

THE EFFECTIVENESS OF THE HOUSING POLICY IN POLAND: THE IMPACT OF PUBLIC INTERVENTIONS IN A MACROECONOMIC CONTEXT

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ABSTRACT

Aim: This article aims to assess the impact of the housing policy implemented in Poland between 2007 and 2023 on housing affordability – in particular, the effectiveness of selected government programs is evaluated in terms of their influence on both the demand and supply sides of the housing market. **Methods:** A comparative analysis was conducted of key housing policy instruments such as ‘Family on Its Own’ (Rodzina na Swoim), ‘Housing for the Young’ (Mieszkanie dla Młodych), and the ‘Safe Credit 2%’ (Bezpieczny Kredyt 2%), taking into account their implementation under varying macroeconomic conditions. The study utilizes statistical data and indicators related to price and wage dynamics. **Results:** It is demonstrated that the effectiveness of housing support programs is linked to the phase of the business cycle and structural supply constraints. Although demand-side programs temporarily improve access to financing, they may lead to price increases when supply is inelastic, as observed in the case of the ‘Safe Credit 2%’. In the long term, policies based solely on stimulating demand prove insufficient. **Conclusions:** An effective housing policy should balance demand- and supply-side interventions and support the development of alternative forms of saving and investment. Adapting policy tools to current economic conditions and accounting for the growing role of investment demand are key to sustainably improving housing affordability in Poland.

Key words: housing policy, housing affordability, support programs

JEL codes: R21, R31, R38

INTRODUCTION

Housing is a fundamental human need and forms the base of Maslow’s pyramid, along with physiological needs. However, housing is not limited only to the function of shelter; it also fulfills a role in terms of the second level of the pyramid – security needs.

Housing stability affects households’ sense of financial and social security [Murawska and Gotowska 2014]. Owning an apartment or having a long-term rental agreement reduces the uncertainty and risk associated with frequent relocation. At higher levels of the pyramid, related to belonging and self-realization, housing plays a social and emotional role [Kisiel

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et al. 2021]. It provides a space for building family and social relationships, which affects psychological well-being. Adequate housing is important for fostering social development and promoting the institution of family [Kędzierska 2009]. Housing can also be a symbol of social status and an expression of individual aspirations. Households attach great importance to housing and are willing to make sacrifices – mainly financial – in other areas to satisfy them [Uwatt 2019]. In summary, housing plays a key role in meeting social needs [Lis 2005] and has the character of a basic good. Due to these characteristics, a properly coordinated and effective housing policy becomes essential [Polak 2024].

Housing policy directly affects prices, rents, and the quality and number of investments, which have long-term consequences for the rate of economic growth and the stability of sectors related to the housing market [Marmot and Wilkinson 2005].

These features make housing policy a part of social policy [Szełągowska 2021], as well as economic policy [Kędzierska 2009]. Improved housing conditions translate into increased productivity, as workers living in better conditions are healthier, more motivated, and less burdened by issues associated with inadequate living conditions [Marmot and Wilkinson 2005]. Previous research has mainly focused on the financial aspects of housing policy, while investment in housing is not only a public expenditure, but also an investment in human and social capital, with a direct impact on social stability and productivity [Cesarski 2022]. The right to housing is a social right with constitutional status, as confirmed in Polish legislation in Articles 75 and 76 of the Polish Constitution [Konstytucja...]

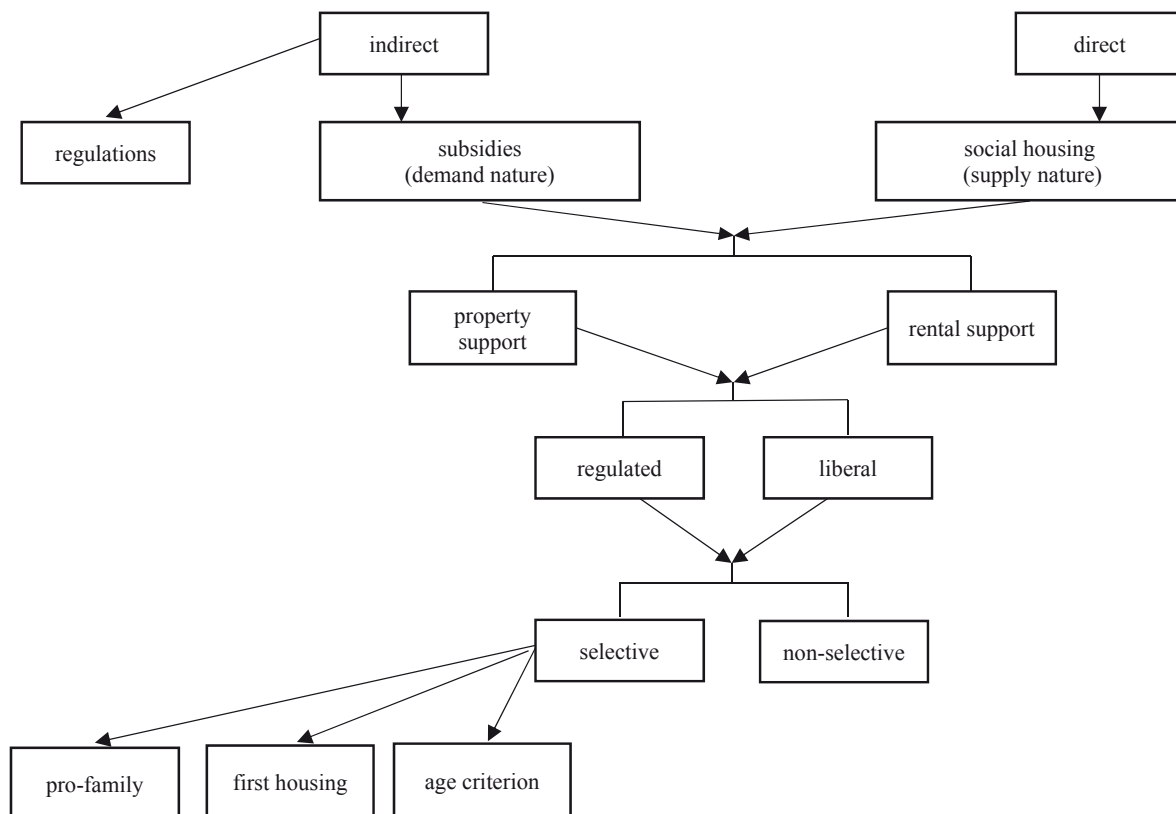


Fig. 1. Concept of the impact of housing policy on the market

Source: the authors.

1997]. These provisions impose an obligation on public authorities to take measures to realize the right to housing. This establishes the need for public resource allocation [Cesarski 2015]. An effective housing policy should be economically efficient, but at the same time, it should impact correcting inequalities and inefficiencies that exist in the market [Lis 2019]. Given the complexity of the potential nature of housing policy in Poland, the following diagram was developed (Fig. 1).

Housing policy can be categorized based on its market impact. A distinction is made between measures of an indirect nature (market regulation, institutional state support, financial subsidies) and measures of a direct nature (social housing) [Szelągowska 2021]. In addition, three areas of application for these instruments are also distinguished: ownership support, rental support, and support for renovation activities [Machalica et al. 2023]. On the other hand, among the objectives, one should mention demand-side objectives (creating favorable conditions for buying or renting housing) and supply-side objectives (ensuring the affordability of quality housing) [Lis 2005]. By the terms “regulated” and “liberal”, we mean regulations directly related to the market (i.e., the presence of price and area limits) [Clapham 2018].

CHARACTERISTICS OF HOUSING PROGRAMS IN POLAND

The housing market from 2007 to 2023 was characterized by significant changes, including an increase in prices and a decrease in the number of housing units completed. These changes also affected the financial situation of Poles, whose creditworthiness weakened significantly due to interest rate hikes and high inflation.

The ‘Family on Its Own’ (Rodzina na Swoim [RnS]) program was the first project aimed at supporting families in acquiring their first apartment through a system of mortgage interest subsidies. The main idea behind the program, which launched in 2007, was to make homeownership more accessible to young people and families by reducing the financial burden of loan repayment in the initial years. Initially, the program was aimed primarily at young married couples

and single parents. Over time, however, as of August 31, 2011, the program’s eligibility was expanded to include unmarried individuals and those not raising children, provided they were under 35 in the year of the loan agreement. One of the key conditions for participation was that beneficiaries should not own another apartment or house. There were also restrictions on the area of the financed property.

For married couples and single parents, the apartment could not exceed 75 m², and the house could not exceed 140 m². Subsidies were calculated only up to a certain area (50 m² for apartments and 70 m² for houses), while the rest of the loan was repaid by the beneficiary on standard terms. For singles, the limit for the area of an apartment was 50 m², with support for a maximum of 30 m². In addition, the program specified a maximum price per square meter, which varied by province and changed over the course of the program. The RnS program operated from 2007 to 2013. Under the program, the National Development Bank (BGK) paid mortgage subsidies for the first eight years of repayment. The subsidy was equivalent to 50% of the interest accrued on the subsidy base at the reference rate [Groeger 2016]. Despite the end of the call for applications, the state’s financial obligations to pay subsidies to those who took advantage of the program continued until 2021. This demonstrates the long-term financial implications of housing programs, which impact fiscal policy despite their termination. According to BGK data, during the duration of the RnS program, loans totaling almost PLN 35 billion were granted. The total value of loans granted (PLN 35 billion) significantly exceeds the government’s direct spending (at least PLN 3.198 billion), highlighting the leverage effect the subsidy has had on the mortgage market. This suggests that even a relatively small outlay of public funds can stimulate a large volume of housing loans. The RnS program was a selective initiative, targeting specific demographic groups (young people and families) and property types (size and price restrictions) to improve the availability of housing for these segments. The program was strongly demand-driven. It subsidized mortgages taken out by eligible individuals, thereby increasing their purchasing power and stimulating demand for housing within certain price and area limits. By low-

ering borrowing costs, the program directly affected the demand side of the housing market.

The ‘Housing for the Young’ (Mieszkanie dla Młodych [MdM]) program was another government initiative, implemented between 2014 and 2018, to support young people in buying their first apartment. Unlike the MdM program, which offered one-time financial support in the form of a down payment subsidy, the goal of the program was to reduce the barrier associated with the need to accumulate the required initial capital to obtain a mortgage. The program targeted people up to the age of 35 who had not previously owned a house or apartment on their own. Under the program, there were limits on the usable area of the property being purchased: up to 75 m² for apartments and up to 100 m² for single-family homes. According to the information contained in the Act of September 27, 2013, on State Aid for the Acquisition of the First Apartment by Young People (Journal of Laws of 2013, pos. 1304), and its amendments (the Act of June 25, 2015, amending the Act on State Aid for the Acquisition of the First Apartment by Young People, Journal of Laws of 2015, pos. 1194, and the Act of July 7, 2017, amending the Act on State Aid for the Purchase of the First Apartment by Young People, Journal of Laws of 2017, pos. 1413), the subsidy applied to both primary and secondary market apartments. The amount of subsidy under the MdM program depended on the status of the beneficiary and ranged from 10% to 30% of the value of the property being purchased. For singles and childless couples, it was 10% of the replacement value of the property, and for married couples and single parents, it was 15%. In addition, if the beneficiary had a third or subsequent child within five years of purchasing the apartment, they could apply for an additional 5% subsidy. After changes were made to the program in 2015, the amount of subsidy increased from 15% to 20% for families with two children and to 30% for families with three or more children. The last call for applications in the MdM program ended on January 3, 2018, due to the exhaustion of the available pool of funds. Nevertheless, MdM program grantees could, until the end of 2023, apply for additional repayment of part of the loan in case of the birth of a third

or subsequent child within five years of taking advantage of the program. According to BGK data, the total cost of the MdM program was similar to the initial cost of the RnS program (PLN 2.92 billion), but the form of support (a one-time payment versus an interest subsidy) had different implications for the government’s long-term spending and beneficiaries’ financial planning. A comparison of the total costs and support mechanisms of the two programs can shed light on the preferred housing policy instruments over time. The program attracted 110,400 applications. Among the applications submitted by married couples were 27% of childless couples, 30% of couples with one child, 13% of couples with two children, and 30% of couples with three or more children. Eighty-five percent of the amount of single financing awarded went to childless couples. The MdM program, like the RnS, retained its selective nature, taking into account the criteria of age and status of the first-time buyer, but the focus shifted to providing initial capital for the homeowner’s down payment. This change in the support mechanism may have reflected an attempt to address the high initial cost of buying a home, especially for young people. Households in Poland are characterized by low savings rates. According to Eurostat data [Eurostat 2025], the median quarterly gross savings in gross disposable income between 2010 and 2023 in Poland was 5.8%, compared to 12.6% in eurozone countries. In the years of the MdM program, it was 6.1% and 12.4%, respectively. Programs with a down payment subsidy mechanism address this problem in an attempt to minimize it. The low savings rate meant that many households were unable to accumulate the required funds for their own down payment, which blocked their access to a mortgage.

A down payment is one of the key requirements when applying for a mortgage – it serves as a bank’s hedge against credit risk and proof of a borrower’s financial capacity. The amount of the down payment directly affects the terms of the loan; a lower down payment means a higher interest rate or the need to purchase additional insurance (such as mortgage insurance), which raises the total cost of the loan. For many households, especially young ones, the accumulation of a down payment is a major barrier

to entering the housing market, particularly with low savings rates and rising real estate prices. According to Resolution No. 148/2013 of the Financial Supervision Commission of June 18, 2013, on the issuance of Recommendation S, which introduced a timetable for a gradual increase in the down payment in Poland, the requirement for a minimum down payment increased from 5% in 2014 to 10–20% from 2017. This change aimed to reduce systemic risks, but at the same time, it made access to housing loans more difficult for those without significant savings. The increase in down payment requirements has prompted the government to introduce compensatory instruments. A lack of a sufficient down payment can increase the risk of property overvaluation during a downturn; when housing prices fall, there is a risk that the value of the loan will exceed the value of the property (so-called “negative equity”). In the absence of a down payment, there is also a greater risk of the so-called “moral hazard effect” – borrowers may make riskier financial decisions, knowing that they are not contributing significant funds of their own. In practice, a low down payment increases banks’ exposure to losses in the event of a borrower’s insolvency. The amount of the required down payment is, therefore, not only an individual issue, but also a tool of prudential policy – it affects the stability of the financial sector and the scale of lending to the housing market.

The next support instrument was the ‘Housing Plus’ (Mieszkanie Plus) program, which was launched in 2016 to increase the availability of housing, especially for moderate- and lower-income individuals who were not creditworthy and did not qualify for public housing. The program aimed to build affordable rental housing with a rent-to-own option, using public land [Mirczak 2018]. According to the Supreme Audit Office’s report ‘Operation of the Housing Plus Program’, by the end of October 2021, 15,300 housing units had been completed under the program, and another 20,500 were under construction. This was significantly less than the originally planned 100,000 housing units by the end of 2019 [NIK 2021]. The significant discrepancy between the planned and actual number of housing units completed indicates substantial chal-

lenges in implementing the program and potentially higher unit costs than anticipated. The low completion rate suggests that initial budget allocations may have been insufficient or that unforeseen obstacles – such as land acquisition and regulatory barriers – have significantly affected the program’s progress and cost-effectiveness. This broader context of limited public investment in housing may partially explain some of the challenges the program has faced. The ‘Housing Plus’ program aimed to reach a different segment of the population than the RnS and Mdm programs, focusing on rental housing for people with limited access to homeownership, indicating a shift toward a more inclusive housing policy. This focus on rental options takes into account the growing number of households. The program combined elements of both demand-side (rent subsidies) and supply-side (construction of new rental housing) interventions, making it a more complex policy instrument compared to programs that subsidize loans. This dual approach suggests an attempt to address both affordability problems and the shortage of affordable housing stock.

The most recent program is the ‘Safe Credit 2%’ (Bezpieczny Kredyt 2% [BK2%]) program, which was launched on July 1, 2023, in accordance with the Law of May 26, 2023, on State Aid to Housing Savings (Journal of Laws 2023, pos. 1114) to help individuals and families purchase their first apartment by offering mortgage subsidies that reduce the interest rate to 2% for the first 10 years of repayment. The goal of the program was to increase housing affordability in the context of rising real estate prices and interest rates. The program targeted people under the age of 45 who did not previously own a house, apartment, or cooperative housing right (with some exceptions for inheritance shares of up to 50% under certain conditions). In the case of married couples or parents with at least one child, the age condition had to be met by at least one of the borrowers. Borrowers had to maintain a household in Poland or have Polish citizenship (or co-credit with a person with such citizenship) if living abroad. The maximum loan amount was PLN 500,000 for singles and PLN 600,000 for married couples or families. The program had no limit on the price per square meter of the property. After 10 years, the loan would switch to standard mar-

ket terms. The Bank of National Economy announced a halt to the acceptance of applications by lending banks as of January 2, 2024, due to the exhaustion of funds allocated for this purpose. The amount from the state budget allocated for the program was PLN 11.3 billion. The BK2% program was a selective initiative based on age and first-time buyer status, suggesting a focus on facilitating the entry of younger generations into the housing market. This targeting strategy aimed to address the problems young adults face in achieving their own housing due to high real estate prices and limited savings. The program was strongly demand-driven, directly subsidizing mortgage interest rates and significantly lowering the cost of borrowing for eligible buyers, leading to a surge in demand and inflationary pressures in the hous-

ing market, exacerbated by the lack of a property price cap.

The common denominator of the analyzed initiatives (Table 1) is their focus on facilitating the acquisition of the first apartment, reflecting the adaptation of housing policy to the nature of the consumer in the market (a high share of owned housing and a downward trend in the share of rented housing) by increasing the level of ownership among younger generations. The RnS, MdM, and BK2% programs directly addressed this need, implementing financial support mechanisms aimed at those taking their first steps in the real estate market.

Despite the common goal, housing policy instruments took different forms, reflecting changing diagnoses of market problems and the preferences

Table 1. Comparison of housing support programs in Poland

Program	Period	Estimated total cost [PLN billion]	Form of support	Age criterion	First housing criterion	Area limits [m ²]	Property price limits
Family on Its Own (RnS)	2007–2013	3.2	loan interest subsidies (50% for 8 years)	no limit (for married couples) up to 35 years (for singles)	yes	apartment: 75 house: 140	regionally differentiated
Housing for the Young (MdM)	2014–2018	2.9	one-time down payment subsidy	up to 35 years	yes	apartment: 75 house: 100	determined by governors
Housing Plus	2016–now	no data available	rental housing with buyout option, rent subsidies	no limit	no (aimed at people without creditworthiness)	no data available	moderate rents (assumption)
Safe credit 2% (BK2%)	2023–2024	11.3	loan interest rate subsidies (reducing interest rates to 2% for 10 years)	up to 45 years	yes	no limit	no limit

Source: the authors based on legal acts regulating housing programs – the Act of September 27, 2013, on State Aid for the Acquisition of the First Apartment by Young People (Journal of Laws of 2013, pos. 1304), the Act of June 25, 2015, amending the Act on State Aid for the Acquisition of the First Apartment by Young People (Journal of Laws of 2015, pos. 1194), and the Act of July 7, 2017, amending the Act on State Aid for the Purchase of the First Apartment by Young People (Journal of Laws of 2017, pos. 1413).

of decision-makers. The RnS program (2007–2013) was based on the mechanism of subsidizing the interest rate on mortgage loans, aimed at reducing the monthly financial burden on borrowers during the initial repayment period. The MdM program (2014–2018), on the other hand, adopted a different strategy, focusing on overcoming the barrier of insufficient down payment. The one-time down payment subsidy was intended to facilitate access to a mortgage, especially in the context of Poland's low household savings rate.

The 'Housing Plus' program (launched in 2016) represented a qualitative shift in the approach to housing policy, shifting the focus from direct support for buyers to increasing the supply of affordable rental housing with an option to purchase. This initiative addressed the needs of a broader population, including those with lower incomes and limited creditworthiness who did not qualify for traditional forms of support. Combining elements of demand-side intervention (rent subsidies) and supply-side intervention (construction of new housing), this program represented a more comprehensive approach to housing. Nevertheless, its implementation encountered significant challenges, as reflected in the discrepancy between planned and actual completed housing units.

The most recent of the programs analyzed, the BK% program, returned to a form of subsidizing mortgage interest rates, offering preferential repayment terms for the first 10 years. Its goal was to once again increase the availability of housing in the face of rising real estate prices and interest rates. However, the lack of a price-per-square-meter cap, unlike earlier programs, may have contributed to inflationary pressures in the housing market.

A comparative analysis of these programs reveals the evolution of housing policy priorities and instruments in Poland. The initial emphasis on supporting buyers through credit subsidies (RnS program) gave way to an attempt to address the problem of homeowner down payments (MdM program), followed by an expanded perspective on the rental housing segment ('Housing Plus' program). The return to interest rate subsidies (BK2% program) suggests cyclicity in policy approaches. In conclusion, the nature of hous-

ing policy in Poland is characterized by selectivity, targeting young generations and first-time homebuyers, and the dominance of demand-side instruments, with the exception of the 'Housing Plus' program, which was an attempt at supply-side intervention. The failure to fully implement the 'Housing Plus' program indicates the complexity of structural problems in the housing market and the need for a holistic approach that considers both supporting demand and stimulating the supply of affordable housing [Sobczak 2021].

The nature of housing policy in Poland has varied; however, taking into account the common points of the programs, its vision can be clarified. Housing policy in Poland has definitely been indirect, subsidy-based, and focused on supporting the acquisition of owner-occupied housing. Programs such as 'Family on Its Own' (RnS), 'Housing for the Young' (MdM), and 'Safe Credit 2%' (BK2%) have been directly targeted. The BK2% program was directly aimed at facilitating the purchase of a first home, especially by younger generations. Only the 'Housing Plus' program attempted to shift the focus toward direct supply-side policies, based on social housing and rental support with an option to purchase, but its implementation has encountered difficulties. The dominant trend is to support ownership, as reflected in the high share of owner-occupied housing in Poland. It can be concluded that housing policy in Poland tends to regulate the market through limits, which has been the case in some of the programs. However, the most recent and largest program analyzed, the BK2% program, has departed from this practice regarding the price-per-square-meter limit, which can be interpreted as a move toward a more liberal approach. Therefore, the assessment of the regulatory nature is ambiguous. What is unequivocal, however, is that Polish housing policy is clearly selective in nature. Most of the programs (the RnS, MdM, and BK2% programs) were aimed at specific groups of beneficiaries, primarily young people purchasing their first apartment. The preference given to married couples in the initial phases of the RnS program, as well as the fertility-dependent subsidy criteria, points to the pro-family nature of the housing policy.

HOUSING SITUATION OF POLES

Poland is characterized by a high share of owner-occupied households. According to the latest Eurostat data for 2023, they account for 87.3% of the housing stock (Fig. 2). During the same period, 69.2% of households in European Union member states owned their housing.

The characteristics of Poland’s housing market structure coincide with trends in the rest of the former Eastern Bloc countries. Of the 10 countries with the largest share of owner-occupied housing, nine were formerly in the Soviet Union’s sphere of influence. Housing in Poland is characterized by poor quality, with the number of rooms per person in an apartment at 1.1 in 2023, the lowest in the EU. This information,

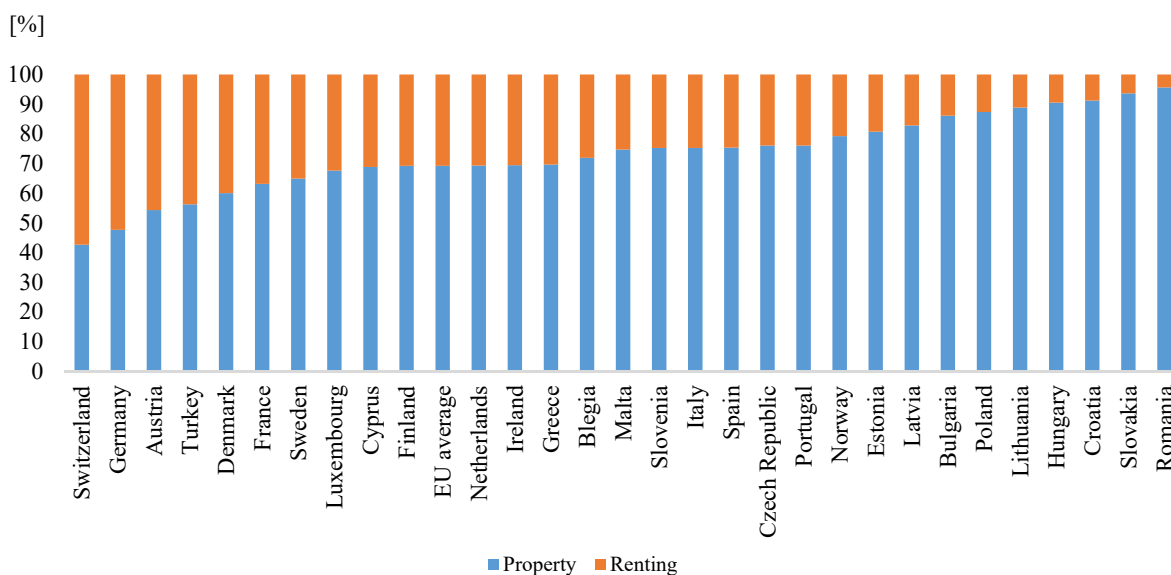


Fig. 2. Housing structure in European countries in 2023

Source: the authors based on Eurostat data [Eurostat 2025].

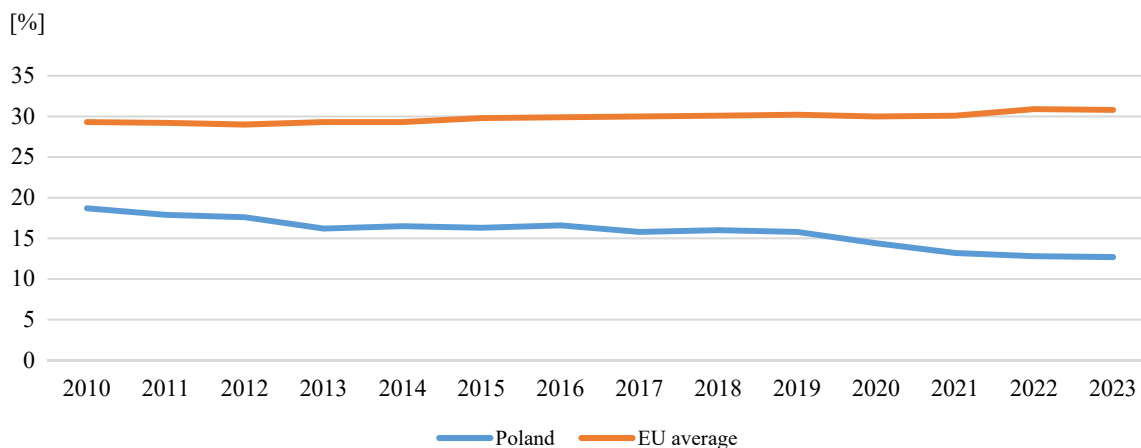


Fig. 3. Share of households renting an apartment in 2010–2023

Source: the authors based on Eurostat data [Eurostat 2025].

coupled with the share of owner-occupied housing in Poland, suggests that the legacy of housing policy from the communist period plays a significant role in housing in Poland [Matejkova and Ticha 2025]. Between 2010 and 2023, the share of renter households was on a downward trend (Fig. 3).

In 2010, 18.7% of households rented an apartment, while in 2023, the value was 12.7%. At the same time, households in the European Union member states slightly increased the share of renting in the housing structure from 29.3% in 2010 to 30.8% in 2023. This trend in Poland may indicate a consumer preference related to attachment to ownership, which should be explained by an “inherited” mentality. Housing policy tools in Poland were mainly designed to respond to this preference (the programs were mostly supportive in acquiring property for ownership) [Kozsel et al. 2025]. At the same time, it is worth noting that they also contributed to the continuation of this trend.

Poland is one of the countries with the lowest levels of housing credit saturation in relation to GDP (Fig. 4). In 2023, it was only 20.3%, while in countries such as Finland (95%), Spain (82.8%), and the Netherlands (76.3%), the level was several times higher. Compared

to the EU average, Poland remains below the average level of household debt to GDP.

Low mortgage saturation is partly the result of a cultural attachment to cash-financed ownership, inherited from a centrally planned economy where access to credit was limited. One of the main barriers to credit growth remains the low level of household savings, which makes it much more difficult to accumulate the required down payment. Restrictive regulatory policies are also a constraint – in particular, the Polish Financial Supervision Authority’s recommendations (e.g., Recommendation S), which raise the required down payment and limit maximum loan durations and the loan cost-to-income ratio (DSTI ratio). The low popularity of long-term saving and investment instruments (e.g., savings accounts, housing funds, and bonds) means that many households do not have the funds to finance their down payment or the ability to service the obligation. In Poland, a large proportion of real estate purchases are still made with cash. According to reports from the National Bank of Poland, more than 50% of housing transactions in some periods were financed without credit, which also lowers credit saturation rates [NBP 2025]. The lack of a developed and readily available insti-

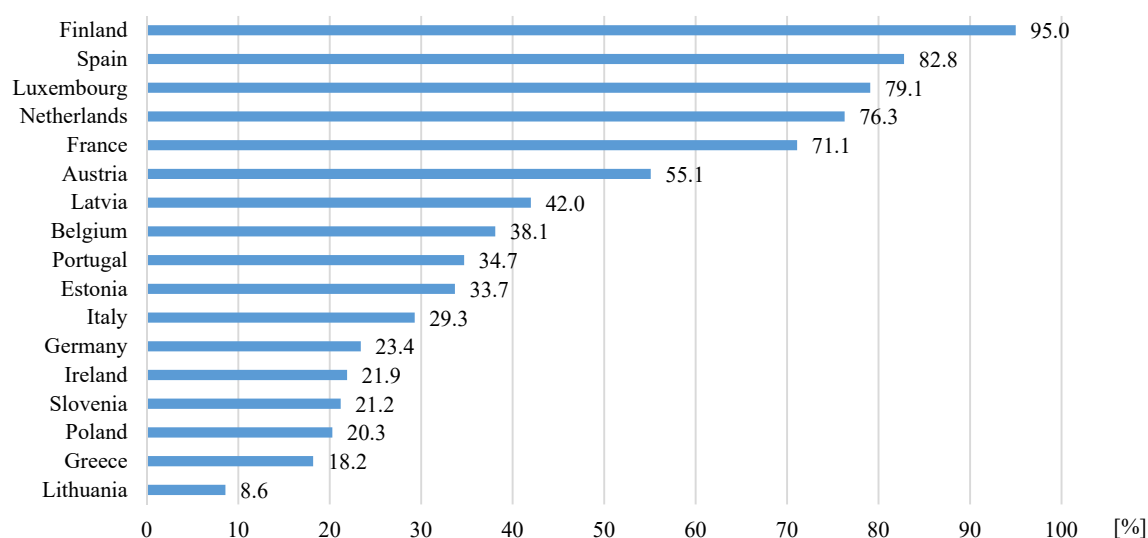


Fig. 4. Credit to households in relation to GDP in 2023

Source: the authors based on Polish Bank Association data [ZBP 2023].

tutional rental market (in contrast to, for example, Germany or Austria) means that the pressure to buy an apartment, often on credit, is high; however, realizing this goal remains beyond the reach of a large proportion of young households. The high volatility of interest rates in Poland, including a sharp increase in the cost of credit after 2021, has increased the risk associated with mortgage debt, further cooling interest in home loans. As a result, the mortgage market in Poland is growing more slowly than in many EU countries, limiting market mechanisms that support residential mobility and investment in the housing sector.

EFFECTIVENESS OF HOUSING POLICY

The effectiveness of economic policies can be measured by analyzing the purchasing power in the housing market against the growth in the purchasing power of households in general. This method makes it possible to examine the extent to which overall economic progress translates into real improvements in a fundamental aspect of well-being, such as the availability of housing. The analytical strength of this method lies in its examination of the relationships and divergences between these two dynamic trajectories. Economic policy, including public policies such as housing policy, can be effective in generating growth in macroeconomic or sectoral indicators (e.g., related to housing supply) but ineffective in its equitable distribution and conversion to real improvements in living conditions. The proposed method, therefore, attempts to operationalize efficiency; it examines whether the policy achieves its ultimate goal of improving social welfare, realized through increased ability to purchase housing. To do this, the ratio of prices per 1 m² in seven cities in Poland (the seven largest cities: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Warszawa, and Wrocław) to the average gross salary in the corporate sector in seven cities in Poland was examined. The data was presented in real values, deflated by CPI inflation. The resulting metric was termed “housing purchasing power” for both primary and secondary, respectively. To study the purchasing power of total households in the economy, it is necessary to use an indicator that eliminates

the impact of inflation and exchange rate effects. Accordingly, the GDP per capita index with purchasing power parity (denominated in international dollars, in constant 2021 prices) was used. Growth in GDP per capita PPP can be viewed as the cumulative effect of two primary channels: capital accumulation and the expansion of labor resources and quality. Tracking the share of wages in GDP per capita PPP is a key element in analyzing the real growth of workers’ purchasing power. This is important for the formulation of economic (including housing) and social policies conducive to sustainable development, understood as the participation of workers in economic growth when it results from an increase in labor productivity.

The increase in the purchasing power of households in the seven cities increased by 89.6% by 2023 relative to 2007. Meanwhile, their purchasing power in the housing market increased by 57.5% in the primary market and 58.4% in the secondary market. This represents a 32.1 pp and a 31.2 pp difference, respectively, from the growth in purchasing power overall. For most of the analyzed period, the growth of purchasing power in the housing market in the seven cities in Poland grew faster than the growth of purchasing power in the general economy (Fig. 5). In part, the faster growth of purchasing power in the housing market in Poland’s seven cities compared to wages and per capita PPP wages can be explained by higher wages in these cities than in the business sector overall. However, the gap in wage growth between 2007 and 2024 in Poland’s seven cities and the business sector is 6.9 pp, which is significantly smaller than the divergence between purchasing power in the housing market and the purchasing power of citizens in general. The turning point in the trend occurred in 2018, when, for the first time, a decrease in purchasing power in the primary and secondary markets was recorded simultaneously. A year later, in 2019, a lower purchasing power of households in the housing market, relative to purchasing power in the general economy, was observed for the first time in the analyzed period. The change in the trend coincides with significant tax changes enacted on January 1, 2018 (the Law of October 27, 2017, amending

the Law on Income Tax for Individuals, Journal of Laws 2017, pos. 2175). The change concerned the taxation of rental profits. Prior to 2018, a property owner could include a portion of the value

of the apartment in deductible expenses each year through so-called “depreciation deductions”. This reduced income tax on rent and often significantly reduced it. After 2018, the ability to claim

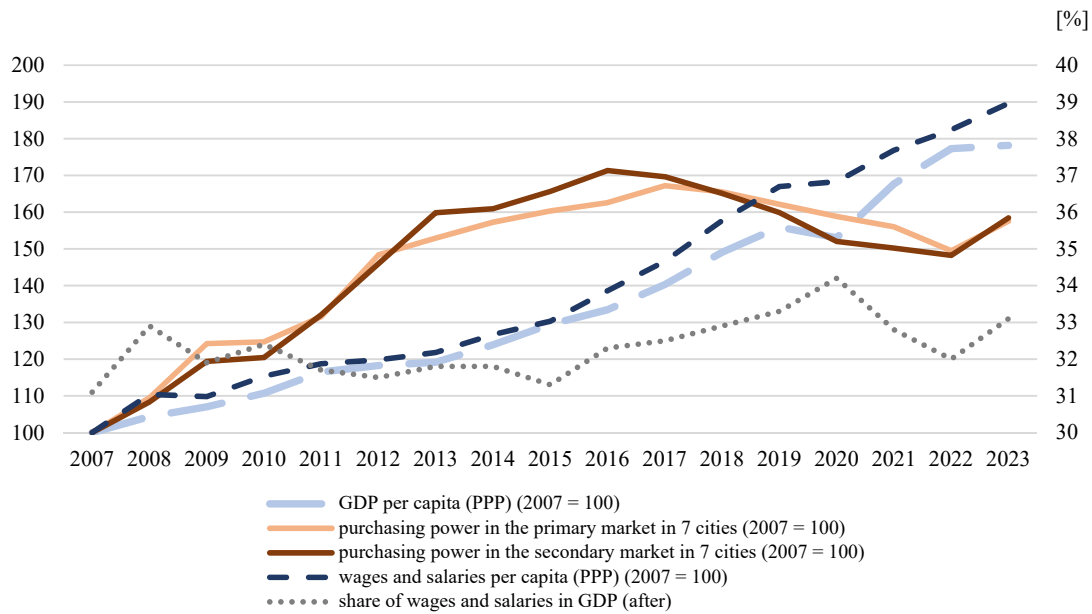


Fig. 5. Purchasing power in the economy vs. purchasing power in the housing market in 2007–2023 (7 Polish cities)

Source: Statistics Poland, National Bank of Poland, Eurostat, World Bank, the authors.

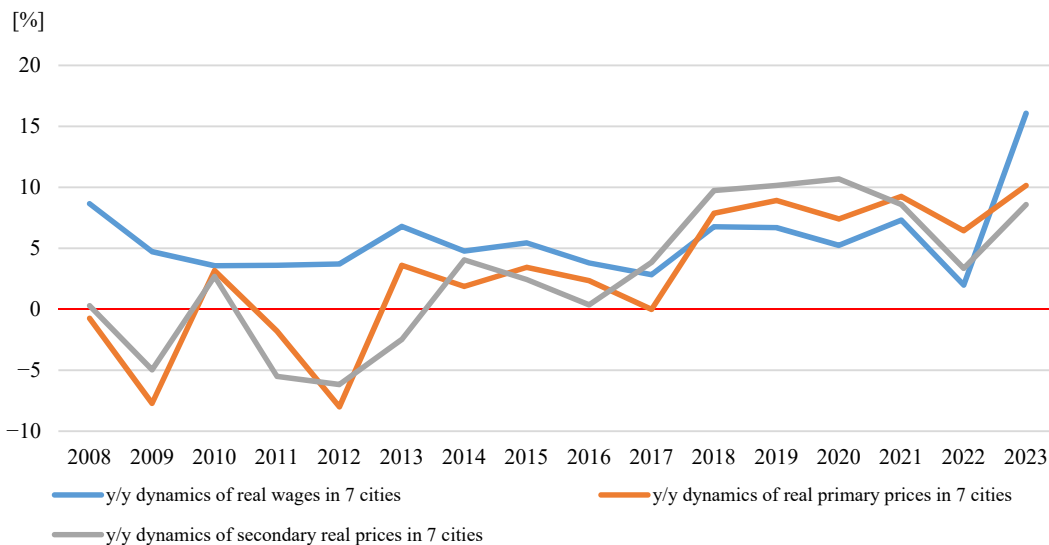


Fig. 6. Real dynamics of wages, housing prices in the primary and secondary markets

Source: the authors based on house prices database [NBP n.d.].

depreciation deductions was eliminated, which reduced the profitability of renting and contributed to the rise in property prices. For the first time in the period under review, housing prices in both the primary and secondary markets rose more strongly than real wage growth.

In 2018, housing prices in the primary market increased by 7.9% y/y (the fourth highest value in the period under review), marking a significant change in the trend. A year earlier, price growth was 0% y/y, and historically, there was no yearly price growth above 3.6% in 2013. The situation in the secondary market looked similar. In 2018, prices in this market increased by 9.7% y/y (the third highest in the period under review). Before this year, the highest year-on-year change did not exceed 4% (Fig. 6).

Despite tax changes designed to limit rental returns, the popularity of this form of capital investment has not diminished. The motivations for these decisions were, according to the National Bank of Poland [NBP 2018], higher rental yields relative to the cost of credit, as well as interest in alternative means of capital allocation, such as 10-year treasury bonds and the dominant banking products in Poland (deposits and savings accounts). This created a desire to purchase an apartment for investment purposes, partially financed by a bank loan and repaid through rental income. Data from National Bank of Poland reports indicate that investment demand as of 2017 accounted for a minimum of 30% of demand in the primary market. During the government's housing programs, there were no sharp increases in housing prices caused by these programs, with the exception of the BK2% program, which was the most liberal program of all.

The differences in purchasing power overall versus in the real estate market should be explained by the attractiveness of investing capital in real estate, which was facilitated by record low interest rates and the low popularity of financial instruments in Poland. According to a survey by the Chamber of Fund and Asset Managers [IZFiA 2023], 58% of Poles save and/or invest. Among this group, 8% invest in bonds, 8% in shares of listed companies, and 6% in TFI mutual funds. Personal accounts (RORs) are

predominant (57%), followed by savings accounts (49%) and term deposits (31%), which have led to a speculative rise in real estate prices and a reduction in the purchasing power of households in this market.

CONCLUSIONS

Analysis of the evolution of the Polish housing market in the context of successive government programs in 2007–2023 reveals a complex interaction between policy interventions, macroeconomic conditions, and the behavior of market participants. The experience of the 'Family on Its Own' (RnS) and 'Housing for the Young' (MdM) programs indicates that appropriately regulated support instruments, especially those addressing key barriers such as the down-payment requirement, can, under favorable conditions, effectively stimulate both the supply of new units and lending without triggering sharp price shocks. However, the effectiveness of these measures was clearly dependent on the phase of the business cycle and the overall stability of the economic environment, as demonstrated by the slowdown in the growth rate of building permits during periods of financial crises during the RnS program. The introduction of the 'Safe Credit 2%' (BK2%) program in 2023 produced completely different results. Although it was an instrument that strongly stimulated demand by subsidizing interest rates, its implementation during a period of elevated inflation, geopolitical uncertainty, and the high cost of financing for developers did not translate into an increase in the supply of housing; on the contrary, declines were observed in this regard. Instead, the program coincided with a significant increase in prices, leading to the conclusion that, in an environment of limited supply elasticity and macroeconomic instability, liberal demand programs primarily risk exacerbating inflationary pressures in the real estate market, undermining their own goal of improving housing availability.

A key finding of the long-term analysis is the growing divergence between the overall growth of society's wealth, as measured by real GDP per capita at purchasing power parity, and the real ability to purchase housing, as reflected by the ratio of square

meter prices to average wages in major metropolitan areas. Since around 2018, this divergence has become particularly pronounced, indicating a systemic deterioration in housing affordability despite continued economic growth. This timing corresponds with changes to the rental income tax system, which were expected to potentially reduce the investment attractiveness of real estate. However, as the data shows, this intervention has not weakened investment demand, which has consistently accounted for a significant portion (at least 30%) of total primary market demand since 2017.

The dominant role of investment demand appears to be a fundamental factor shaping price dynamics in the Polish housing market [Borowski 2015]. Low interest rates, combined with the relatively low level of knowledge and popularity of alternative capital markets among Polish households, have led to the perception of real estate as a safe and profitable form of capital investment. This strong investment preference, often supported by debt financing, generated constant demand pressure, which, under conditions of insufficient supply response, led to price increases exceeding wage dynamics [Gołabeska 2024]. As a result, the market became increasingly difficult to access for those seeking to meet their own housing needs, and the effects of support programs were partially offset by rising prices. These phenomena suggest that the long-term improvement of the housing situation in Poland requires measures that go beyond simple demand instruments, also encompassing supply-side policies, rental and investment market regulations, as well as efforts to develop alternative forms of saving and investment. Instruments such as mortgage subsidies or programs like the BK2% program may bring a short-term increase in housing purchases for certain groups, but in the long term, they may lead to price increases and exacerbate the problem of a shortage of available housing. It is, therefore, crucial to actively increase the supply of housing. Supply policy should include, among other things, facilitating investment processes: shortening administrative procedures, simplifying urban planning, better management of public land, and increasing the role of social and communal housing, which will relieve the burden on the commercial market and develop models that do not rely solely

on commercial activity. In Poland, housing is seen not only as a utilitarian good, but also as an investment and a way to invest capital. This increases demand, which in turn drives up prices. Therefore, new forms of long-term investment of savings, e.g., infrastructure funds, inflation-indexed bonds, and incentives for saving through pension and housing schemes, such as housing accounts with tax benefits, or developing a market of funds that invest in real estate without the need for the individual investor to physically purchase an apartment, can alleviate this situation. In summary, a comprehensive and sustainable housing policy must balance the interests of owners, investors, and developers while taking into account changing demographic and social needs. Only through such an approach will it be possible to sustainably increase the availability of housing and improve the quality of life for Poland's residents.

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EFEKTYWNOŚĆ POLITYKI MIESZKANIOWEJ W POLSCE: SKUTKI INTERWENCJI PUBLICZNYCH W KONTEKŚCIE MAKROEKONOMICZNYM

STRESZCZENIE

Cel: Artykuł ma na celu weryfikację oddziaływania polityki mieszkaniowej prowadzonej w Polsce w latach 2007–2023 na dostępność mieszkań. W szczególności poddano ocenie skuteczność wybranych programów rządowych w kontekście ich oddziaływania na stronę popytową i podażową rynku mieszkaniowego. **Metody:** Przeprowadzono analizę porównawczą kluczowych instrumentów polityki mieszkaniowej, takich jak: „Rodzina na Swoim”, „Mieszkanie dla Młodych” oraz „Bezpieczny Kredyt 2%”, z uwzględnieniem ich implementacji w zmiennych warunkach makroekonomicznych. W badaniu wykorzystano dane statystyczne oraz wskaźniki odnoszące się do dynamiki cen i wynagrodzeń. **Wyniki:** Wykazano, że skuteczność programów wsparcia mieszkaniowego jest powiązana z fazą cyklu koniunkturalnego oraz strukturalnymi ograniczeniami podaży. Programy popytowe, choć krótkoterminowo, zwiększają dostęp do finansowania, mogą prowadzić do wzrostu cen w warunkach ograniczonej elastyczności podaży, jak zaszło w wypadku „Bezpiecznego Kredytu 2%”. W długiej perspektywie działania oparte wyłącznie na stymulowaniu popytu okazują się niewystarczające. **Wnioski:** Skuteczna polityka mieszkaniowa powinna równoważyć interwencje popytowe i podażowe oraz wspierać rozwój oszczędzania i inwestowania. Dostosowanie narzędzi do aktualnych warunków gospodarczych oraz uwzględnienie rosnącej roli popytu inwestycyjnego stanowi klucz do trwałej poprawy dostępności mieszkań w Polsce.

Słowa kluczowe: polityka mieszkaniowa, dostępność mieszkań, programy wsparcia