

Housing Policy in Poland during the economical and political transformations period

- prospects, threats and the directions of the future

Professor Marek Bryx

Undersecretary of State Ministry of Infrastructure

President of the State Office for Housing and Urban Development



The spheres of housing sector which state can influence

- changes in macroeconomical environment
- changes in regulatory environment
- programs of supporting housing sector with public funds;
- operating the existing housing stock
- backing rental housing construction
- development of technical infrastructure for housing
- support for owner-housing construction
- support for housing in exceptional situations

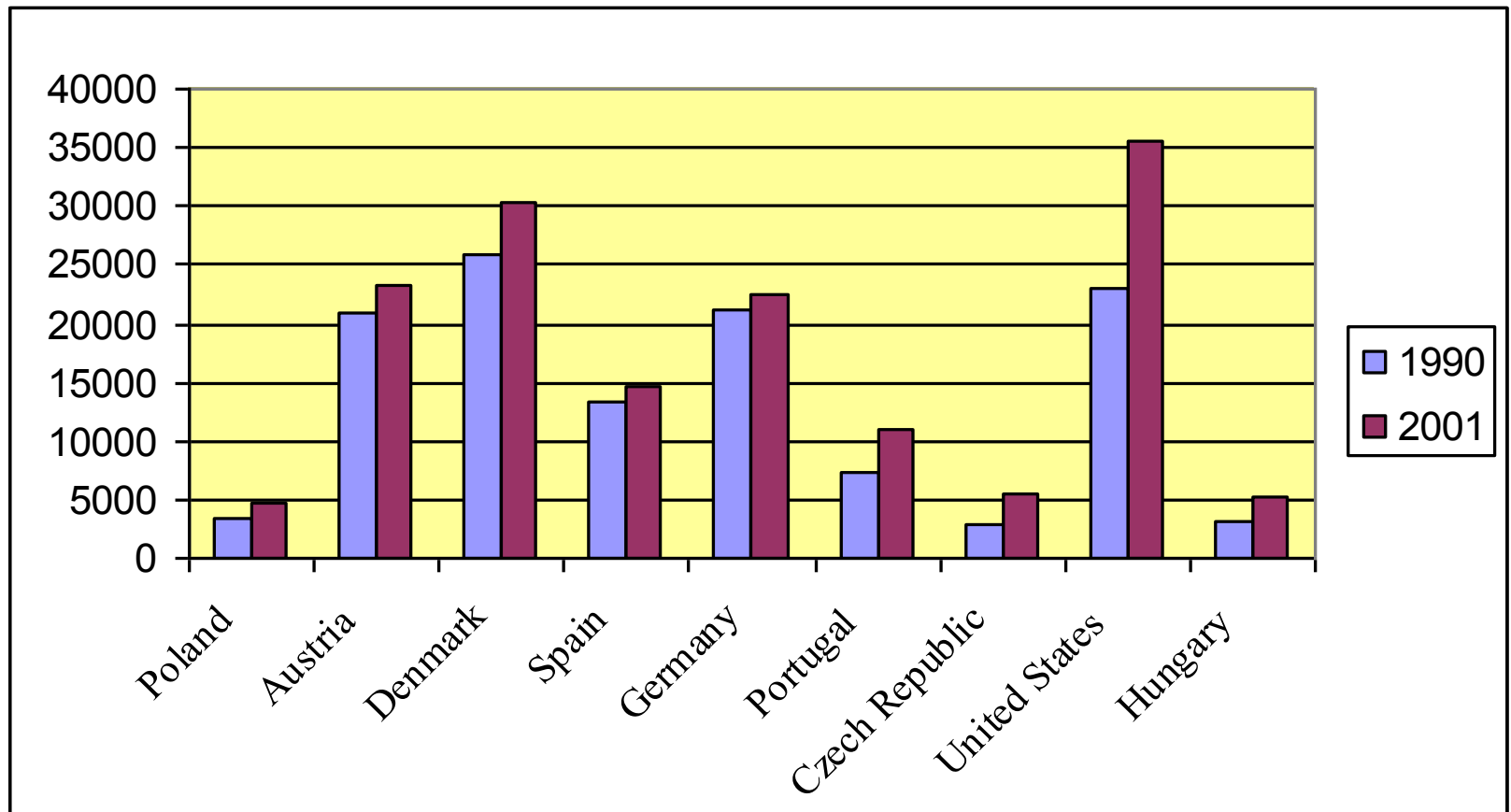
Foundations of housing policy of the state

- the state should not replace but support people in their efforts to obtain a dwelling
 - developing the long time credit system,
 - supporting saving money for housing purposes - in general, programs that support the development of commercial financing of housing
- the state and communal policy should support the development of housing sector since it attracts other investments

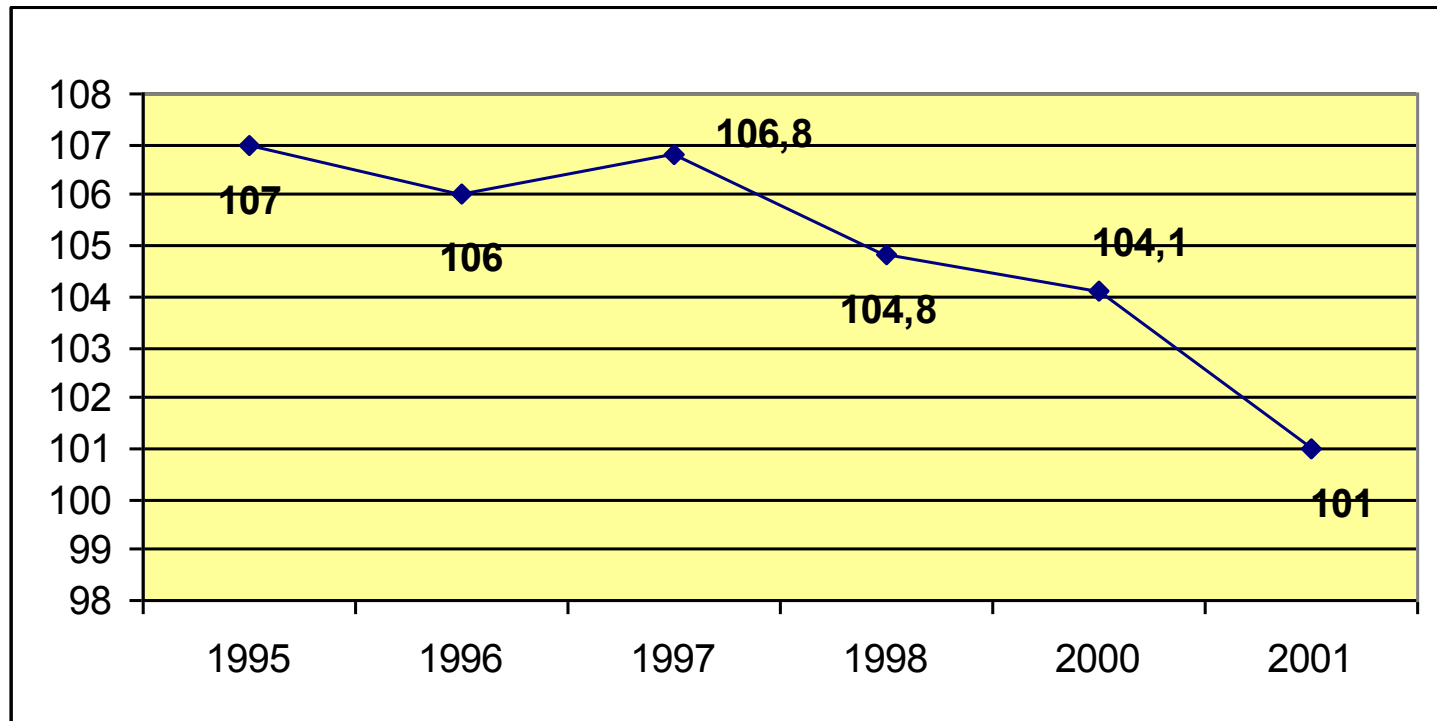
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- the state policy should influence not only demand but supply side of housing sector as well.

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- the scale of the state interventionism should take into account state budget financial abilities;
 - currently it's very important to develop the rental housing sector,
 - improvement in managing the existing housing assets is indispensable and it should embrace making the rents real
 - necessary legal changes connected with EU access of Poland;

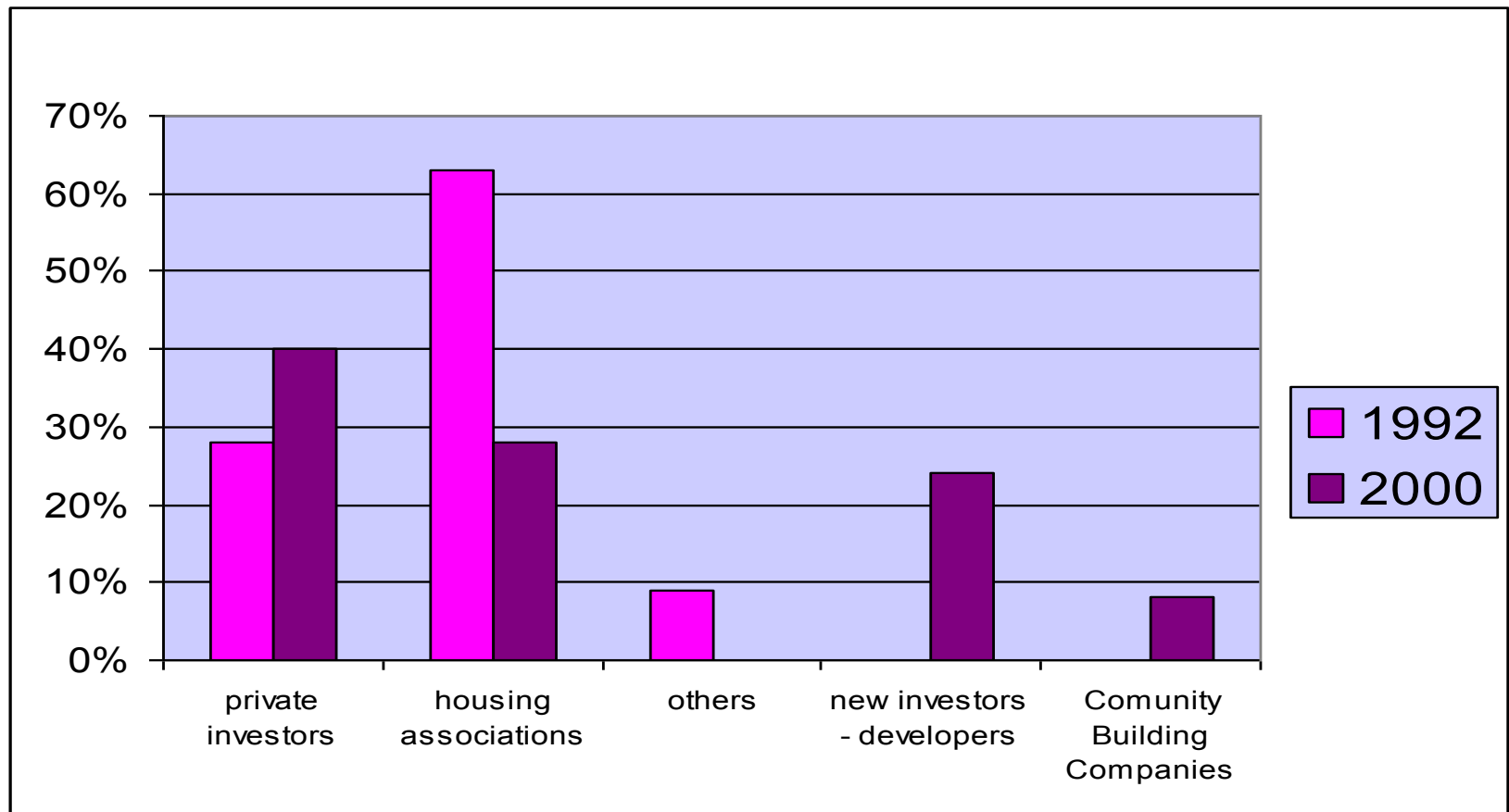
Gross Domestic Product (current prices) per capita in USD



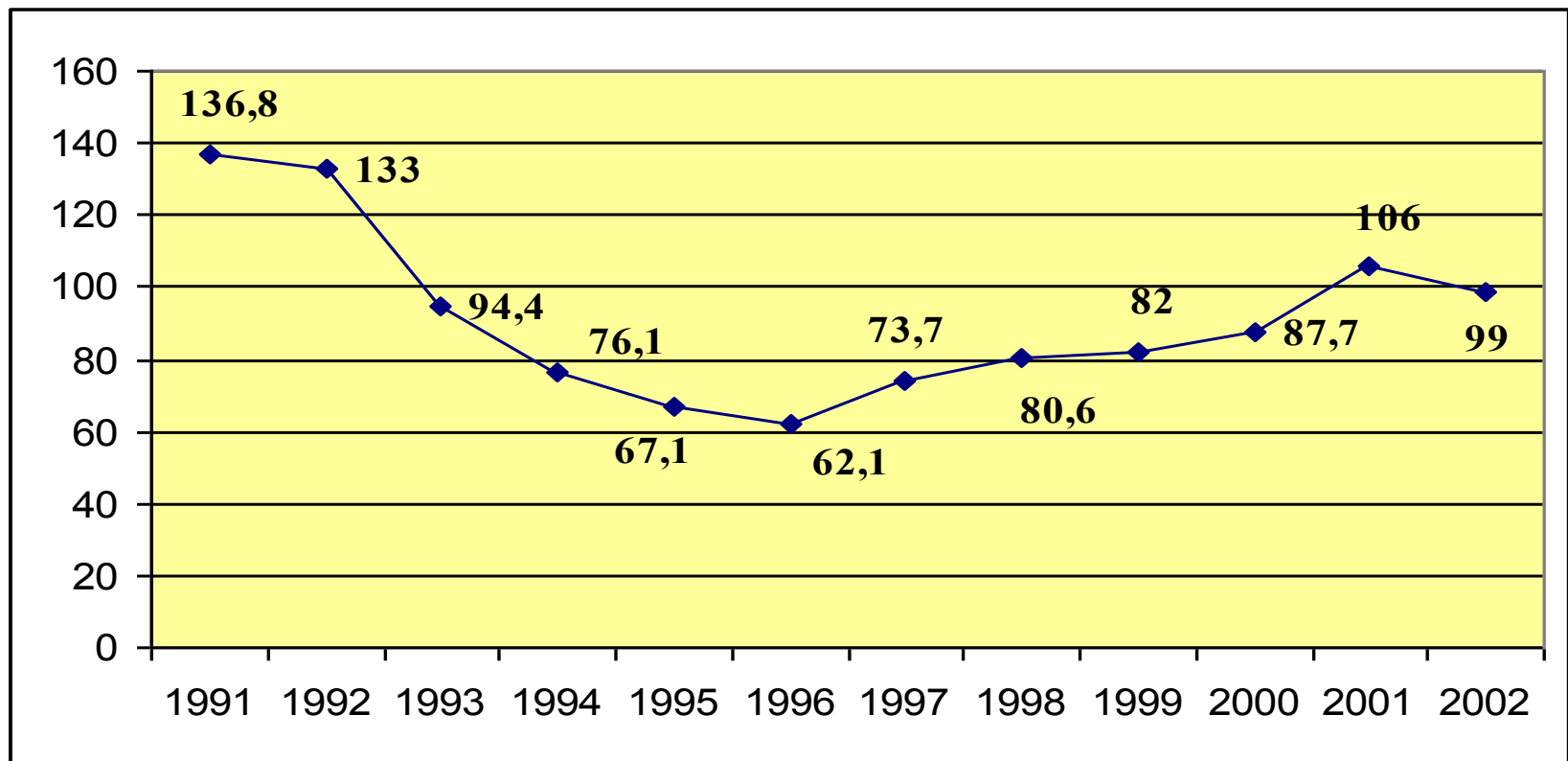
Gross Domestic Product - indices (constant prices)



The changes in the investment structure between 1992 - 2000

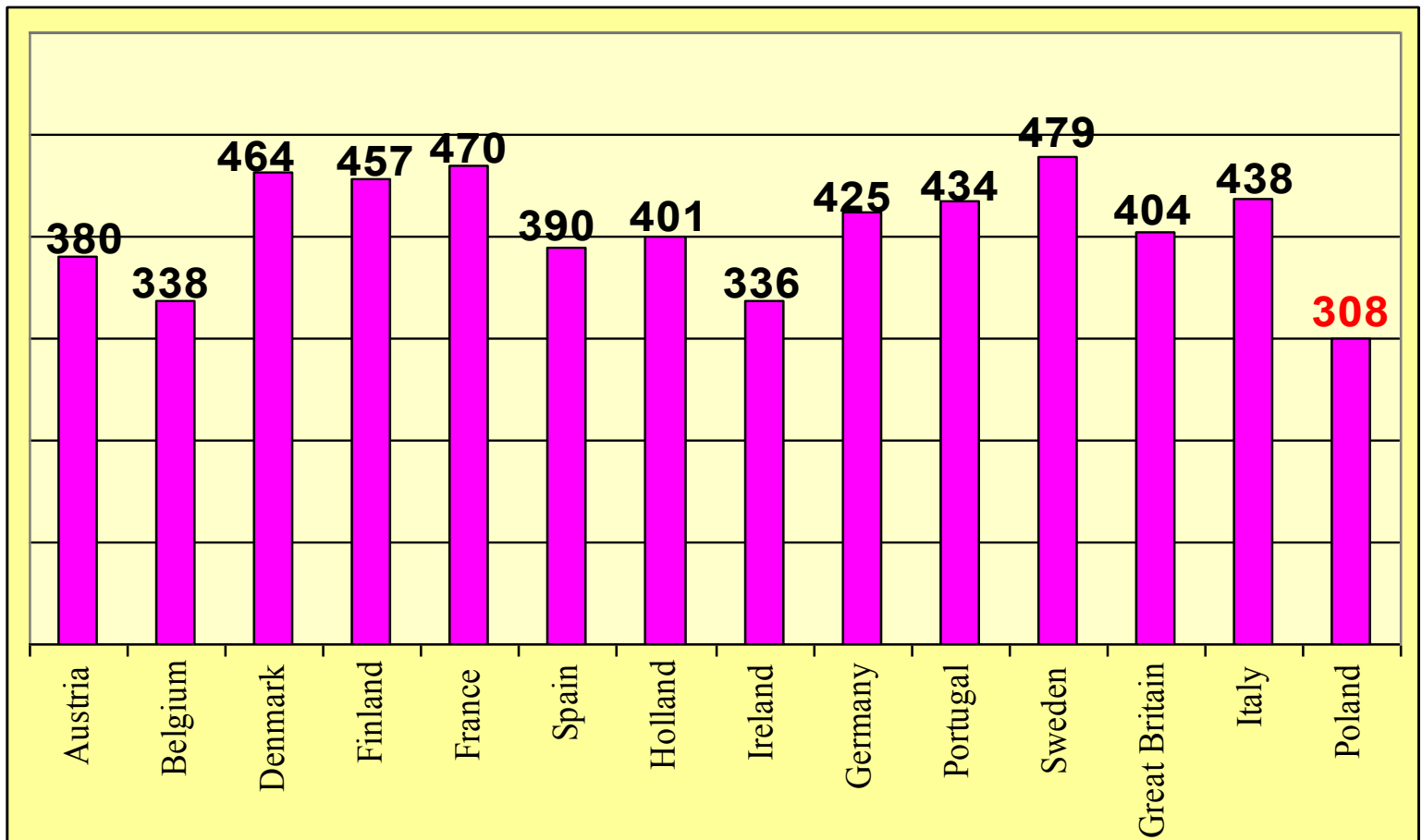


The houses ready for settling in period of 1991 - 2002 (in thousands)



Housing saturation index

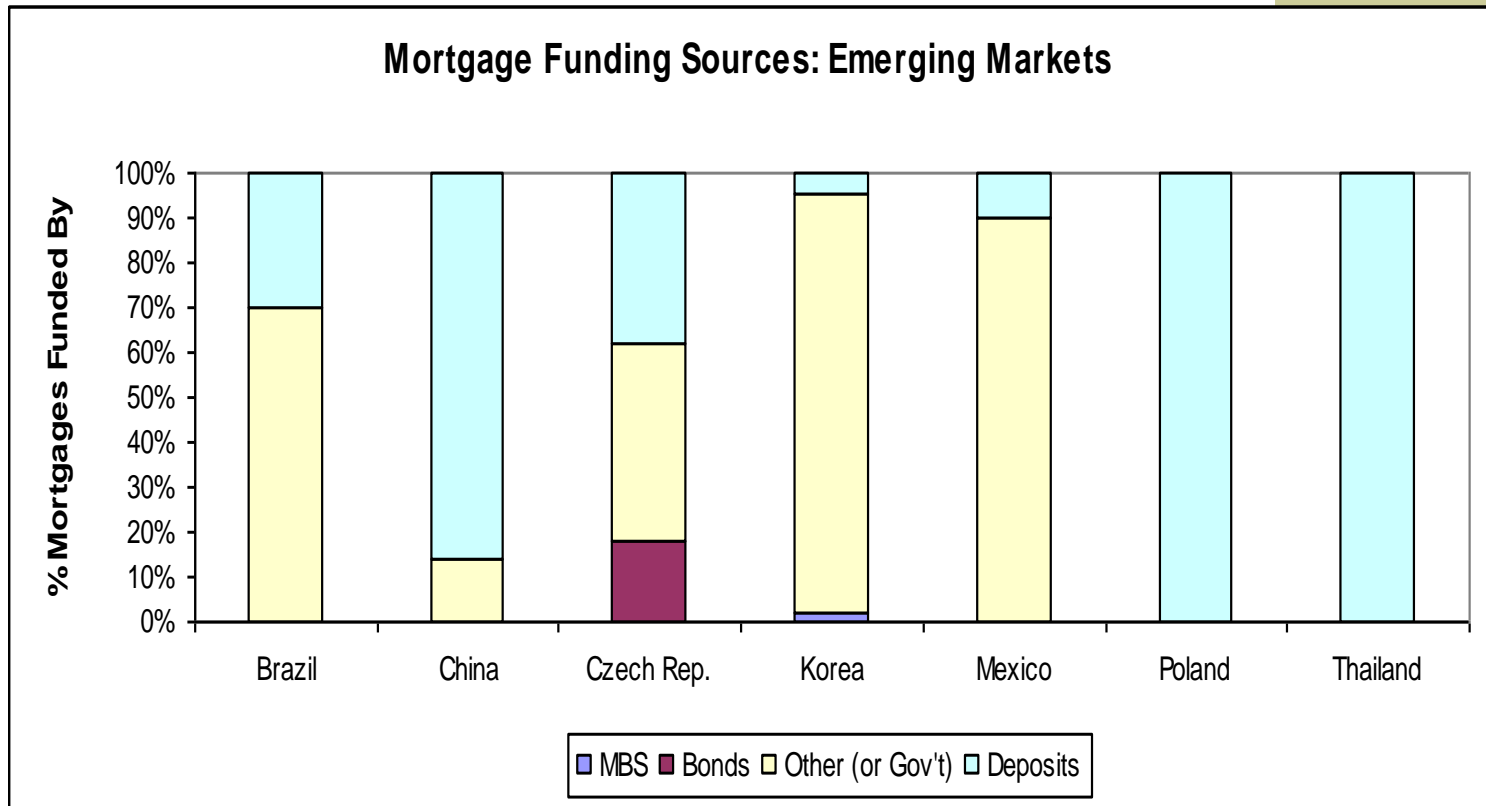
living spaces for 1000 citizens



Main problems arising in connection with commercial and public financing of housing

- financing the housing sector with private capitals;
- public financing of housing;
- macroeconomic environment: costs and risk;
- accessibility to capital market;
- competition and equal opportunities for mortgage banks;
- others risk factors (legal, institutional and administrative);
- accessibility of apartments;
- modification of subvention policy.

Mortgage Funding Instruments: Developing Markets



Mortgage Banks in Poland

- ◆ Mortgage Bank Structure Is Quite Rigid
 - Costly to set up and maintain specialized companies and regulatory apparatus
 - Conservative guidelines limit affordability and product selection
 - Specialized institutions have “all eggs in one basket”

Why Should Poland Consider Creating a Secondary Mortgage Market?

- ◆ Expand the Flow of Funds to Housing
 - Very low mortgage debt/GDP ratio
 - Mechanism to tap growing institutional investor base
- ◆ Facilitate Improved Risk Management
 - Liquidity risk of long term mortgages
 - Interest rate risk of fixed rate mortgages
- ◆ Increase Competition in Primary Market
 - Lower mortgage to funding spreads

Fundamental rules of housing policy

- ◆ 1. Housing investments are an integral part of an economic system. The implemented solutions, favoring their development, **cannot stay at contradiction** with the rules governing the economy as a whole.
- ◆ 2. Housing investments financing system must be effective, meaning involving as little as possible bureaucracy, and as much as possible contributing to the constructed flats number growth, as a result of the said investments.
- ◆ 3. Housing investments financing system must be **transparent** because:
 - ◆ • it will be taking from public money,
 - ◆ • it should be clear for these to whom it is addressed.