



# Housing policy interventions in Poland

- An overview -

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Warsaw | Case 25<sup>th</sup> anniversary conference  
“The Future of Europe”



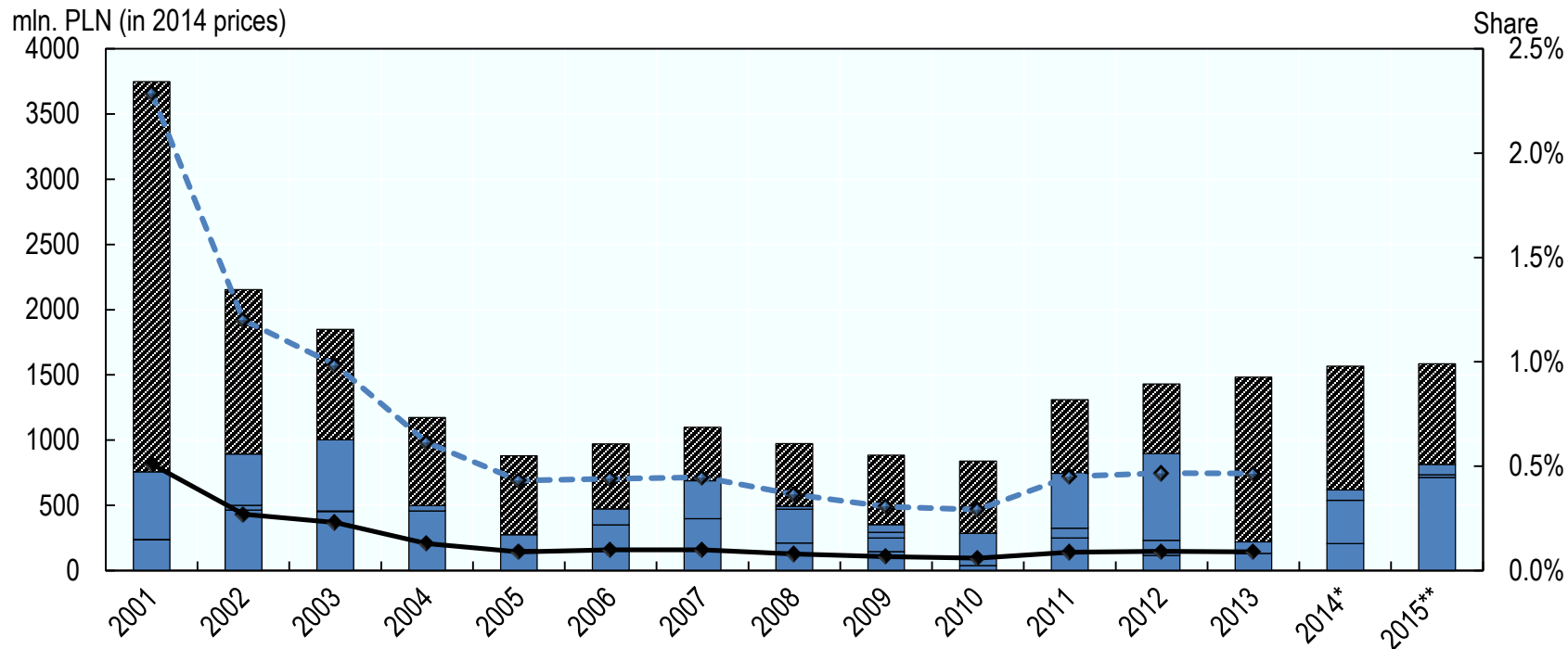
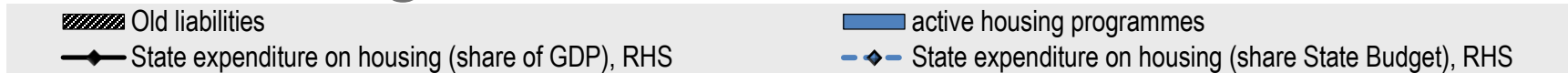
# Outline

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- **Overview of direct national expenditure on housing**
- **Key questions for evaluating the effectiveness of public spending on housing focussing on:**
  1. Defining **policy objectives**
  2. Identifying **target beneficiaries**
  3. Evaluating **alternative policy options**
  4. Measuring the **impacts of housing instruments**
  5. Ensuring **coherence with other policy objectives**



# Trends in state budget expenditure on housing



Source: Ministry of Finance.



## Challenges related to current state spending on housing

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- Limited flexibility within the housing budget for innovating on housing policy
- Frequent changes in housing instruments, programme rules and eligibility requirements
- Most spending for programmes with long-term implications within the housing budget
- Volatile budgetary allocations over time
- Administrative inefficiencies and uncertain financial planning



# What are the policy objectives of existing housing instruments?

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## I. Reducing the housing deficit by:

- **Increasing the number of new dwellings**  
Housing for the Young: supporting home ownership for families with young children
- **Regenerating the old housing stock**  
Thermal modernisation and renovation support programme

## II. Other objectives

- **Facilitating access to affordable dwellings for low-income households**
- **Clearing past obligations from the former Socialist era**

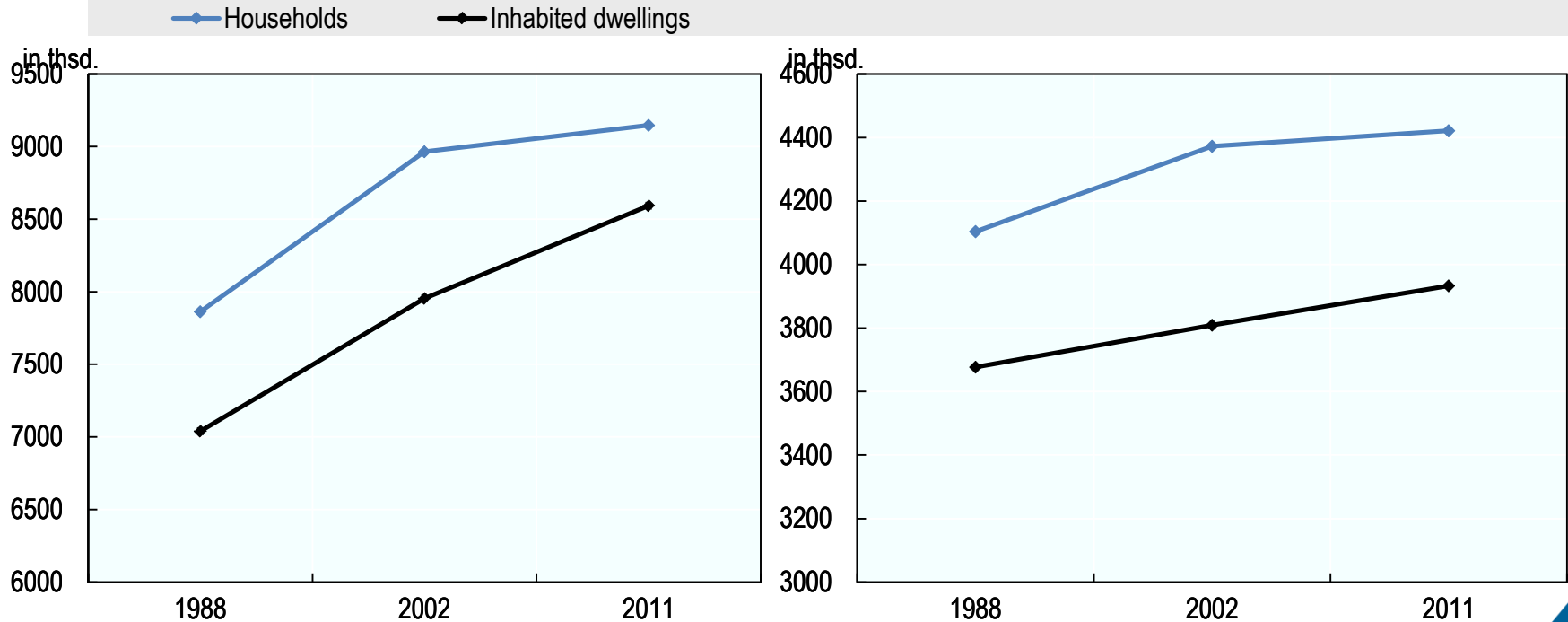
*Source:* OECD Questionnaire on Affordable and Social Housing, 2014.



# Development of households and dwellings

## A. Urban

## B. Rural



Source: Ministry of Transport, Construction and Maritime Economy (2013), "The Housing Situation in Poland", based on Polish census data (1988, 2002 and 2011)



# Who are the target beneficiaries of housing interventions?

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- **Low-income households**

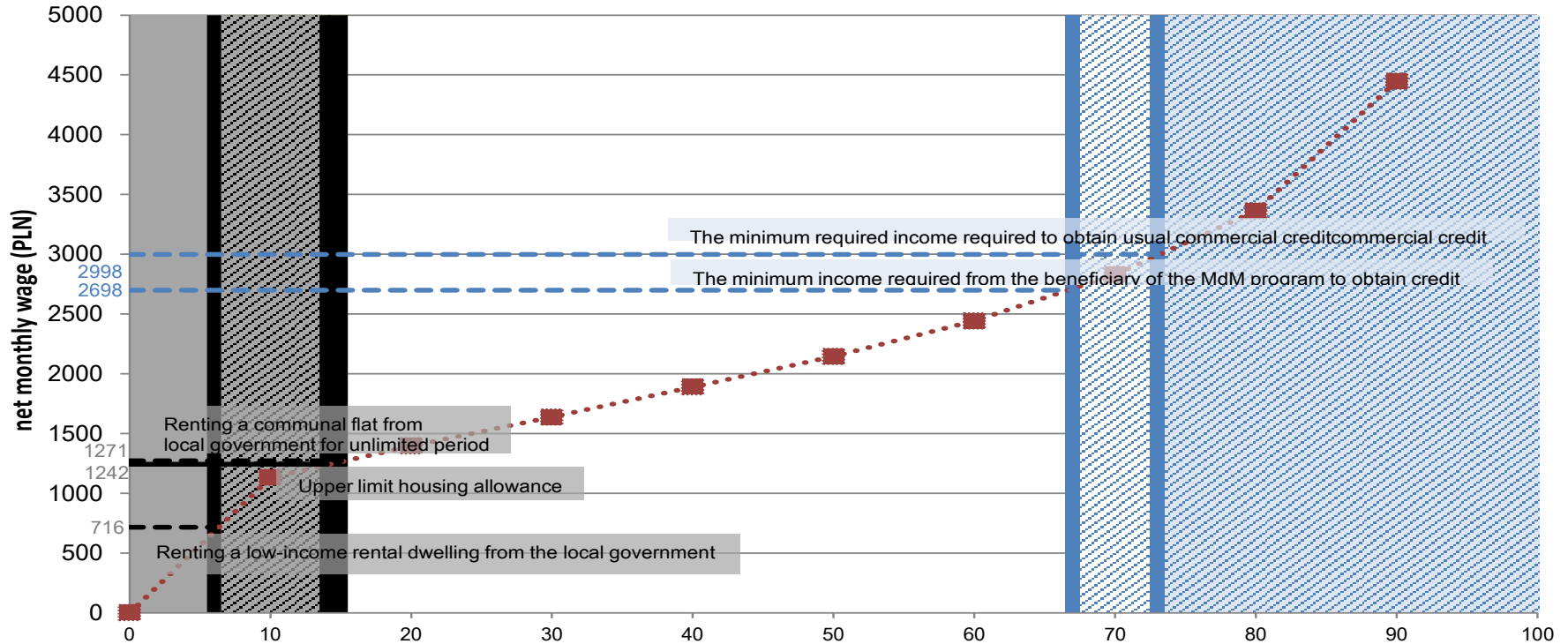
- Share of household gross adjusted disposable income spent on housing above OECD average (23% vs 21%)
- provision of social housing and housing allowances
  - > Mainly responsibility of municipalities

- **Young persons and families with children**

- In 2012, about 43% of the population aged 25-35 years still lived with their parents.
- Households with children have the greatest difficulties in purchasing adequate homes from the commercial markets (Ministry of Infrastructure, 2014).



# Do housing instruments reach the target beneficiaries?



Note: Assumption for the analysis: flat size: 50m<sup>2</sup>; commercial credit: 25 years, interest: WIBOR+2p.p. (-4.7%), population under consideration: Singles, aged 25-34 years.

Source: Ministry of Infrastructure (2014)





# Have a range of policy options been considered?

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- **Reviewing regulatory policies**
  - Over-regulation of the private rental market discourages potential landlord and limits supply of rental housing
  - Poland has some of the most restrictive tenant landlord regulations in the formal market across OECD countries
- **Evaluate policies against a “do nothing” alternative**
  - Would households that have benefitted from the Family’s Own Home programme have invested in a new home without state assistance?
  - Does the thermal modernisation programme provide assistance for energy efficiency retrofits that would not occur without state support?



# What measurable impacts can be attributed to specific housing instruments?

Programme	Input	Output	Estimated average spending per output
Family's Own Home (2007-2012)	Until end of 2014: PLN 2.9 billion. Annual estimate for outstanding liabilities until 2021: lower bound: PLN 330 million; upper bound: PLN 735 million	192,360 credits	Until end of 2014: PLN 13,843; Estimate until 2021: lower bound: 25,895; upper bound: 38,521
Modernisation and renovation programme (1999-2014)	PLN 1.9 billion	32,468 bonuses	PLN 59,313 per bonus (entire building) and approx. PLN 1,977 per dwelling modernised
Emergency housing programme (2007-2014)	PLN 458 million	14,424 homes and 1,118 beds in shelters/dormitories	PLN 31,737 per dwelling (excluding beds in shelters and dormitories)
TBS - social rental housing (2001-2009)	PLN 3.45 billion	1996-2009: 80,000-96,000 dwellings	PLN 58,357- 70,029 per dwelling
Housing for the Young (2014-2018)	upper limit: PLN 2,908 billion; lower bound estimate: PLN 366.98 million	Estimated number of loans: 13,968	PLN 24,125



# To what extent are housing policies coherent with other policy objectives?

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## **Possible effects on other policy domains**

- Labour market
  - Owner occupied homes dominate the housing market and may limit labour market mobility
- Urban form
  - promoting home ownership and construction can result in sprawling urban areas, as land tends to be more available and cheaper in the suburban area.
  - Reinforced by price per square meter restrictions
- Regional inequality
  - Emergency housing programme may unintentionally worsen the situation for poorer municipalities.



Thank you