



Local Government in Poland

Responses to Urban-Rural Challenges

edited by

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The H2020-MSCA-RISE-2018 project aims to provide solutions for local governments that address the fundamental challenges resulting from urbanisation. To address these complex issues, 18 partners from 17 countries and six continents share their expertise and knowledge in the realms of public law, political science, and public administration. LoGov identifies, evaluates, compares, and shares innovative practices that cope with the impact of changing urban-rural relations in major local government areas (WP 1-5).

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Local Responsibilities and Public Services



2.4. Lack of Effective Housing Management in Communes and Attempts to Recover from the Crisis

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Relevance of the Practice

Satisfying the housing needs of households, especially those with low income, is the local government own task. People who cannot afford to buy their own dwelling or rent it on a free-market (commercial) basis may apply for housing from the commune's resources (council flat). However, the current audits of the Supreme Audit Office regarding the housing economy of communes in Poland have demonstrated that communes are not able to properly implement this task.³⁸ Partly, it is caused by the following objective factors: the lack of vacant council flats and the lack of funds for the new flats built by communes. According to the Supreme Audit Office, the existing possibility of co-financing communal housing investments with funds from the state budget does not solve the financial problems of communes related to the new flats acquisition and the use of existing housing stock.

The effects of the economic system change in Poland after 1989 should be mentioned. The priority was to build a market economy and swift privatization of flats that were public property before 1989. Parallel to the privatizations, over the years, there were new instruments to support new proprietary housing, mainly in the form of subsidies to individual mortgage loans. The activities undertaken by the Polish government to develop rental housing were marginal.

It is generally believed that the lack of housing is also a serious problem for Polish people. Serious territorial differences, namely poor housing conditions or the lack of housing were twice as likely to assess as one of the problems of Polish families by residents of large cities and metropolises than by residents of small towns and villages.³⁹ The need of housing policies diversity conducted at the local authorities' level in Poland is justified by these studies. Simultaneously, the weakness of the central authorities' actions is shown regarding implemented housing programs geographically uniform. The housing policy in Poland should be diversified primarily in terms of the impact area – with a division into medium and large cities and metropolises on the one hand, and small towns and villages on the other hand. It

³⁸ Najwyższej Izby Kontroli, 'Informacja o wynikach kontroli. Wykonywanie przez gminy zadań z zakresu gospodarki mieszkaniowej' (*Departament Administracji Publicznej* 2018) <<https://www.nik.gov.pl/plik/id,20338,vp,22961.pdf>> accessed 10 July 2020, 5.

³⁹ IBRiS, 'Problemy mieszkaniowe Polek i Polaków oraz ocena istniejących rozwiązań' (*Habitat for Humanity Poland* 2018) <http://habitat.pl/wp-content/uploads/2018/04/HabitatPoland_badanie-opinii-publ_mieszkalnictwo2018.pdf> accessed 15 October 2020.



seems necessary to set priorities for the housing policy depending on the specificity of the influence area.⁴⁰

General Profile of the Housing Situation in Poland

The ownership structure of housing is a characteristic feature of Poland (and other Central and Eastern European countries): only 20 per cent of flats involve flats for rent and 80 per cent concern private property.⁴¹

	Housing ownership in %			
	Individuals	Housing cooperatives ⁴²	Communal flats Company accommodation	Others
Poland overall	84.24	8.55	6.09	1.12
Cities	75.36	14.10	8.82	1.72
Villages	96.35	0.99	2.36	0.3

Table 1: Proprietary Structure of Dwellings in 2016 r.⁴³

Over 14.62 million apartments concern the housing stock in Poland in 2018. It means that Poland accounts about 386 dwellings per 1000 inhabitants. The only weaker result among UE countries was recorded in Slovakia (369 dwellings). In comparison to Germany, the ratio amounted to 509 dwellings per 1000 inhabitants, 459 in Hungary and 455 in Czech Republic.⁴⁴

The housing deficit that amounts to 2.1 million properties in Poland is going to increase to 2.7 million by 2030. This is the result of the HRE Think Tank report entitled 'How many dwellings are missing in Poland?' published at the end of 2018.⁴⁵ The huge problem is the availability of housing for people with too low incomes to buy or rent an apartment on market terms, and,

⁴⁰ Piotr Lis, 'Polityka mieszkaniowa dla Polski Dlaczego potrzeba więcej mieszkań na wynajem i czy powinno je budować państwo?' (Stefan Batory Foundation)

<https://www.batory.org.pl/upload/files/Programy%20operacyjne/Forum%20Idei/Interaktywny_Polityka%20mieszkaniowa.pdf> accessed 15 October 2020.

⁴¹ 'Housing Statistics' (Eurostat, 7 July 2020) <https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_statistics/pl> accessed 10 July 2020.

⁴² From 1945 to 1990, housing policy was provided in Poland in the context of a socialist economic policy (with a preference for state and cooperative property). With the crisis of the socialist economy the housing policy in Poland had to be new defined. A transformation was made from direct state intervention in housing policy to the market economy. In that context, housing co-operatives were seen with suspicion, being identified with the old socialistic system. Housing cooperatives were seen as not being viable in the new market system. Overall, the share of cooperatives in the housing stock in Poland fell sharply.

⁴³ Krystyna Hanusi and Urszula Łangowska-Szcześniak, 'Housing Status of Rural Areas' Households in Poland in the Light of Household Budget Survey of 2016' (Studia Obszarów Wiejskich 2018) 52

<<https://doi.org/10.7163/SOW.52.3>, http://www.rcin.org.pl/igipz/Content/76836/WA51_98790_r2018-t52_SOW-Hanusik.pdf> accessed 8 October 2020.

⁴⁴ 'REPORT Housing condition in Poland' (Ministry of Development 2020)

<<https://www.gov.pl/web/rozwoj/raport-o-stanie-mieszkalnictwa>> accessed 10 July 2020, 12.

⁴⁵ 'Ile mieszkań brakuje w Polsce? Raport' (Heritage Real Estate 2018) <<https://heritagere.pl/wp-content/uploads/2018/12/HRE-TT-RAPORT-ILE-MIESZKA%C5%83-BRAKUJE.pdf>> accessed 10 July 2020.



likewise, too high to be able to apply for a social or council flat. For instance, after comparison of the average net wage in the corporate sector and the average rent, it proves the cost of renting a commercial market in metropolises consumes the following part of the salary: Warsaw – 38 per cent, Crakow – 38 per cent, Lodz – 31 per cent, Wroclaw – 42 per cent, Poznan – 31 per cent, Gdansk – 36 per cent.⁴⁶

Description of the Practice

Communes' Measures in Satisfying Housing Needs

63,424 households waited for a council flat from the commune in 2018, including 79.2 per cent in cities, 20.8 per cent in urban areas.⁴⁷ 9,542 council flats were built throughout Poland in the years 2013-2017, i.e. about 1,900 annually (there are 2,477 communes in Poland). Each commune is obliged to adopt a document entitled 'Rules for renting flats', applied in its territory. A person waiting for a flat has the right not to accept a flat offered by the commune and wait for another offer.

Mainly flats built by developers for sale or rent (44.7 per cent) and for private use by individual investors (43.6 per cent) were commissioned in 2013-2017. Individual housing for sale or rent (7.5 per cent), cooperative apartment (1.8 per cent), council flats (1.2 per cent), social housing for rent (0.9 per cent) and company apartment (0.3 per cent)⁴⁸ are the other forms of housing.

The highest percentage (97.8 per cent) in the new dwellings completed in 2019 has represented commercial (developer) construction and investments implemented by individuals. Accommodations intended for people with lower incomes including council flats, flats within social construction associations⁴⁹ and company apartments accounted for only 2.2 per cent of the number of newly built flats (i.e. about 4.6 thousand) in 2019. Developers are responsible for almost 80 per cent of new housing construction in cities. Private construction dominates in rural areas (about 80 per cent). If developers decide to build flats in a rural area, it is mainly near the city borders (for city dwellers).⁵⁰

⁴⁶ *ibid.*

⁴⁷ Agnieszka Matulska-Bachura and others, 'Housing economy and municipal infrastructure in 2018' (Statistics Poland 2019) 32

<<https://stat.gov.pl/obszary-tematyczne/infrastruktura-komunalna-nieruchomosci/nieruchomosci-budynki-infrastruktura-komunalna/gospodarka-mieszkaniowa-i-infrastruktura-komunalna-w-2018-r-,13,13.html>> accessed 10 July 2020.

⁴⁸ Krzysztof Markowski and others, 'Housing economy in the years 2013–2017' (Statistics Poland 2018) <<https://stat.gov.pl/obszary-tematyczne/infrastruktura-komunalna-nieruchomosci/nieruchomosci-budynki-infrastruktura-komunalna/gospodarka-mieszkaniowa-w-latach-2013-2017,11,1.html>> accessed 10 July 2020, 9.

⁴⁹ Polish: *Towarzystwa budownictwa społecznego* (TBS).

⁵⁰ 'REPORT Housing condition in Poland', above, 14.



Not only do communes not build council flats but they also privatize those in their possession. As a result of the council flats' sale, the stock of them decreased by around 9,1 per cent in 2015-2018⁵¹ (sales to the tenants or return of flats to former owners or their heirs)⁵². Privatization decisions are parts of the communal independent housing policy.

An additional cost and inconvenience for communes are council flats as tenants do not even pay the minimum rent. The housing crisis is primarily affecting cities. The level of satisfying the housing needs (as well as the technical condition of buildings) in rural areas is higher than in cities.⁵³ Furthermore, the lack of funds for repairs is another difficulty. As a result, many council flats are uninhabited due to poor technical condition.

Financing of council construction may come:

- from own resources (the level of expense on housing management amounted to 3.3 per cent of communes' budgets on average);
- from the central government financial help, but the legislator imposed a specific way of using government money and managing the housing that are built as a result of these investments. In the eyes of law, the commune is obliged to keep the rent at a very low level, and to make the premises available only to people in need, i.e. those with low income or in a very difficult life situation. Although government subsidy ranges from 20 per cent to even 60 per cent, only a few local governments access it. According to the Ministry of Investments and Development, thanks to the state aid, 3,289 apartments have been built in 161 towns (some of them as a result of renovation) since 2016;
- the loans, bonds or various models of public-private partnership.

Assessment of the Practice

The tendency to reduce the share of council construction in the overall stock structure (the number of flats) has been monitored for several years.

The new financial support programs are offered by central government considering the disastrous housing situation in Poland in order to support communes in the construction of apartments for rent. The state aid was offered to communes due to their small financial resources. Communes are supposed to be motivated through these funds to better perform their tasks in regard to the local housing policy. The 'Housing Plus' program was one of the offers that assumed the construction of affordable apartments for rent on market terms. The

⁵¹ Najwyższej Izby Kontroli, 'Informacja o wynikach kontroli', above, 5.

⁵² The flats nationalization took place in Poland after World War II, and after 1989 the former flats owners could and can regain them.

⁵³ Herbst Irena, 'W poszukiwaniu rozsądnej polityki mieszkaniowej' <<https://wiedzadlapolityki.files.wordpress.com/2016/03/w-poszukiwaniu-rozsc485dnej-polityki-mieszkaniowej.pdf>>.



program operated in 2017-2019 and was established by a resolution of the Council of Ministers of September 27, 2016 as an element of the 'National Housing Program'. In response to an interpellation of Krzysztof Brejza, MP of the Sejm of the Republic of Poland, the Ministry of Development announced that a total of 867 apartments were commissioned by the end of 2019, and there are also about 1.9 thousand apartments under construction.⁵⁴

Currently, works on new forms of financial support are underway at the Ministry of Development. Including the Government Housing Development Fund worth PLN 1.5 billion is to be established to support the construction of apartments in communes that suffered financially from the Covid-19 result.⁵⁵

Moreover, a single example of municipal districts build flats for rent, pleased to welcome an opportunity for development and preventing depopulation. The higher rent in comparison to council flats is going to allow financing the investment. Examples of good practice are cities such as: Żory (60 thousand residents), Kępice (3,646 residents), Jarocin (26,353 residents). The primary purposes of the Municipality of Żory are to create a stock of rental housing for families and people with the very low incomes entitling them to receive housing from the municipality so far, and are unable or unwilling to buy a flat with a bank loan. The projected average rent is approximately PLN 15.50⁵⁶ / m² including the cost of building and financing the investment. An additional monthly maintenance fee of PLN 4.30⁵⁷ for each square meter of the apartment needs to be paid by residents to cover heating costs (about PLN 1.80), maintenance of common parts of the building, administration, snow removal, lighting and staircases heating, elevators maintenance, greenery and playgrounds maintenance.⁵⁸

According to experts, municipal districts are going to become convinced that the construction of housing is the key for halting depopulation and degradation processes of cities as it may lead to economic development and an increase in tax revenues.⁵⁹

⁵⁴ Tweet by Krzysztof Brejza (*Twitter*, 6 January 2020)

<https://twitter.com/KrzysztofBrejza/status/1214207397700538369?ref_src=twsrc%5Etfw%7Ctwcamp%5Etwetembed%7Ctwterm%5E1214207397700538369%7Ctwgr%5E&ref_url=https%3A%2F%2Fwww.money.pl%2Fgospodarka%2Fna-razie-tylko-mieszkanie-minus-trzy-lata-i-nie-ma-nawet-900-lokali-6464835126683777a.html> accessed 10 July 2020.

⁵⁵ Serwis Rzeczypospolitej Polskiej, <<https://www.gov.pl/web/rozwoj/wiecej-tanich-mieszkan-na-wynajem--rada-ministrow-przyjela-projektustawy-dot-spoecznej-czesci-pakietu-mieszkaniowego-z-poprawkami>> accessed 29 July 2020.

⁵⁶ Approximately 3,45 Euro.

⁵⁷ Approximately 1 Euro.

⁵⁸ 'Nowe mieszkania czynszowe w Żorach' (*Mieszkanie*, undated) <<http://www.mieszkanie.ztkzory.pl>> accessed 10 July 2020.

⁵⁹ Mariusz Gołaszewski, 'Why is it profitable for communes to build apartments for rent?' (Aesco Group 2018) <<https://aesco.com.pl/dlaczego-gminom-oplaca-sie-budowac-mieszkania-na-wynajem>> accessed 10 July 2020.



It's only natural that people who cannot afford to live in the centers to settle in peripheral blocks of flats or in suburban communes. However, they work in the city all the time. Since cities have limited possibilities in this regard, they cannot force a private developer to build expensive flats in the center as well as the cheaper ones in suburbs. Nevertheless, a housing policy may be pursued more actively by communes and new opportunities may be searched to solve housing problems in their area. It relates primarily to municipalities.

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