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What would I change in my country?

Polish cities: where is the plan?

Housing market in Poland and its role in the urban areas, based on the case study of Warsaw.

In 2014, a British economist Kate Barker, known for her advisory role at the Bank of England, published an extended essay entitled "Housing: where's the plan?". She focused on UK's housing crisis evidenced by supply distortions, high market volatility, and the conflict between growth and conservation. But she does not stop there. Barker recommends a number of sensible measures that could be easily applied across boundaries. This is a reason why many Polish politicians, mayors, developers, and environmentalists should reach for the Baker's publication. However, the majority wouldn't. The most important reason *why* is vested in the general lack of recognition of housing as an influential factor in the range of social and urban phenomena. But it is high time to realize that housing and where we locate it in our cities really do matter.

For decades, Poland has been struggling with the housing deficit, which currently oscillates around 1.75 million dwellings, and has not been reduced despite the increasing supply. The predominant reason for that is related to the inappropriate structure of the supply, which does not match the demand. Therefore, governmental responses to the problem have been mostly based on the social policies, in the form of the purchase-support schemes. However, they ignored the fact that the development market has a tremendous effect not only in the social, but even more obviously in the spatial context. Housing and infrastructure policies play a crucial *creationary* role in the cities. Thus, any policy aiming to facilitate the supply of housing needs to incorporate the appropriate measures encouraging development of the desired character. From economic, social and environmental point of view, the majority of new housing should be concentrated within the existing borders of the city. Therefore, the responsible supply response to the dwellings deficit needs to facilitate urban regeneration in contrast to the urban sprawl. The capital city of Warsaw provides a range of examples in support of this claim.

Today, Poland has second lowest housing stock (number of dwellings per 1000 inhabitants) in the European Union (only after Slovakia). This situation has been determined historically – the state management within command economy could not keep up with the housing provision after the Second World War, constrained by relatively low GDP per capita and a small proportion of total consumer expenditure allocated to housing. In 1990s municipalities were made

responsible for fulfilling housing needs, and since then the deficit has been recognized solely in the social context. Certainly, the problem is to big extent related to the insufficient availability of social housing, and poor financial situation of many Polish households. Therefore, the governmental purchase-support schemes “Rodzina na swoim” (“Family on its place”), and “Mieszkanie dla Młodych” (“Home for youths”) could be considered as an indirect attempt to fight the deficit. The former scheme, which ended in 2012, supported the mortgage lending with interests partly covered by the state. The latter provides contributions to the first purchased property. Despite the positive impact of the schemes on lives of thousands of Polish families over years who otherwise could not afford to own a property, both share one, crucial disadvantage – too low (and in big cities practically impossible to meet) price limits. For example, the limit for Warsaw is currently 5800 PLN per square meter, while the average market price oscillates around 8800 PLN. What is more, the second scheme is restricted only to the primary market, ruling out properties in better locations, but potentially in worse condition or with less space available. As a result, through the schemes, the state has supported the purchase (and development) of properties in the suburbs, usually poorly linked with the city center. Therefore, it contributed to the urban sprawl associated with the long daily commutes and the substantial levels of greenhouse gases emissions. What is crucial, the potential impact of the schemes on the uncontrolled spatial growth of the biggest Polish cities seemed to be ignored, while the cities themselves have not done a lot to prevent it.

Even in Warsaw, where the housing stock is the biggest out of all the Polish cities, the housing needs have not been met for years. It is the results of the considerable level of immigration (from the smaller Polish cities, rural-urban, as well as international), the increasing number of affluent dwellers who prefer single housing, and finally poorer residents who struggle with the increasing rents and property prices. Of course, it is also related to the characteristics of the property market as such, in which the excess demand cannot be so easily corrected due to the considerate time lags in the development process. However, the supply response has been apparent over years, and to some extent encouraged by the governmental schemes. The rapid development of such districts as Białołęka has proven that housing is the primary factor leading the creation, as well as development of the city – and in particular the spatial growth, responsible for the urban sprawl. It also revealed the negative consequences of the phenomenon for both residents, and the city environment. Poor transport infrastructure, especially before the Marie Skłodowska-Curie Bridge was opened, led to high costs of commuting both in terms of energy, time, and pollution.

In the area of urban studies, there is substantial theoretical and empirical evidence favoring brownfield developments (i.e. on sites that has been built on before, within the city borders) over greenfields (i.e. on sites that has not been built on before, often rural and countryside suburban areas). However, in the past, the greenfield sites development in Warsaw was further encouraged by the lack of long-term environmental protection strategy for the city. The original 1992 plan incorporated a number of green areas, but over years the majority of them has been cut through by the new housing developments, usually without the appropriate impact assessment. The lack of control of developers by the city,

and the cooperation between the parties, led to a range of dubious results. For example, the famous Miasteczko Wilanów is still struggling with the provision of basic facilities such as energy providing, drainage, as well as educational institutions and public communication. Therefore, the future success of the city is dependent not only on the provision of housing within the existing borders of the city, but on the cooperation with the local government as well. A lot has already changed in this area. In June 2014 the Polish Association of Business Developers (PZFD) signed the perpetual agreement with the city of Warsaw aiming to achieve the sustainable spatial planning and to implement the infrastructural projects accompanying new housing developments. Finally, the agreement supports the implementation of the city development plan, which seems to favor the brownfield sites development. The range of project has already started off. For example, EC Powiśle, on the area of the old CHP, will be transformed into the modern center for services and housing, preserving historical elements and construction. Therefore, if the trend continues, not only the city environment will benefit a lot, thanks to the reduced commuting and traffic, but it will also become more aesthetically appealing. The environmental impact of developing the majority of new housing within the existent city boarders has yet another dimension. The regeneration projects are very often characterized with the highest sustainable building standards. Thanks to the implemented solutions, they have much lower influence on the environment and reduced exploitation costs. Recently, such environmental-friendly investments have been recognized by the Minister of Environment, Mr Maciej H. Grabowski, who in cooperation with EY, organized a contest "Projekt: Przestrzeń" ("Project: Space"). The winner will be announced during the European Financial Congress.

When looking for the answer to the question about the plan for housing in the UK, leading British urban economists pay a lot of attention to the need for definite solutions. However, they can be implemented only if the housing crisis is actually recognised as an issue. In Poland, the problem of the housing deficit requires more attention and research, because only then the optimal response, considering multidimensional influence of implemented solutions could be developed. As we have already seen, any policy aiming to ease the burden of the deficit should have considered not only how to encourage new development, but what can be the result of such policy on potentially affected urban areas. Housing determines the way our cities live and grow, and we cannot afford having no plan for it. Restricting spatial development and encouraging urban regeneration as well as further cooperation between developers and local governments seem to be the way to go. However, there is still a lot to be done to make Polish cities successful in response to the housing needs.