

THE THEORETICAL MODEL OF POLISH HOUSING POLICY BETWEEN 2002 AND 2016

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Abstract

Research background: This paper attempts to introduce the concept of Polish housing policy and define its course.

Purpose: The main aim of the paper is to attribute the theoretical model of Polish housing policy and its goals and summarize the practical instruments and programs implemented between 2002 and 2016 to try to answer the question in what way the state was helping households to fulfil housing needs.

Research methodology: The research method used in the paper was a query of Polish and foreign literature of housing policy models, goals and instruments in the theoretical part, in the practical part (main research) is the monograph analysis of Polish housing policy

between 2002 and 2016 including: housing resource, housing supply and change of their structure in the examined timeline, availability of apartments, supply of mortgages and connections with the availability of apartments and macroeconomic situation measured by the yearly GDP per capita.

Results: Theoretical and practical solutions were made. Polish housing policy can be defined as a wide ranging selective model according to Ghekiere (2009) division, the empirical analysis of the adopted solutions risks – marginalization of social housing and substantial impact of the financial sector (banking and mortgages) on housing which may be negative in the case of an economic crisis.

Novelty: The value of this paper is a contribution to the debate on defining a theoretical model of housing policy and an explanation of the changes in housing in Poland from 2002–2016.

Keywords: housing policy, housing economy

JEL Classification: R1, R3, R5

Introduction

The realization of household housing needs is one of the most important and interesting fields of research. This is one of the most basic one a human needs which are defined in Maslow's hierarchy in the group of economic needs merely above physiological needs. Simultaneously, real estate is considered as luxury goods. Therefore, housing policy is one of the most crucial and difficult fields of public policy. Before a further analysis is conducted housing policy has to be defined.

1.1. Definition of *housing policy*

One of the most complete definitions was proposed by P. Lis (2005) which was formed and based on the sequential approach by Tinbergen (Tinbergen, 1956). According to this definition *housing policy* can be considered in a narrow or wider meaning. By the first – narrow sense it can be defined as “one of the microeconomic policies led by the local and central administration” and its aims is “to maintain functioning of housing market in those areas where it can maintain effective construction and assembly production and correct its inefficiencies” (Lis, 2005). In the wider context *housing policy* can be defined as “entirety of actions taken by the state which affects functioning and result of housing market” (Lis, 2005). According to J. Tinbergen's (1956) policies classification Lis distinguishes three types of them:

- quantitative – changing value of instruments within institutional and law solutions,
- qualitative – changing the structure of institutional and law solutions,
- reform policy.

This wider definition refers to different explanation of this idea – A. Andrzejewski (1979) for whom “housing policy is general direction and methods used by the state and community to reach specific purposes in field of housing” and others who define this term as *a group of decisions and actions leading to reach established model of conditions and housing relations and principles of housing economy functioning* (Kulesza, Nieciński, 1989).

1.2. Goals of *housing policy*

According to one of the most general definitions the goals of European housing policy can be set as (Dominiak, 2005):

- maintaining spatial order and construction land management,
- building and influencing on the availability of apartments for low and medium income households,

- creating a local rent policy and distribution of financial help,
- taking part in the preparation and realization of local modernization and revitalization programs for complexes of housing buildings.

The aims of *housing policy* were developed by other authors. In reference to the widest, the most important long – distance aims are: creating conditions to buy or rent the housing supply by all citizens, maintaining the availability of apartments and its quality (Lis, 2005). These goals were developed by adopting R. Cyran’s approach (2013):

- increase the physical effects of housing construction, including building to rent,
- providing shelter for the poorest,
- increase the technical condition of housing resources.

P. Lis noticed (2017) that the substantiation of *housing policy* aims should be relevant to housing needs and demand in exact time and area. The crucial part of the presented goals refers to the need of maintaining housing for low and medium income households. Therefore, this part of the aims can be considered as a separate field of state activity and defined as *social housing policy* or *social housing*.

1.3. Models of *social housing policy*

In Europe, historically, two models were formed: *mass model of social housing* and *universalist model of social housing* (Cesarski, 2009). In general, the mass model assumed the wide help of the state and its institutions in building multifamily resources addressed to low and medium income households. The origins of this model are in the Netherlands and Scandinavia. The meaning is of reaching an apartment which is bigger than the realization of housing needs. Creating local communities in multifamily housing is considered as the basis for the social and market development of society than a single – family building which is typical in Great Britain till now and can be defined as the universalist model.

The different division of social housing models was proposed by Ghekiere. According to his suggestion models are: universal and selective which can be analysed in a wide and narrow perspective (Ghekiere, 2009). The main idea of the *universal model* is that every citizen pays and are given benefits from the system but there is a differentiation in burdening the households depending on their income (Lis, 2017). In this model the instruments of regulation and support are used and creates a “wide range of influence” (Bengtsson, 2001, 2004). The general assumption of this model can be summarized with the statement that every citizen has the right to an apartment which causes changes in the structure of apartments supply including social housing (Lis, 2017).

The wider perspective of the second – selective model assumes that the beneficiary of state support are households in difficult situations or excluded and persons who have problems with getting an apartment when they have a low income (Lis, 2017). This assumption allows addressing housing policy to the wide ranging incomes of people in society. The main criterion is the level of income and the instrument is limited to renting so it does not affect the private housing market like the *universal model*. The main difference between a wide and narrow perspective are more strict rules of public help. In this variant, rent is paid mostly by the state, but on the other hand, the groups of beneficiaries are smaller.

1.4. Instruments of housing policy

Below are the short characteristics of housing policy instruments and mechanisms which were applied in Poland after 1989, where it can be distinguished that there are two groups of finance support instruments which help households with realizing their housing needs (Lis, 2011):

- a) indirect impact instruments:
 - regulations of a market financing subsystem,
 - institutional state support in a market financing subsystem,
 - housing subsidies in a market financing subsystem;
- b) direct impact instruments:
 - Social housing,
 - Housing subsidies (Lis, 2008).

2. Characteristics of housing policy in Poland

The test was realized in the following steps: 1) characteristics of Polish housing policy (resource and supply) and its structure in the years 2002–2016; 2) analysis of national housing support programs realized in Poland during the tested period; 3) Comparison of the changes in housing structure, supply and national programs realized in the years of the analysis; 4) conclusions and summary. The analysis was based on the GUS statistical data. The data related to the structure of housing resources are not fully available and therefore were adopted and recorded for the years: 2002–2007, 2009, 2013 and 2016. Data is related to the supply cover for all of the analysed period. The choice of time frames of the test is the result of data availability and assumed economic cycles – from the end of “the dotcom bubble” global crisis (Galbraith, Hale, 2004) until now.

2.1. Housing resources in Poland in 2002–2016

In the analysed period a change of the structure of housing resources in Poland can be observed. Private sector¹ participation is dominant from the beginning and is growing. On the other hand social housing² participation is decreasing. The growing dominance of the private sector is pulled up by the ownership of natural persons which increased from below 7 million apartments in 2002 to over 11 million in 2016. At the same time the share of housing cooperatives decreased from almost 3.5 million in 2002 to over 2 million in 2016 which strengthens the trend of ownership as the major role in satisfying housing needs by households and the disappearance of the role of social housing.

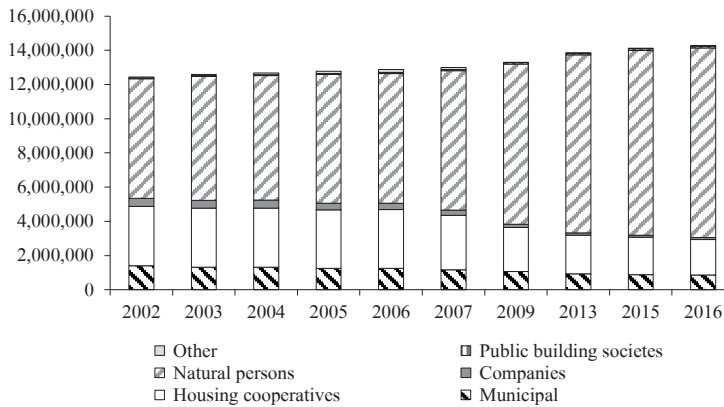


Figure 1. The structure of housing resources in Poland in 2002–2016

Source: own elaboration based on GUS.

2.2. Housing supply in Poland between 2002 and 2016

Relevant trends can be observed by analysing changes in the structure of housing supply³ but the scale of differences between private and public is substantial. The domination of the private sector is seen from the beginning of tested period where it has 92% share in the whole supply till the end (2016) when it was 99% of all built apartments that were private.⁴ The role of private investors is emphasized by the decreasing role of cooperatives – from 16% share in

¹ Defined as ownership of natural persons and housing cooperatives.

² Defined as municipal and public building societies.

³ Newly built apartments.

⁴ Defined as built by developers, private investors and housing cooperatives.

2002 to 1% in 2016. The participation of social housing gets marginalized. At the end of the analysed period it was 1%.

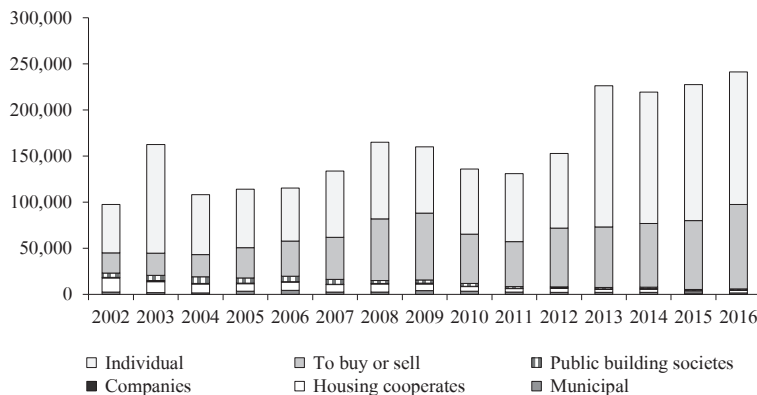


Figure 2. The structure of housing supply in Poland between 2002 and 2016

Source: own elaboration based on GUS.

2.3. Housing availability in Poland 2002–2016

In 2016 there were 192,300 real estate transactions in Poland (GUS, 2016). At the same time the number of 178,409 mortgages were granted (AMRON-SARFiN, 2016). It indicates the big influence of mortgage supply on the housing market and its availability for households. This analysis is based on the IDM3 factor proposed in AMRON-SARFiN (2016) reports for The Union of Polish Banks:

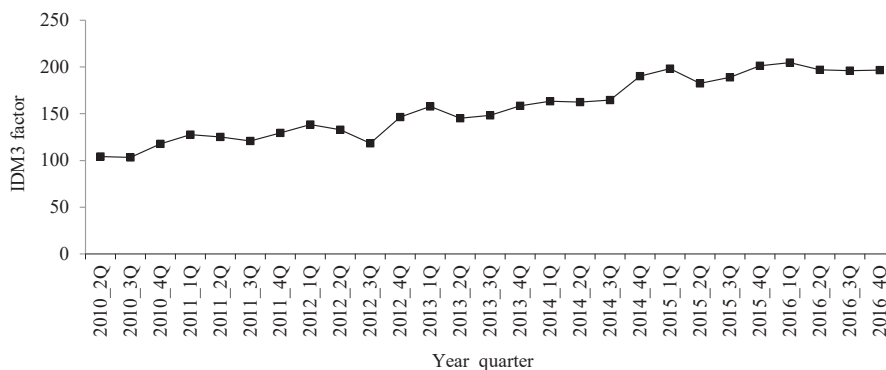


Figure 3. Housing availability in Poland between 2010 and 2016 (IDM3 Index)

Source: AMRON-SARFiN 2016, www.zbp.pl.

The IDM3 factor show housing availability considered through the prism of ownership and mortgaging can refer only to the private sector. The availability of housing was changing in relevance to the macroeconomic situation and supply of mortgage credits, but the observed affection was substantial. In the analysed period the availability of housing was changing but in the long – term it is increasing and it can be explained by an improving economic situation and growing supply of apartments.

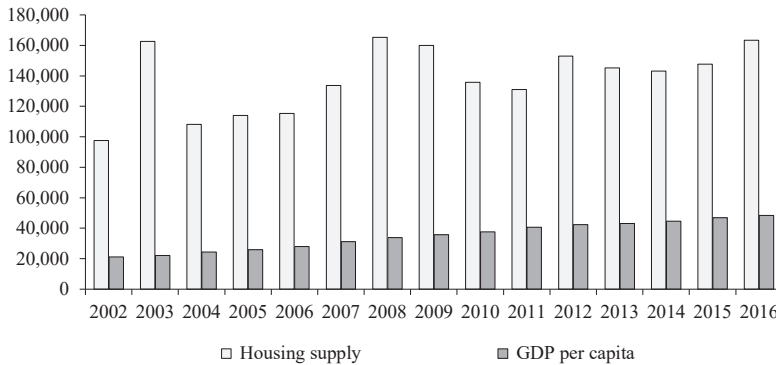


Figure 4. Relation of housing supply and GDP 2002–2016

Ssource: own elaboration based on GUS, 2016.

The long – term trend of housing supply and level of GDP are parallel due to the fact that the construction industry is an important component of the GDP. The second important factor that influences housing availability is the supply of mortgage credits.

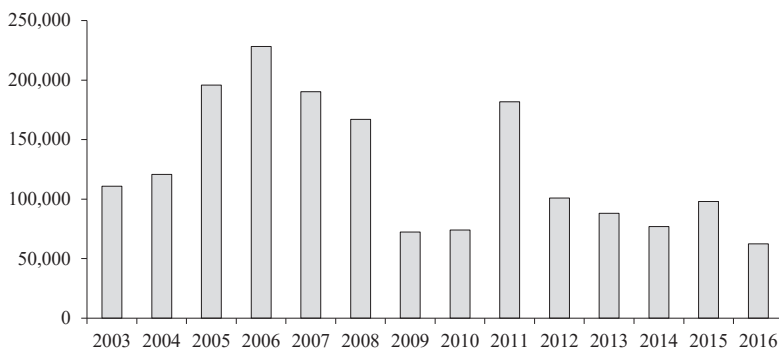


Figure 5. Change of active mortgage credits supply in 2002–2016 (2002 = 100%)

Source: own elaboration based on AMRON-SARFiN 2016, www.zbp.pl.

There was diagnosed a strict convergence between change of supply for mortgage credits and availability of the housing. It is seen in the parallel decrease of both variables in the periods of 2005–2007 and 2010–2013. The visible deviation of mortgage supply in 2010 was the effect of the announcement of the document called “Recommendation T” by the Financial Supervision Committee (KNF). The assumption was to the strict the rules of taking out loans which caused that many borrowers took out mortgage loans before the recommendation came into force.

2.4. National programs for housing policy in Poland

During a thorough period of analysis national programs supporting housing policy were realized. Some of them were conditioned historically, (housing cooperatives) or implemented before 2002 (public building societies) others came into force in the tested timeframe.

Based on Lis (2011) the division of social housing policy instruments can be distinguished as the following:

- Public Building Societies (TBS – Towarzystwa Budownictwa Społecznego),
- National Building Societies (KZN – Krajowy Zasób Nieruchomości),
- municipal resource,
- housing cooperatives,
- private housing subsidies realized within “Houses for the Young” program,
- private housing subsidies realized within “Families in their own place” program.

To emphasize the impact of each instrument in creating the direction of Polish housing policy an analysis was carried out on the instruments in relation to the factor which has an influence on the housing policy paradigm based on criteria: kind of supported area (social or private), way to meet housing needs – rent considered as social housing or ownership considered as private housing, dedication for low and medium income households or as a requirement for financial contributions.

Housing cooperatives may be included as a part of social housing policy but regarding article 3 of the cooperative law (bill – cooperative law) assets of the cooperative are privately owned by its members. The quantitative analysis of the instruments shows that Polish housing policy seems to be balanced but the qualitative survey shows something which is the opposite. Any of the discussed social housing instruments can be considered as a full social housing instrument due to the fact all of them allows ownership as way of fulfilling housing needs. Moreover, public building societies considered as social housing instruments are not addressed to low income households because of the additional financial requirements called “participatory contribution”. The test of the structure of housing resource and its supply proves that Polish

Table 1. Comparison of housing policy instruments

Name of the program (duration)	Criterion 1: supported area	Criterion 2: way to meet housing needs	Criterion 3: income requirements
Public Building Societies (TBS) (1995–now)	Mostly social housing (but from 2011 option of ownership of previous rented apartments)	Renting (ownership as an option)	Own contribution required
National Building Societies (KZN) (2016–now)	Mostly social housing (but from 2011 option of ownership after 30 years of renting)	Renting (ownership as an option)	For low and medium income households
Municipal resource (1989–now)	Mostly social housing (option of ownership of previous rented apartments)	Renting (ownership as an option)	For low and medium income households
Housing cooperatives (1989–now)	Private	Ownership	Own contribution required
“Families in their own place” (2006–2013)	Private	Ownership	Own contribution required
“Houses for the young” (2014–2018)	Private	Ownership	Own contribution required

Source: own elaboration.

housing policy, understood as the entirety of actions taken by the state which affects the functioning and results of the housing market according to Lis’ (2005) definition are targeted to the private sector, and marginalize social housing.

Conclusions

The conducted considerations provide the following conclusions:

1. Polish housing policy is realized at different levels – central (state level) and local (municipal) so it should be understood in a wide perspective according to Lis (2005) and Andrzejewski’s (1979) definition as an entirety of actions taken by the state and municipalities that affects its functioning and results of the housing market.
2. The structure of housing resources and supply in the analysed period shows that Polish housing policy was focused on ownership as a primary way of fulfilling the housing need of the households.
3. The survey of the state programs supporting housing in the tested timeframe proves that the model of housing policy in Poland should be classified as a wide ranging selective model (Ghekiere, 2009) where only households with low or medium income are entitled to public help and the rest realize their housing needs on the free market.

4. Housing availability is strictly linked to mortgage supply which may create the negative influences from the banking & financial sector on housing policy in the case of a global crisis.

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