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HOUSING POLICY IN THE SOCIAL AND ECONOMIC SPHERE. HOUSING POLICY RELATIONSHIPS AND OTHER SPECIFIC POLICIES

**SPOŁECZNE I EKONOMICZNE
UWARUNKOWANIA POLITYKI
MIESZKANIOWEJ. POLITYKA
MIESZKANIOWA W RELACJI DO
INNYCH POLITYK PUBLICZNYCH**

ABSTRACT

Housing policy aspiring to have a general social impact, subtracting from the scale of the state, like any other policy in this scope, is conducted in the European Union countries by the public sector. This sector remains a significant point of reference for this policy. The activity of the public sector in the countries of post-war Western Europe varies in intensity over time and is carried out at different spatial levels – also in relation to housing. The public sector has been subject to a tendency towards apparent self-limitation for at least the last four decades. This occurs mainly by reducing the importance of the state and its agencies in socio-economic development. Housing policy is one of the important sectoral policies of the state – including the government and local authorities – engaging public entities, political and social organizations and private entities to achieve the main and long-term goals in the area of housing, which are: creating conditions for purchasing or renting apartments by all citizens; ensuring the availability of the housing stock, i.e. implementing an appropriate scale of housing investments using primarily the market mechanism, and supporting the appropriate quality of the housing stock throughout the entire period of use of the property.

KEYWORDS: *housing policy, social policy, public finances, effectiveness of public investments*

STRESZCZENIE

Polityka mieszkaniowa aspirująca do ogólnospołecznego oddziaływania, odejmująca skalę państwa, jak każda inna o tym zakresie prowadzona jest w krajach Unii Europejskiej przez sektor publiczny. Sektor ten pozostaje zarazem znaczącym punktem odniesienia tej polityki. Działalność sektora publicznego w państwach powojennej Europy Zachodniej jest różnie nasiloną w czasie oraz prowadzona na różnych poziomach przestrzennych – także w stosunku do mieszkalnictwa. Sektor publiczny podlega tendencji do pozornego samoograniczenia się co najmniej w czterech ostatnich dekadach. Następuje to głównie poprzez redukcję znaczenia państwa i jego agend w rozwoju społeczno-gospodarczym. Polityka mieszkaniowa jest jedną z istotnych polityk sektorowych państwa – w tym ujęciu rządu i władz lokalnych – angażującą podmioty publiczne, organizacje polityczne i społeczne oraz podmioty prywatne do osiągnięcia celów głównych i długookresowych w obszarze mieszkalnictwa, jakimi są: tworzenie warunków do zakupu lub najmu mieszkań przez wszystkich obywateli; zapewnienie dostępności zasobu mieszkaniowego, tj. realizowania odpowiedniej skali inwestycji mieszkaniowych z wykorzystaniem przede wszystkim mechanizmu

rynkowego oraz wspieranie odpowiedniej jakości zasobu mieszkaniowego w całym okresie użytkowania nieruchomości.

SŁOWA KLUCZOWE: *polityka mieszkaniowa, polityka społeczna, finanse publiczne, efektywność inwestycji publicznych*

INTRODUCTION

Understanding the housing policy in the context of the impact on social management in the face of the current civilization changes results primarily from the multiple importance of the housing stock and the standards of its settlement in balancing the development of the residential space constituted by settlement processes and their consequences (Cesarski 2016, p. 213-285). As already mentioned, the housing stock accumulates everything that relates to the role of infrastructure in social, economic, spatial and ecological development, i.e. infrastructure in sustainable development (Cesarski 2010, p. 125-149). A housing policy oriented towards social needs related to settlement offers the possibility of effective development of the society. Identifying recipients with specific or otherwise – special needs in the field of housing allowed researchers to implement the so-called social housing policy, where apart from defining the principles of allocation and access to the social housing stock, the principles of social housing policy should include the assessment of households' ability to purchase or rent a flat in social housing and the determination of the scope of legal protection for tenants and owners of the social housing stock. The social housing policy conducted within the public sector is related in Western European countries with its two basic models:

- mass (universal) – where the social housing policy goes beyond strictly housing functions, it is the basis for the organization of social life, serving to balance socio-economic development,
- residual – where the social housing policy assumes social support for those who cannot afford to buy or rent a flat on the market (Cesarski 2009, p. 39-50).

It should be emphasized, however, that there is no definition of the term *social housing* in Poland, although this type of housing certainly includes municipal housing (9%), including social housing (2.5% of municipal housing resources – over 30.000 units.) and TBS apartments (0.5%). It is a total of less than 10% of flats in Poland that constitute a social resource. Over 24% of the housing substance belongs to housing cooperatives, which could be considered social only if we separate out of them premises occupied on the basis of the cooperative ownership right to housing (approx. 70%). Thus, about 6–7% of cooperative tenants' flats are occupied on the basis of a lease (about 30% of flats). For example, in the Netherlands, social housing accounts for 33% of the total housing, almost 57% are private housing, and 10% – private apartments for rent (over 7 million apartments in total). In Scotland, over 25% of the stock is community housing. Similarly, in Denmark, social housing accounts for 24% of the total stock, while 15% are private housing for rent. In most European countries, social flats are flats that meet the relevant quality standards, most often rented to tenants by municipalities (in the case of the public sector) or housing entities specialized in management and rent (private, cooperative). In most countries, non-governmental organizations manage the letting of social housing (Olech 2013).

SOCIAL HOUSING POLICY

Social housing policy also requires decision-makers to use special instruments in their area. According to Lis, the following can be distinguished: indirect impact instruments, such as: regulations of the market financing subsystem, institutional state support in this subsystem, housing subsidies in the market subsystem and direct impact instruments, including: social housing, housing subsidies (Lis 2008, p. 34). Taking into account the guidelines for the social housing policy, direct instruments of state influence seem to be the most important, and it is in this group that social housing construction is located. The forms of such construction include primarily those intended for rent, such as: municipal construction carried out by local authorities and social ownership construction carried out by private investors.

Flats that are built as part of communal housing implemented in accordance with the guidelines of the social housing policy reflect the low standard and low income of households. The accumulation of such settlements on the periphery or outside the city center may cause increased tensions, crime and dissatisfaction, as well as social exclusion, as mentioned above. Therefore, the social housing policy should influence other forms of housing construction and strive for complementarity of housing programs with the intervention carried out as part of economic, social and spatial policy (Lis, Zwierzchlewski 2006). Social rental housing should be implemented by non-profit organizations, which are most often owned by local authorities, with the participation of state subsidies. This type of construction is intended for a specific target group. The state's activity in the area of social housing policy may also apply to private housing for rent or sale, and to cooperative housing (Trafiałek 2012, p. 67-68). The latter is carried out by housing co-operatives, and one *destiny* is aimed at people who are members of the co-operative (Wołowiec, Białek 2020, p. 199-223).

Construction for sale or rent has one main goal, namely – profit for investors. The state as an entity that does not have sufficient funds and instruments is looking for effective cooperation with private investors in order to implement the assumptions of the housing policy. The increasing involvement and contribution of private and semi-public institutions is a real support for social housing in Poland and other EU countries. Various instruments, such as: capital grants, reduced prices of investment goods, public loans, public guarantees, tax privileges are included in the group of supply housing subsidies, which are to ensure a sufficiently high level of housing production, and above all – reduce the overhead costs of housing demand subsidies, on the other hand, include housing allowances, as well as ownership division. The first is the basic instrument of social housing policy, intended for the group of poor people. Their main goal is to reduce the cost of housing maintenance. The role of these allowances in social construction is basically the greatest. In the European Union countries, it is this instrument that is recognized and treated as a specific right of poorer tenants.

In Sweden and France, this type of solution also applies to apartment owners. The ownership unbundling instrument, on the other hand, is intended for low and middle-income households who intend to own a home (Kozera,

Kozera 2001). The price obstacle is eliminated as a result of dividing the transaction into two stages – the first is the payment for part of the purchased flat to its owner, who is most often a social housing investor, the second stage is the repayment of the unbought part of the rent by households. In this case, the ownership of the apartment is divided between the household and the institutions that manage the given social housing program (Cesarski 2007). In order to introduce this type of solution in the field of social housing policy, it is necessary to obtain the consent of local authorities to participate in this initiative, as well as to meet the minimum conditions. The implementation of the program in the conditions of social housing policy is to be undertaken by social housing organizations in all the above-mentioned forms.

The presented solutions in the field of social housing policy clearly indicate that the social factor determining the social situation of an individual or a household is of fundamental importance for the creation of the assumptions of this policy. A broad analysis of the social situation, taking into account living conditions, income level, and the number of people in the family, should be a fundamental and overriding issue for entities creating the foundations of social housing policy. One of the most important issues is the introduction of the criterion of unmet housing needs to the rules of social housing allocation as a legitimate supplement to the income criterion. This task should be assigned to local authorities as well as non-governmental organizations with the participation of local authorities. This area of activities should also be supplemented with an appropriate rental policy, the main task of which is the implementation of effective renovation management with social housing resources, with the housing allowance instrument. Social housing organizations and private investors are responsible for achieving the goals of social housing policy. Their share is the greater, the higher the income of the so-called vulnerable groups, more effective if local authorities are involved in this process.

HOUSING ECONOMIC OF MANAGEMENT

In a narrower sense, housing management is defined as the functions of management, operation and technical maintenance of resources. Such a perspective indicates that – also in the context of a synthetic analysis – it should be recognized that the housing policy is closely related to the housing economy – recognizing, of course, the housing policy as both a scientific discipline and a practical activity. In practical terms, which are considered to be superior, the housing policy will manifest itself in specific actions of public entities, whose main goal of activity in this area is to change housing relations and their transformation in the housing economy. It should also be emphasized that the housing policy, despite its close relations with housing management, must take into account the results and effects of activities in other disciplines, such as: architecture, urban planning, spatial planning, housing construction, road construction, bridges, and above all, economy. The connections and knowledge of the impact of these disciplines result from the fact and willingness of the government and responsible entities to conduct an effective housing policy, as well as from the assumption that housing resources constitute the main tissues of the network illustrating the development of housing in the state, they are the product of construction, designed by architects, supported by developed network devices at the state level, and above all – that they affect the level of economic development and the state of global financial markets.

The economic sphere of the housing policy will therefore be analyzed to properly and accurately illustrate the impact of the financial crisis, which started on the US high-risk mortgage loan market in the second half of 2007, on the world economy, and above all on the housing economy. The turmoil in the global financial markets clearly shows the links between the housing policy and the economic sphere.

The American crisis also affected and affected European Union countries, directly through investments in securities based on defective assets, indirectly – through the loss of liquidity on interbank markets in Europe. The end result was a slowdown in economic growth and a recession in some countries (Drewicz-Tułodziecka 2008). This kind of instability macroeconomic has had a direct and significant impact on the housing policy in the European Union

countries, including Poland. The crisis of 2007 showed the phenomenon of fast enrichment *on credit* by people whose creditworthiness was artificially generated with public funds, and the growing contradictions of economic growth became the share of the housing policy (Imperial 2020). The crisis also manifested itself in a very rapid deterioration in the general condition of the construction industry (Goryński 1981, p. 121-205). This is confirmed by the sixth EC report (Sixth report on economic, social and territorial cohesion, European Commission 2014, p. 11-16, 99-41) that construction and industry are the sectors hardest hit by the crisis. He points to the links and tensions between the cohesion policy and the “Europe2020 „signaled in Poland earlier in terms of the challenges in balancing the living space (Cesarski 2014, p. 35-46).

MACROECONOMICS OF THE HOUSING SECTOR. OUTLINE OF THE PROBLEM

Construction is seen as a key sector of any developed economy. This is because investments carried out by construction companies commissioned by private and public investors have a positive impact on the economic growth of the country and support its long-term and sustainable development (Wołowicz, Nowak 2020, p. 238-252). At the same time, the boom in construction directly affects the situation in related industries: the metal and chemical industry, transport, trade, services and the financial sector. Taking into account the close links between the construction sector and other sectors of the economy, the total value of the construction market can be estimated at around 13–14% of Gross Domestic Product (GDP). Construction industry generates over 10% of the revenues of the public finance sector from taxes, social security contributions, licenses and concessions (GUS). Construction entities offer a wide range of services, including the construction of transport infrastructure (roads and railways) and energy infrastructure (gas pipelines, pipelines and power grid), cubature construction (industrial facilities, apartments, commercial real estate, logistic centers, public utility buildings) and hydrotechnical facilities. The table below shows the great importance of public investments in the development of the construction sector. It is estimated that their share

in the national construction and assembly production amounts to almost 50%, and construction works constitute on average about 35–45% of the value of public contracts awarded in particular years. Based on the calculations of the International Monetary Fund (IMF), each € 1 invested in infrastructure development brings a profit of 0.5-0.8 € in the short term (McWilliams, Taylor 2020, Peat 2019, Piskozub 2013).

Construction is also of fundamental importance for the domestic labor market. According to the widest measure of employment, almost 1.3 million people work in construction, ie approx. 7-8% of all people employed in the economy. Interestingly, in many areas of the construction market, the level of remuneration is higher than in the entire enterprise sector, and many companies offer very attractive employment conditions for employees of various specializations: from engineers, to economists and lawyers, to marketing experts. A constant problem for companies is the deficit of skilled workers, which was caused by many years of neglect in the area of domestic vocational education, strong competition for professional personnel from neighboring countries, the lack of a coherent migration policy of the state and an ineffective system of employing people from abroad (Jones 2020).

Recent years have been extremely difficult for the construction industry and strewn with many adversities. After a period of dynamic growth at the beginning of the decade, the years 2012–2013 ended with the bankruptcy of hundreds of construction companies, which was caused by, inter alia, implementation of unprofitable infrastructure contracts for EURO 2012. The years 2014–2015 brought a moderate improvement in the economic situation as a result of the finalization of projects co-financed from the EU budget for 2007–2014. 2016 is a complete stagnation in public investments due to the delay in spending EU funds under the new EU budget perspective for 2014–2020.

In the first half of 2019, there was a cooling down in the construction market due to the slowdown in work in the transport infrastructure segment and a slowdown in the dynamics of local government investments. This led to the expected stabilization of the prices of materials, services and salaries, and the gradual finalization of unprofitable infrastructure contracts obtained in 2015–2017 resulted in a systematic improvement in the financial condition of large contractors. Unfortunately, the unexpected outbreak of the COVID-19

epidemic forced enterprises to revise their existing plans and modify their business strategies in order to prepare for operations in the conditions of the economic downturn and the expected decline in investments in many segments of the construction market. The lack of a top-down decision of the government to suspend construction works in the country allowed the companies to continue their works under the conditions of a more stringent sanitary regime.

Despite enormous operational difficulties, the companies managed to maintain a satisfactory level of efficiency. In the initial phase of the epidemic (March – June 2020), construction was one of the few sectors that showed a relatively high resistance to difficulties in the functioning of the economy, implemented to prevent the spread of the coronavirus. Due to the fact that the construction industry always experiences a decline in investment activity with a certain delay, as expected, the first signs of a slowdown in the construction industry appeared already at the beginning of the third quarter of 2020 (Wołowicz, Żuk 2020, p. 253-275).

Contractors have again implemented restrictive sanitary procedures, to limit the negative impact of the coronavirus on the implementation of the investment, and are determined to maintain the continuity of the construction process. However, not all companies will experience the negative consequences of the deterioration in the investment climate caused by the COVID-19 epidemic to the same extent. Their financial results will be strictly dependent on the size of a given entity, the structure of the portfolio of orders and the type of business. In the coming years, it seems highly probable that expenditure on public investments carried out at the central level (in the road, rail, energy and hydrotechnical segments) will be maintained, with a periodic decline in new investments in the local government and private sectors (especially in offices, hotels and retail spaces) (Almanac of the Polish Association of Construction Employers 2016–2020).

MACROECONOMIC APPROACH TO THE HOUSING SECTOR IN THE CONTEXT OF ECONOMIC POLICY

Housing policy aspiring to a collective impact, subtracting the scale of the state, like any other policy in this respect, is carried out in Western civilization by the public sector. At the same time, this sector remains a significant point of reference for this policy. The activities of the public sector in post-war Western European countries vary in intensity over time and are carried out at different spatial levels – also in relation to housing.

More important, however, for the chosen topic of the study is that the public sector has been subject to a tendency to seemingly self-limiting in at least the last four decades. This occurs mainly by reducing the importance of the state and its agendas in socio-economic development. In fact, this tendency is mainly due to the interests of political groups of power and capital that profit from economic growth subordinated to the principles of liberalism (Wojciechowski, Wołowicz 2021, p. 101-111). Liberalism – after the perturbations and retreat of the welfare state doctrine similarly geared to growth but interpreted by Keynesianism – is easy to restore. It is restored in the name of the goal unchanged since the Great Depression – supporting economic growth. The form of a relapse of liberalism is neoliberalism and its theories. This also applies to housing policy. The current uncertainty and instability in modern Europe have significant roots in these changes and relationships. The goals and model of the housing policy as a reaction to the political meanders of the economy and at the same time their factor play an generally underestimated role. Identifying the structural aspects of this role (Donner 2000, p. 93-95). Such an approach overlooks a number of historic, everlasting achievements of this policy in Western Europe. Today it is justified by an unprecedented, sudden in the dimension of civilization, necessity to search for lessons from the mistakes of the past (Andrzejewski, Lujanen 1980, p. 5-25, Andrzejewski 1987, p. 33-360, Ciesarski 2005, p. 122-136). The housing policy pursued in the European Union countries by the public sector regaining its due importance, more oriented towards pro-social and pro-ecological, economically effective development and maintenance of the housing stock as the foundation of settlement infrastructure, may have very important future tasks in this field.

Housing policy in the countries of systemic transformation, juxtaposed with the experience of Western Europe, may also bring new values to the issue of the decline of the economic growth paradigm. This is because the problems of this policy and the public sector related to the paradigm of this growth in both, to put it simply, post-war rival versions, meet. Therefore, in the version effective in strictly economic terms, based on market and financial mechanisms, winning after four post-war decades and in the losing then extensive version in the socio-economic dimension, practiced in former economies, the so-called centrally planned real socialism in material terms. In the countries of systemic transformation, the liberal directions of the housing policy and the entire socio-economic policy adopted in the 1990s do not counteract perturbations and the crisis collapse of economic growth. However, they are much more fraught with social effects, and the initially associated less pressure on the natural and ecological environment results mainly from the elimination of the so-called traditional industries. Housing economics may become the basic plane for evaluating the housing policy, also in the public sector and its social goals. Models of housing policy in post-war Western Europe place housing in a different economic role. In the embryonic model, especially in Greece, Portugal, and Spain, housing is generally neglected by the state and the market, an economically passive good, strictly consumable, obtained mainly by own, usually family efforts, outside the public sector. The opposite comprehensive model, existing mainly in the Netherlands, Germany, France and the Nordic countries, assumes the relatively greatest responsibility of the state for housing investment, also in the private sector, which is an important factor in stimulating economic growth. Widespread public spending supporting residential non-profit public and quasi-public institutions they place the flat in a different economic role. In the embryonic model, especially in Greece, Portugal, and Spain, housing is generally neglected by the state and the market, an economically passive good, strictly consumable, obtained mainly by own, usually family efforts, outside the public sector (Martyniuk, Wołowicz 2021, p. 15-26). These erroneous directions of the housing policy draw the direct and too – as it turns out – part of the middle and poorly disadvantaged population into attempts to sustain economic growth. This pull-in takes place through sometimes sophisticated banking and financial procedures, which give the mirage

of quick housing ownership as a way of future sustainable enrichment on the basis of the capital inherent in one's own housing real estate. This mirage also extends to the prospect of a better living environment. Indeed, in the 1980s, the urbanization associated with the spatial development of cities was based, as never before, on free-standing single-family housing, allowing access to an attractive residential environment. However, this applies in principle only to the wealthier, and not the worse off people who are just about to get rich *on credit*. This process causes a decrease in the space of more important natural and ecological values in connection with the demand for building plots, individual car transport, energy, with the increasing shortage of cheap land for social housing, deficit of public transport, more expensive energy, etc. It discriminates against access to inherently public space. Housing policy based on such a miracle combined with urban and other policies – transformed in the 1980s into a component of the market economy subject to strictly economic efficiency. Another aspect of the mirage of universal enrichment *on credit* is the alleged detachment of social space from physical space, which is raised in an instrumental manner. This detachment is to be possible mainly due to the city's *creative social class* and its *cultural capital* supported by the financial capital of developers. This class, in fact, leads suburbanization, gentrification, the creation of gated and guarded housing estates, etc. Combined with the culture of control and privatization of security, this class becomes the basis of a neoliberal housing and urban policy. A policy that changes only fragments of physical space without too much concern for the social space of the poor, pushed out of the places of renewal or revitalization understood in this way. This is accompanied by the official absence of local government authorities among entities involved in suburbanization processes or the creation of guarded housing estates with insufficient municipal and social housing. The informal involvement of the authorities in these processes exists in exchange for a better image of cities in the postmodern sense, financed by the private sector. In view of the presented changes and dependencies, until the turn of the 20th and 21st centuries, the clarity of housing policy models is decreasing, despite the new nomenclature (Dieleman 2002, p. 471-494, Balchin, Issac, Chen 2000, p. 146-157).

In the national accounts in Poland, investment expenditure in the construction industry is called gross capital formation. Gross capital formation

includes gross fixed capital formation and an increase in inventories. After updating the system of national accounts, a third item is added, namely acquisitions less disposals of valuables. From the expenditure side, GDP is as follows: $GDP = C + I + G + (EX - IM)$; $GDP = C + I + G + XN$

$GDP = \text{consumption} + \text{investment} + \text{government spending} + \text{net exports}$

The structure of expenditure in the economies of most countries is similar to each other. Consumption expenditure is the basic element of demand in the economy and the largest item of GDP. In retrospect, it turns out that their share of expenditure is quite stable. In Poland, household expenditure accounts for approximately 60% of GDP.

The next item is investment expenditure of enterprises, which account for approximately 20% of GDP. Investments are of particular importance to the economy as the creation of new jobs depends on them. The private investment expenditure of enterprises is more volatile than the expenditure of households. When the economic situation worsens, companies often decide to limit their investments. In such a situation, support for the economy comes from the public sector, the expenditure of which accounts for approximately 19% of GDP. Calculating GDP using the income method consists in adding up the income generated in the process of producing economic goods.

When calculating GDP on the income side, employment costs are taken into account, not wages themselves, since labor costs for employers also include social payments. The so-called transfer payments, such as pensions, pensions, various benefits, scholarships and other payments from the budget, are excluded from the income, because they do not constitute remuneration for market services and do not arise as a result of the production process. On the other hand, the value of income obtained from business activity is described by the so-called gross operating surplus. Gross means that the cost of capital consumption is ignored. A simple circular economy model is used to show the compliance of the income and expenditure methods when estimating GDP. The circular model describes the basic relationship that occurs in an economy, namely that in an economy the sum of expenses is always equal to the sum of incomes. In simplified terms, it can be assumed that the national income is the sum of the remuneration for work and the remuneration

of capital. Capital remuneration comprises interest on finance capital and company profits that ultimately constitute the remuneration of the business owners. So: $DN = wL + rK + pK$; where w is wage (wage), L – labor inputs (e.g. number of employees), r – net interest (annuities), p – company profits (profit), K – capital outlays (capital value). When we sum up the capital remuneration $r + p$, we get GDP as the sum of wage income $w \times L$ and capital income $r \times K$.

Then the GDP equation will be as follows: $Y = DN = r \times K + w \times L$.

CONCLUSIONS

Angling the effectiveness of economic policy in the context of theoretical macroeconomic conditions, it should be noted that there is relatively little short-term impact of the housing policy and the housing market on the situation of Polish households, which was negatively shaped (economically deformed) by the COVID-19 pandemic and the so-called Coronacrisis, and now the war in Ukraine and its economic and social consequences. Let us remember that housing costs and fees and their share in household budgets in Poland and other economies (especially non-dominant ones) are influenced by many phenomena and socio-economic processes. These phenomena and processes are largely beyond the influence of the state's socio-economic policy, including housing policy, and the entire financial and fiscal policy. After all, many of them have a financial and economic dimension in a market economy. An example of this is the excessive global flow of socio-economic factors in the pursuit of low labor costs and markets, extending and complicating production chains and increasing GDP, which shows the scale of all that can be recorded in the so-called the social accounting system of economic trading. The changes in the housing policy introduced in Poland in 2020 and 2021 and possible market reactions to them can therefore only be considered in terms of the likely impact on households at an unknown time of the pandemic impact. Useful in such considerations is the query of current internet sources, including the predictions of housing market analysts. In the period January-April 2020, construction of 66.2 thousand units began. 20.4% fewer housing

units started were shown in cooperatives, and 23.2% fewer were indicated by the Social Building Society (TBS). In 2020, 222,000 housing units were built, 7.0% more than in 2019. – the most since the record years of 1978 (284.000) and 1979 (278.000) in this regard, boosted by completed developments that began 2-3 years before the pandemic. In 2021, by April, construction had begun on 89.9 thousand housing units, 35.9% more than in 2020 during the same period. Developers started construction of 55.2 thousand apartments (45.2% more), and individual investors 33.1 thousand (24.0% more) (GUS 2021, MRPiT 2021). In other forms of ownership, the construction of 1.6 thousand sq m was launched. dwellings (1.5 thousand in 2020). The lack of changes as compared to 2020 cannot herald an improvement in the housing situation of less well-off households. It is worth mentioning here that 84% of households in Poland live in their own real estate, and 4% live in flats rented on the market, so only 12% of forms of ownership are social housing (CBRE 2021, Imperial 2012, p. 125-149, Imperial 2016). The so-called a housing package from the turn of 2020 and 2021 (indirectly aimed at helping households affected by the pandemic), introducing changes to the *National Housing Program* and consisting of two parts: social and business. In the social part, the package contained a number of solutions improving the housing situation of mainly employee households in Poland through financial support, primarily social and municipal housing, easier access to land for development and increasing the number of apartments for rent. The main emphasis was put on promoting social housing initiatives (SIM), which are to replace TBS and be additionally supported by the established Government Fund for Housing Development (RFRM). Financial support for the creation of premises will enable, inter alia, creating additional rooms (e.g. recreational, outpatient) for seniors and other tenants of flats, mainly municipal ones. Investors using this solution will have to inform about the number of apartments, the first tenants of which will be seniors. The problem characteristic of socially incomprehensible market mechanisms is the demand for apartments, which prevails in 2020 and 2021 (despite the coronavirus) over their market supply, which, according to these mechanisms, heralds a further increase in their prices. According to the data of the Central Statistical Office, the prices of consumer goods in April 2021 increased compared to April 2020 by 4.3%, and compared

to March 2021 by 0.8%. In turn, in May 2021, they increased by 4.8%, and compared to the previous month by 0.3%, and reached the highest level for almost a decade. The expected weakening of the coronavirus and economic recovery will probably be accompanied by upward pressure on wages, which increased the risk of inflation coupled with housing prices persisting as a result of the wage-price spiral. Raising interest rates, by counteracting inflation and curbing demand, it increased the burden of loans and decreased spending on the housing sector. According to the National Bank of Poland (NBP), in the first quarter of 2021, in the seven largest cities, the average transaction price of a new developer flat was 7.7% higher than in 2020, an apartment on the secondary market – by 6.5%, including the so-called hedonic index – by 10.8% (GUS 2020). This means that the demand is directed towards higher standard housing, which is bought by wealthier households.

The so-called a housing package from the turn of 2020 and 2021 (indirectly aimed at helping households affected by the pandemic), introducing changes to the *National Housing Program* and consisting of two parts: social and business. In the social part, the package contained a number of solutions improving the housing situation of mainly employee households in Poland through financial support, primarily social and municipal housing, easier access to land for development and increasing the number of apartments for rent (Act of 16 December 2020). The main emphasis was put on promoting social housing initiatives (SIM), which are to replace TBS and be additionally supported by the established Government Fund for Housing Development (RFRM). The RFRM is to provide financial support to municipalities whose budgets suffered as a result of the pandemic, with funds from the COVID-19 Counteracting Fund. The housing package is to contribute to the development of social housing better than that achieved under the *Mieszkanie Plus* program, implemented by developers on a commercial basis, but with public support. The package provides for an increase in subsidies from the Subsidy Fund (located at BGK since 2007) for municipalities for the construction of social and communal housing. A point on facilitating payments for perpetual usufruct has been added to the act. Rent subsidies were introduced as part of the *Mieszkanie na Start [Apartament Start for Young]* program, launched in 2019. The investor was legally allowed to obtain land for investment from

the local government in exchange for the rights to some of the apartments built¹. It is planned to create social rental agencies, which are to mediate between the local government, tenants and landlords, improving rental on the commercial market. Financial support for the creation of premises will enable, inter alia, creating additional rooms (e.g. recreational, outpatient) for seniors and other tenants of flats, mainly municipal ones. Investors using this solution will have to inform about the number of apartments, the first tenants of which will be seniors.

The problem characteristic of socially incomprehensible market mechanisms is the demand for apartments, which prevails in 2020 and 2021 (despite the coronavirus) over their market supply, which, according to these mechanisms, heralds a further increase in their prices. According to the data of the Central Statistical Office, the prices of consumer goods in April 2021 increased compared to April 2020 by 4.3%, and compared to March 2021 by 0.8%. In turn, in May 2021, they increased by 4.8%, and compared to the previous month by 0.3%, and reached the highest level for almost a decade. The expected weakening of the coronavirus and economic recovery will probably be accompanied by upward pressure on wages, which increased the risk of inflation coupled with housing prices persisting as a result of the wage-price spiral. Raising interest rates, by counteracting inflation and curbing demand, it increased the burden of loans and decreased spending on the housing sector. According to the National Bank of Poland (NBP), in the first quarter of 2021, in the seven largest cities, the average transaction price of a new developer flat was 7.7% higher than in 2020, an apartment on the secondary market – by 6.5%, including the so-called hedonic index – by 10.8% (Gwardecki M., 2021). This means that the demand is directed towards higher standard housing, which is bought by wealthier households.

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