The Strategy for Stable Development «Ukraine – 2020» refers to the implementation of the housing and communal reform as one of the defining vectors for the development of the country, its regions and cities. The housing and communal sector, as an important socio-economic activity, provides the population with much-needed housing and public utilities. The provision of high-quality housing and communal services is linked to the need for a comprehensive transformation of the defining principles of the housing and communal sector functioning in Ukraine [1] and the improvement of budgeting technology in this area, reforming its State regulatory system. Political factors, loss of macroeconomic stability, lack of a clear forecasting methodology, inadequate State Management of budgetary resources hamper the development of the domestic housing and communal services market.

All this leads not only to an overestimation of the housing and communal services cost, but also to a gradual deterioration in their quality. For this reason, it is relevant and useful to find out the theoretical and practical bases for the operation of enterprises and organizations that provide housing and communal services, taking into account the problems of their transformation to an open economy. One of the prerequisites for a qualitatively new transformation of the housing and communal sector in Ukraine is the establishment of a competitive environment [2] in the housing and communal services market, as an effective mechanism for overcoming the crisis in the sector, development of new forms of housing management (HOA, single-customer services, involvement of private enterprises), competitive selection of enterprises (management companies) for training in the provision of housing and communal services. The reform of the housing and communal services market in Ukraine is impossible without a detailed study of the experience of countries that have achieved significant progress or are in the process of transforming the housing and communal services market.

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 SOURCES OF HOMEOWNERS' ASSOCIATION (HOA) FUNDING IN UKRAINE

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Key words: sustainable development, housing and communal services, HOA, management companies, competitive environment.

The presented article is dedicated to one of the main vectors of the development of the housing and communal sector in Ukraine – the implementation of the HOA mechanism in the residential sector. The HOA is understood as an association of owners of properties in a residential complex, which is authorized by law to manage common objects and space, as well as to provide services for the effective functioning of the residential complex. The HOA is the first step towards the development of a competitive environment in the residential area, which will ensure the quality of services provided by the HOA.

ДЖЕРЕЛА ФІНАНСУВАННЯ ДЛЯ ОСББ В УКРАЇНІ

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Ключові слова: сталий розвиток, житлово-комунальні послуги, ОСББ, керуючі компанії, конкурентне середовище.

Одним з визначальних векторів розвитку країни, її регіонів і міст Стратегією сталого розвитку «Україна – 2020» визначено реалізацію реформи житлово-комунального господарства. Житлово-комунальна сфера, будучи важливим соціально-економічним видом діяльності, забезпечує населення вкрай необхідними житлово-комунальними послугами. Надання якісних житлово-комунальних послуг споживачам пов’язане з потребою комплексної трансформації визначальних засад функціонування житлово-комунальних послуг України, вдосконалення технології бюджетування цієї сфери, реформування системи державного її регулювання. Політичні чинники, втращення макроекономічної стабільності, відсутність чіткої методики прогнозування, непалежний стан державного управління бюджетними коштами стримують розвиток вітчизняного ринку житлово-комунальних послуг.

Усе окреслене призводить не лише до завищення вартості надання житлово-комунальних послуг, але й до поступового погіршення їх якості. Тому насамперед актуально та доцільно з’ясувати теоретичні та практичні засади функціонування підприємств та організацій, надавачів житлово-комунальних послуг, зважаючи на проблеми їх трансформації до умов вітчизняної економіки. Однією з основних передумов якісно нових перетворень в житлово-комунальному господарстві України є формування конкурентного середовища на ринку житлово-комунальних послуг, як дієвої механізму виходу галузі з кризи, розвиток нових форм управління житловим фондом (ОСББ, служба єдиного замовника, залучення приватних підприємств); проведення конкурсного відбору підприємств (керуючі компанії) до участі в наданні житлово-комунальних послуг. Реформування
Statement of the problem
Currently, the most pressing issue in the scientific definition of the regional components of the housing and communal sector reform: is an improvement of the tariff policy in housing and utilities with a view to ensuring its social and economic justification, the development of methods and mechanisms for the management of the reform process as well as sources of financing of capital investments, modernization and reconstruction of the housing stock. The establishment of the homeowners’ associations (HOA) in Ukraine today remains the best way to reform the housing and communal sector of Ukraine. This type of community property management not only allows residents to spend their property transparently and efficiently, but also increases the energy efficiency of households by investing in their own future. The creation of favourable conditions for the functioning of homeowners’ associations in the realities of modern Ukraine is an extremely important step for the entire State.

Analysis of recent studies and publications

Main purpose of the article
The objective of the work is to identify and analyse sources of funding for homeowners’ associations (HOA).

The main material of the research
In order to stabilize the financial situation of HOA and improve the efficiency of their management, it is necessary to solve the problem of their financing. Co-financing of households may be a source of HOA funding [3]. In order to attract such funding, it is necessary to convene a general meeting of the homeowners and to vote in favour of such an option, in particular an increase the maintenance contributions (for example, to set up a repair fund), or the homeowners agree to pay their share of the full cost of repair or modernization by a separate contribution, one-time for payment or regular payment (credit, instalments).

Additional income of the homeowners can be generated as a result of the income from the use of the common property (rental of premises, income from advertising, use of in-house property by Internet service providers, income from rooftop solar power plants, etc.), and passive income from deposits.

The option of gradually accumulating funds for repairs, including through homeownership contributions, is more reliable. The homeowners set a special contribution, for example, to repair or renovate the house, which is paid monthly in small amounts for some time, allowing them to be deposited in a bank account and generate additional income. Thus, a substantial renovation of the apartment building could be carried out through small contributions.

If such a fund-raising mechanism is not satisfactory, it is always possible to seek funds from external sources – credit, leasing or a third party contract (for example, an energy service company) – or apply for funding from local or State budget programmes, voluntary contributions from legal and natural persons or grants from international technical assistance projects.

As of 2020, homeowners have begun to take advantage of the credit for the energy improvement of their households. Before starting the process of obtaining a loan from the bank for the energy-saving measures introduction, members of the HOA need to meet for a general meeting and make appropriate lending decisions. The Chairman of the HOA before the general meeting should carefully examine the implementation of energy efficiency technologies in other multi-unit households, in particular the economy and the level of the common, that will ensure the introduction of energy efficiency measures as well as, the timing and cost of the implementation of these measures, the credit conditions, the conditions for cheapening the energy efficiency measures at the expense of State and local energy efficiency programmes, etc. Experts from companies that offer energy-efficient equipment and its installation should be invited separately, as should representatives of banks and Chairman of the another HOA who can share his own experience and useful information on attracting banking funds and expertise for energy-efficient activities in the house should also be invited.

In 2014, Ukraine introduced the Government’s energy efficiency support programme [4]. The State offered European approaches to energy efficiency measures implementation in the household to homeowners. Activities that help to encourage people, HOA and housing cooperatives to adopt energy-efficient technologies by reimbursing a portion of the loans energy-efficient equipment or materials contracted for purchase are accomplished in accordance with a decision of the Cabinet of Ministers of Ukraine № 243 (01.03.2010) «Approval of the State Targeted Economic Programme for Energy Efficiency and the Development of Renewable Energy and Alternative Fuels 2010–2020». As of early May 2020, there are almost 2,800 buildings in Ukraine that have undergone energy efficiency certification. This is evidenced by data from the database of energy certificates on the site of State Energy Efficiency from the energy base [5]. The Government has also set up a programme «Warm credits» to improve the energy efficiency of the housing stock, which
provides for the reimbursement of a portion of the loans borrowed. This programme provides such reimbursements:

- 20% of the loan amount (but not more than 12 th. UAH) for the purchase of non-gas/ non-electric boilers for natural persons;
- 25% of the loan amount (but not more than 14 th. UAH) for the purchase of energy-efficient equipment or materials for private home owners;
- 40% of the loan amount (but not more than 14 th. UAH per apartment) for HOA or housing cooperatives as legal entities for common house activities.

On 3 September 2019, the Energy Efficiency Fund programme was launched to support the energy modernization of apartment buildings «Energodim» [6]. Its main objective is to provide State support to homeowners in order to realize energy-efficient project finance. Grants from the Energy Efficiency Fund are granted to the HOA free of charge and can cover up to 70% of the energy-efficient projects cost, depending on the package selected. Through local support programmes, homeowners can reduce their costs for energy-efficient households improvements.

The conclusion of specific agreements, such as leasing contracts or energy service contracts, is also decided by the HOA general meeting. In case the homeowners of the apartment building want to use a lease, this can only be a financial lease.

Financial leasing is the assignment of assets for a period of near full depreciation. When the lease expires, the property remains the property of the lessee.

For both credit and leasing agreement, payments to homeowners are stretched over time; payment for the property to be used is possible immediately after the conclusion of the loan or leasing contract.

The Law of Ukraine «About introducing new investment opportunities, guaranteeing the rights and legitimate interests of business entities for large-scale energy modernization», considers energy services as a set of technical and energy-saving measures, aimed at reducing the cost of fuel and energy resources or housing services by the customer of the energy service in comparison with consumption when such measures are not taken.

ESKO (Energy Service Company) in Ukraine is a tool used to attract investment by energy service companies in the thermo-modernization of civilian buildings. However, the contractual model of an energy service contract can also be used to implement energy-efficient measures in apartment buildings on a contractual basis. ESKO-contract provides that the investor shall introduce energy efficiency measures for his own means, which shall compensate the resulting savings in the cost of spent fuel and energy resources and water, and then makes a profit from the same savings for a period of time specified in the contract. Generally, one of the terms of the ESCO contract is an energy audit of the building. On the basis of the data obtained during the energy audit, the basic line of energy consumption is determined and the return on investment project as well as the duration of the ESCO contract were calculated.

Finding funding is the first challenge facing the HOA. The revolving fund [7] is a modern alternative funding tool for associations that is actively used in Europe. The idea of a «revolving» fund is to provide «cheap» repayment loans to fund participants; the money returned is then used to finance other participants. In the case of HOA, such credits may be granted for the introduction of elements of thermal renovation of a building (for example, replacement of windows or insulation of outer walls), or for the elimination of a house accident, which is almost a disaster for the newly formed associations, because the association do not have time to collect the necessary funds. In addition, the revolving fond can be used to repay energy efficiency credits (Fig. 1).

Fig. 1 – Revolving fund principle - new loans through (and within the limits of) return of previous loans
The monetary fund may gradually come from contributions by homeowners of the HOA, local authorities, banks or international donors. Accordingly, members of the association are entitled to use the financial resources of the fund on a competitive basis. There is no need for a separate legal entity to establish the fund. In essence, a fund is a special account in a bank that is not taxable, thus minimizing the financial burden on the borrower. The terms and amount of the loan shall be determined by statute. An example of the configuration of a loan is to cover up to 70% of the costs of the above-mentioned activities and the repayment period of the loan up to 2 years.

Also, usually, the borrower has to cover the costs of administering the fund by paying 2-5% of the funds raised. It may also be appropriate to introduce an inflation index to support the activities of the fund in the medium term. Even so, a revolving fund loan is cheaper than a bank loan, so it has obvious advantages. Recoveries are also made from energy savings achieved.

There are already examples of such a tool usage in Ukraine. A revolving fund has been set up and is operating within the association « OSBB ZAPORIZHZHIA». At the forum «PRO OSBB», Maxim Rogalsky, the President of the HOA Association «OSBB ZAPORIZHZHIA» explained that the main reason for the creation of the revolving fund was the lack of funds and the fund allowed the members of the association to finance the necessary activities.

**Conclusions**

Thus, when deciding on how to finance major repairs, remodelling or retrofitting a household the homeowners should carefully assess the pros and cons and consult with specialists.

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