995 to cover twenty percent of operating costs. Prices will be raised three more times during 1995: on

May 1, June 1 and September 1. By September, family monthly payments will cover sixty percent of actual operating costs. The remaining forty percent of the costs will continue to be paid by the government.

### **Why is it Necessary to Change the Old System Under Which Housing was a Donation from the State?**

The existing system is financially unsound and socially unfair. It was financially unsound, because the government had to borrow to pay for the subsidies -- contributing to the government's rapidly escalating budget deficit and inflation. It is socially unfair, because families with high incomes and living in large apartments (relatively expensive to maintain and to provide with communal services) received large government subsidies, while families living in small, overcrowded, deteriorating apartments (inexpensive to maintain and to service) received small subsidies. Under the new system, actual costs of production and distribution of communal services will increasingly be paid by those who receive the services, and subsidies will be provided to those most in need of assistance.

### **What is the Housing Subsidy Program? When Will it Begin?**

On February 4, 1995, the Cabinet of Ministers issued Decree No. 89, for the purposes of protecting low-income families through non-cash subsidies to partially offset increases in housing maintenance and communal services charges (water and wastewater disposal, gas, heating, and solid waste removal). The decree is being implemented through the housing subsidy program."

The housing subsidy program is based upon a simple principle: No family should have to spend more than a specified percentage of its income for housing maintenance and communal services. The program will ensure that low-income people have sufficient income left over after making housing payments to pay for other essential goods and services, even in times of rapidly increasing housing costs. Housing Subsidy Offices will open at the beginning of May, 1995. The program is being implemented simultaneously with new increases in rates for housing maintenance and communal services.

### **What is a Housing Subsidy?**

A housing subsidy is a discount that a family which participates in the Housing Subsidy Program receives on its monthly payment for housing and communal services (heat, water and waste water disposal, hot water, gas and solid waste disposal). The Housing Subsidy Office determines the amount of discount that each family is entitled to receive. The discount is recalculated every six months or when the family circumstances change. Services not eligible for a subsidy include elevator maintenance, radio and TV connections and electricity.

### **How Will the Subsidy be Provided to Participants?**

The housing subsidy will be provided in the form of a discount on the monthly housing and communal services payments that a participating family pays. The discount is recorded in the payment book of a participating family when it presents to the Zhek the notification form completed by the Housing Subsidy Office.

### **When Will I Begin Receiving My Subsidy?**

Once a family has been determined eligible for a subsidy by the Housing Subsidy Office, the subsidy becomes effective beginning with the month in which the family applied for the subsidy. For example, if you apply for the subsidy before May 31 and you are determined eligible for the subsidy you will benefit from a discount on your May payment for housing and communal services.

### **What Agencies Are Primarily Responsible for Administering the Program?**

The Housing Subsidy Program is under the control of local governments who have the power to decide what types of offices will be created to meet the local demands for subsidies. These offices will have to submit financial reports to local financial bodies to ensure that funding flows to communal service enterprises. Local offices of the Ministry of Social Protection will be responsible for setting overall norms for the program and providing technical assistance for local offices.

### **Who is Eligible to Participate in the Housing Subsidy Program?**

A participant in the Housing Subsidy Program is a family which occupies any type of housing unit within the Ukraine and meets and satisfactorily documents the following requirements, as determined by the Housing Subsidy Office:

- (1) The average monthly total family income during the three months prior to applying was below the level at which 15 percent of this income is less than its projected monthly housing and communal services payments within the sanitary norm;
- (2) all adult members are either working, in school, disabled, or have registered for unemployment benefits and can document their status; and
- (3) is up to date in its housing and communal services payments.

### **Am I Eligible for a Subsidy Regardless of the Size of My Apartment?**

Yes. There is no limit to the size of the apartment you can occupy and participate in the Housing Subsidy Program. However, the housing subsidy your family can receive will be calculated based on the housing and communal services payments for a housing unit which meets the sanitary norm of 21 square meters per person for each member of your family. If you occupy a very large housing unit, you may not qualify for a housing subsidy.

### **Is my Family Eligible for a Subsidy if One or More Family Members are Currently Entitled to a Housing Preference?**

Yes, so long as your families monthly payments within the sanitary norm and after taking into account the value of the housing preference(s) is more than 15 percent of average total family income.

**What can we do if the Housing Subsidy Office says my family is not eligible for a housing subsidy but we believe we meet all the requirements of the Housing Assistance Program?**

You and your family can ask the manager of the Housing Subsidy Office to review your case and determine whether a mistake was made in rejecting your application. If you then disagree with the decision of the manager, you have the right to appeal to the local executive committee. Should you disagree with the decision of the local executive committee you have a right to bring a case before the court.

## **QUESTIONS CONCERNING THE APPLICATION PROCESS**

**Where can I get an application?**

Application forms and instructions for the housing subsidy program will be available at Zhek offices, raion and city offices and other locations the local program director has selected.

**What do I do next, after I have obtained an application?**

Follow the instructions for filling out the application form. Be sure to collect the required certificates from the Zhek and from your sources of income BEFORE visiting the Housing Subsidy Office.

**How do I get help if I need assistance in filling out the application?**

From the Housing Subsidy Office staff.

**After I have filled out the application and obtained documentation, what do I do?**

Once you have filled out the application form and obtained income verifications forms, take the housing owner's or tenant's passport, workbooks of all unemployed adult family members as well as documents certifying the cause of temporary invalidity, the fact of registration at an employment exchange or other causes of unemployment and visit your local Housing Subsidy Office. You will meet with an Interview Clerk who will review your application and documentation, and perform the calculation to determine whether or not you are eligible to receive a subsidy.

**Does my entire family have to participate in the interview at the Housing Subsidy Office?**

Only one member of the family -- preferably the head of the family -- must to be present at the interview. But we encourage as many adults as possible to attend. Documentation for the income and work status of all family members will be required.

**What do I do if I can't go to the Housing Subsidy Office during working hours?**

Local Housing Subsidy Offices will make every effort to stay open for extended hours and on Saturdays to accommodate families in which no adults are able to come during regular working hours.

**What do I do if all members of my family are ill or otherwise unable to go to the subsidy office?**

If neither you nor any adult members of your family can visit the housing office, please write or telephone the office and schedule a time when processing staff can interview you at your home.

**Will any other agencies or individuals have access to the information I provide?**

Information provided by families in applying for a housing subsidy will be used only for purposes of verifying eligibility and calculating the subsidy amount. The access to applicants' files will be permitted only for the staff of housing subsidy offices and those organizations which have such a right according to the legislation in force.

**What will happen when I take my application to the Housing Subsidy Office?**

When you take your completed application and required documentation to the Housing Subsidy Office, you will meet with a member of the staff who will review your application form and interview you about your answers. If you are missing required documentation, you will be asked to return with the missing items. If your information is complete, the staff will calculate whether you are eligible and for what subsidy. You will be notified at the office whether your family qualifies for a subsidy and, if so, how much.

**How will my subsidy be calculated?**

The subsidy is calculated as the difference between the amount charged for housing and communal services within the consumption norms (with due regard for current preferences) and the specified fraction of family's gross monthly income. This fraction can vary in different regions, however it must not exceed that specified by the Cabinet of Ministers of Ukraine. The payment for housing and communal services is calculated as the amount charged for housing within the sanitary norm (21 m<sup>3</sup> per each family member) plus amount charged for communal services according to the consumption norms.

**How does the size of my home effect the calculation of my subsidy?**

The subsidy is based on an existing sanitary norm (21 m<sup>3</sup> per person in a unit). So, for example, if you occupy a unit with another adult and a child, your sanitary norm is 63 square meters and your subsidy is based on that amount of space. You may occupy a larger unit, but you must pay the full cost of the excess space yourself. If you occupy a home with less space than which you are entitled, your subsidy will be calculated on the amount of actual space. For people living in a one room apartments the subsidy will be calculated regardless the total floor space of their apartment.

**How much will my family be expected to pay towards housing and communal services?**

A family is expected to contribute not less than 15 percent of its income towards the cost of housing and communal services. Families paying less than this amount are not eligible for a subsidy.

**For how long will the initial calculated amounts of subsidy for my family be valid?**

The subsidy calculated for your family is valid for a period of six months after which time you must come in to the Housing Subsidy Office to recertify. A new application and set of documentation and certificates must be presented at that time. Participants may apply for early recertification before their subsidy has expired if they have experienced a change in circumstances. These voluntary recertifications may result from changes in the number of family members, a change in family income, a loss of job among family members, or a change in the prices of housing and communal services not accounted for in the original calculation.

**QUESTIONS RELATED TO CALCULATION OF TOTAL FAMILY INCOME**

**How is total monthly family income calculated?**

To define the family's average total monthly income it is necessary to add all incomes (the complete list of incomes is included into the Cabinet of Ministers Resolution No. 89 and the recommendation leaflet for citizens) earned by all family members above 16 over three months preceding the month in which the application is submitted to the housing subsidy office.

**What types of income are counted?**

All sources of income specified in the government Decree of the Cabinet of Ministers No. 89, establishing the Housing Subsidy Program must be declared. These are listed in detail on the instructions accompanying the application form. These instructions are also displayed in the housing subsidy office, where staff will answer your questions.

**What documents do I need to bring to the interview?**

Documents certifying all incomes received, the passport of housing owner/tenant, workbooks of all adult unemployed family members as well as documents certifying: the cause of temporary invalidity, the fact of registration at an employment exchange or other grounds of unemployment in compliance with the current Ukrainian legislation. Applicants must also submit the completed application form and certificate from Zhek.

**If I am self-employed, how I document my income?**

The same way as you would when you complete your income tax form.

**Will family income information be checked?**

Applicants must bring with them to the Housing Subsidy Office certificates from employers or proof of registration for unemployment, schooling, or child care responsibility for all adults in the family. Applications and documentation are subject to a random check either by supervisors at the Housing Subsidy Office or Oblast officials. Subsidies may be re-calculated as a result of these audits. Deliberate fraud on the part of applicants may be subject to criminal prosecution.

**What can I do if I think the amount of subsidy calculated by the Housing Subsidy Office is incorrect?**

If you believe the calculation performed by the HSO is not correct, you may file an appeal to have your file reviewed. The first level of appeal is to the manager of the housing office. The next level of appeal is to the local executive committee. Final appeal may be made in a court of law.

## **QUESTIONS RELATED TO CERTIFICATION**

**What if my family's circumstances change before termination of the 6-month period? How to recalculate the subsidy?**

Depending on the rules set by your oblast or city housing subsidy program, you may come to the Housing Subsidy Office to have your subsidy recalculated under certain circumstances. These may include changes in the number of family members, a change in family income, a loss of job amount.family members, or a change in the prices of housing and communal services not accounted for in the original calculation. Also, if you move, you must have your subsidy recalculated.

**Does my family continue to receive a subsidy if it moves in between six month recertifications?**

Yes, so long as you notify the Housing Subsidy Office of your move and have the Office recalculate your family's housing subsidy payment based on your monthly housing and communal services payment for the new unit.

**What if someone in my family becomes unemployed during the 6-month recertification period?**

Changes in employment of family members do not need to be reported until your next regular 6-month recertification. However, your Housing Subsidy Office may be willing to recalculate your family's housing subsidy payment before your next six month regular recertification. In order for your housing subsidy payment to be recalculated by the Housing Subsidy Office the unemployed member of your family must be registered for unemployment benefits.

**Under what circumstances can my family's housing subsidy be reduced or revoked between 6-month recertifications?**

A families housing subsidy normally will not be reduced between 6-month recertifications; however, if the family submitted by mistake information to the Housing Subsidy Office that is later determined to be incorrect, a family's housing subsidy may be reduced. A family's household payment can be terminated when it is determined that the information submitted to the Housing Subsidy Office was materially and intentionally incorrect.

**Under what circumstances can my family's housing subsidy be reduced or revoked at a 6-month recertification?**

Generally, a family will continue to receive its subsidy as long as the family meets all eligibility requirements and has correctly reported all information. A family's housing subsidy can be recalculated and reduced by the Housing Subsidy Office if the family's circumstances has changed or if it is determined that the Housing Subsidy Office miscalculated the family's previous subsidy or the family previously submitted information by mistake to the Housing Subsidy that is now determined to be incorrect. A family's housing subsidy payment can be terminated when it is determined at the regular 6-month recertification it no longer qualifies for housing subsidy or the payment can be revoked if the Housing Subsidy Office determines that the information submitted by the family to the Housing Subsidy Office is materially and intentionally incorrect.

**What happens if my family fails to pay its monthly housing and communal services payments on time?**

A family must be up to date in its housing and communal services payments in order to enroll in the housing subsidy program. A family participating in the housing subsidy program is obligated to make its housing and communal services payments on time. If its payments are not made for three consecutive months, the family's participation in the program is terminated and they will not be allowed to reapply for six months after the effective date of their termination.

**What if the total income of my family increases substantially?**

If the total income of a family income increases substantially relative to its housing and communal service payments, and other family circumstances remain the same [family composition, apartment size, etc.], the family is obligated to visit the subsidy office to report the change in circumstances and to have its subsidy recalculated. Failure to comply within 30 days of the change in circumstances could result in the rejection of your application or recertification at the end of 6 months.

**What if someone moves out of my family, reducing my family size?**

If someone moves of your family (or dies), you are obligated to visit your housing subsidy office to have your subsidy recalculated. Failure to comply within 30 days of the change in circumstances could result in the rejection of your application or recertification at the end of 6 months.

**What if my family mistakenly fails to report all of its income?**

If you have filled out your application and reported all information to the Housing Subsidy Office in good faith, and a mistake is detected, your subsidy benefit will be recalculated without penalty to you. The recalculation will apply only to the upcoming 6-month period. It will not be applied retroactively to the prior 6-month period.

**What if my family willfully misrepresents its income?**

Willful misrepresentation of family income will result in immediate disqualification from the program and cessation of subsidy benefit. A participant found guilty willful misrepresentation of information will be ineligible to reapply to the program and will be subject to criminal prosecution.