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SOCIAL HOUSING AGENCY – DEVELOPMENT AND SCALING POTENTIAL

The study has been prepared under the project entitled “*Scale-up strategies for the Social Housing Agency (SHA)*” funded by the European Social Catalyst Fund in 2021. The project participants were a consortium of partners from Hungary, Poland and Spain, and the project leader was the From Streets to Homes organisation (Hungary).

In order to scale up the model of the social rental agency (“SRA”), the Habitat for Humanity Poland Foundation (“**Habitat Poland**”), which since 2017 has been operating a social rental agency in Warsaw,¹ undertook a number of actions. Firstly, active advocacy activities were continued in the area of legal regulation of the SRA and promotion of this solution in municipalities. During the project term, legislative work was finalised and an Act introducing regulations on the SRA was adopted. Secondly, focus survey concerning the model and one of the potential groups of clients of this solution was conducted. It was found that the SRA is a solution that proved to be quite interesting. Thirdly, the activity of Habitat Poland continued to be developed – the number of properties in Habitat Poland’s portfolio was increased, as was the number of households receiving support.

The study presents the possibilities and potential for scaling up the SRA on the basis of effects of measures carried out in the above areas.

SOCIAL RENTAL AGENCY – NEW LEGAL SOLUTION

The legislative work on the regulation of social rental agencies commenced in May 2020. The activity of Habitat Poland had been very important for the initiation of this work – the social rental agency project conducted in Warsaw, numerous conferences and events organised by Habitat Poland, recommendations submitted, concerning the regulation of this solution. The Poznań Municipal Rental Office programme, similarly based on the social housing model, was also an important element.

“Taking into account the experiences from the operation of the SRA by the Habitat for Humanity Poland Foundation and the Municipal Rental Office in Poznań, the significant potential provided by the SRA model is hard to miss. It is highlighted in the case where, together with the housing rental service,

¹ After the provisions defining the term „Social Rental Agency” have come into effect, Habitat Poland’s programme was renamed the Social Rental Programme (“**PNS**”). Cf. chapter SOCIAL HOUSING PROGRAMME below.





the SRA's clients may also rely on social services, such as assistance in applying to offices for benefits, or support for jobseekers.”²

The draft Act introducing regulations on the SRA into Polish legal system underwent social consultations and was consulted with local governments. Habitat Poland presented its comments in the course of consultations, and, during the Housing Forum organised in the autumn of 2020³, prepared several discussion sessions devoted to the SRA with the participation of representatives of the central government, local governments, experts and the SRA clients.

In 2021, the last work was carried out on the draft Act, after which it was sent to the Parliament. During the work in the Parliament, Habitat Poland continued its active advocacy aimed at ensuring the most effective regulation possible for this model. For example, comments to the project were presented to the Members of Parliament⁴ (these comments constituted the subject of a discussion or a vote during the session of the Sejm⁵, the Sejm Committee on Infrastructure⁶ and the Senate Committee on Local Government and State Administration, and the Committee on Infrastructure⁷).

“And Habitat for Humanity, meaning the organisation promoting SRAs and implementing them in Poland, sent, anyway, I think to all of you, also to the government, a number of important comments, proposals which, I believe that should be introduced in this Act [...].”⁸

Provisions regulating social housing agencies (Act of 28 May 2021 amending the Act on some forms of support for housing construction and certain other Acts) came into effect on 23 July 2021.⁹

STATUTORY MODEL OF A SOCIAL RENTAL AGENCY

In accordance with the Act on some forms of support for housing construction, a social rental agency (SRA) is an entity conducting activity consisting in leasing residential premises or single-family houses from their owners and renting these premises or these buildings to natural persons indicated by the

² Undersecretary of State in the Ministry of Development, Labour and Technology Anna Kornecka, during the speech at the 30th Sejm session on 19 May 2021, p. 16 [online:] https://orka2.sejm.gov.pl/StenolInter9.nsf/0/519EBED65142E3CAC12586DB00015BB6/%24File/30_a_ksiazka_bis.pdf

³ Video recording from the Housing Forum – session concerning Social Housing Agencies of 6 October 2020, [online:] <https://www.youtube.com/watch?v=rQdc06B4aYM&list=PL5Wx4ai0EODS5OCV2BEMnwU01aD4XKdCA&index=5>

⁴ Habitat for Humanity Poland, Proposed changes to the government’s draft Act amending the Act on some forms of support for housing construction and certain other Acts (UD90) which was received in the Sejm on 29 March 2021 [online:] <https://habitat.pl/files/2021.04.14%20.%20Habitat%20Poland%20.%20SAN%20.%20prozycje%20zmian%20w%20projekcie%20ustawy.pdf>

⁵ Stenographic Report from the 30th session of the Sejm of the Republic of Poland of 19 May 2021, p. 16 – 30 [online:] https://orka2.sejm.gov.pl/StenolInter9.nsf/0/519EBED65142E3CAC12586DB00015BB6/%24File/30_a_ksiazka_bis.pdf

⁶ Additional Report of the Committee on Infrastructure about the government’s draft Act amending the Act on some forms of support for housing construction and certain other Acts (document No 1070) of 20 May 2021, [online:] <https://orka.sejm.gov.pl/Druki9ka.nsf/0/A40CC0E2872BD269C12586DB004F251C/%24File/1176%20-%20A.pdf>

⁷ Report of the Committee for Local Government and State Administration and the Committee on Infrastructure of 17 June 2021, [online:] <https://www.senat.gov.pl/download/gfx/senat/pl/senatdruki/11513/druk/415z.pdf>

⁸ MP Hanna Gill-Piątek, during the speech in the course of the 30th session of the Sejm on 19 May 2021, p. 22 [online:] https://orka2.sejm.gov.pl/StenolInter9.nsf/0/519EBED65142E3CAC12586DB00015BB6/%24File/30_a_ksiazka_bis.pdf

⁹ <https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20210001243/O/D20211243.pdf>



local authority on the basis of the rules specified in the Act. The SRA operates in order to create conditions for satisfying housing needs of a local community. It may operate in the form of a municipal company (a limited liability company or a joint-stock company, in which the local authority or authorities have, respectively, over 50% of votes at the meeting of shareholders or at the general assembly), a foundation, an association, or a social cooperative. Which is important, any income generated from the activity is allocated fully by the SRA for that activity.

The statutory model of operation of the SRA may be presented graphically as follows:

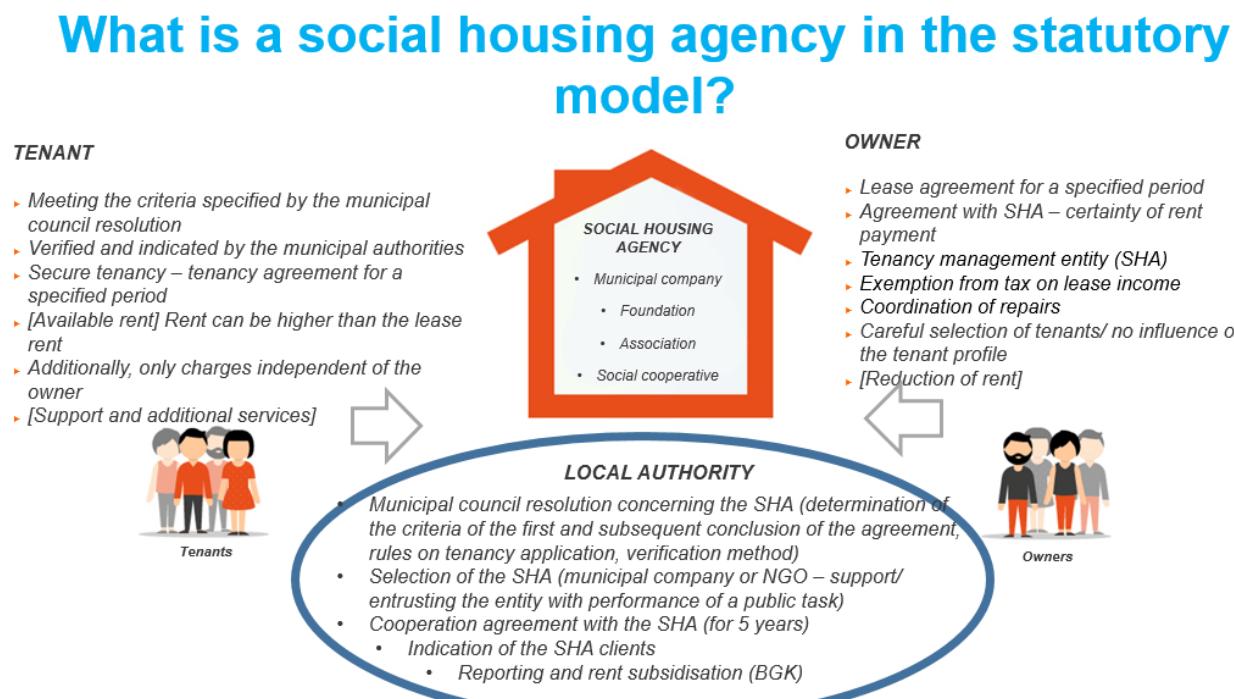


Figure 1 Statutory model of the Social Housing Agency. Own study (important issues which have not been expressed directly in the Act have been stated in the brackets).

The local authority plays an important role in the statutory model. It is the local authority that decides whether the SRA will be established / appointed within its area, it concludes the cooperation agreement with the SRA, indicates clients for the SRA, and has reporting duties. It seems to be an optimum solution to **combine the competences and resources of the local authority with the experience and client-orientated approach of a non-governmental organisation** (whereas in some cases it may be a more effective solution to conclude a cooperation agreement with a municipal company operating as the SRA – depending on the constraints in the given local authority area).

The municipal council's resolution should specify¹⁰:

- criteria authorising a natural person to enter into an agreement with the SRA (may be selected from the rent subsidisation priority catalogue established in the Act of 20 July 2018 on state support for housing expenses during the first years of renting a flat, or own criteria may be determined),
- rules of natural persons applying to enter into a tenancy agreement,
- criteria which, if met, entitle the previous tenant to enter into a new tenancy agreement,
- method of verification whether the criteria have been met.

In this context, an important element is to plan the procedure for applying for the conclusion of a tenancy agreement in a manner that is accessible for the client (allowing the open attitude to the client, support, cooperation, minimum extent of bureaucratic procedures). It would be advisable to have the SRA involved already at this stage, which would allow the building of a relationship between the SRA employee and the tenant, and it would reduce the onus on the local authority. It would be good if decisions were made with the SRA's participation (e.g. a team composed of representatives of the local authority and the SRA). Nevertheless, in accordance with the Act, it is eventually the local authority that appoints the SRA's tenant¹¹.

Moreover, the condition for the SRA to conduct activity is to conclude a **cooperation agreement** with the local authority. The agreement is concluded for a period of 5 years. In the case of the SRA operated as a foundation, an association, or a social cooperative, the agreement should be entered under the procedure of the Act on public benefit activity and voluntary activity (this is an agreement on the support for the implementation of a public task or an agreement on outsourcing the implementation of a public task). There is a possibility for extending the cooperation agreement. In the case where the SRA is operated by a municipal company, the agreement may be extended for further 5 years at the SRA's request submitted in the last year of the term of the cooperation agreement, and the extension may be repeated. However, where the SRA is operated in another form, in the case where the cooperation agreement has expired, the SRA may apply to conclude the agreement again under the procedure of the Act on public benefit activity and voluntary activity. In the latter case **it will be necessary to conduct the proceedings sufficiently in advance in order to ensure the continuity of the lease and the tenancy agreements.**

The following should be specified in the cooperation agreement¹²:

- **number of** residential premises or single-family houses to be rented out by the SRA to natural persons indicated by the local authority, including the number of these premises or buildings

¹⁰ Art. 22e of the Act of 26 October 1995 on some forms of support for the housing construction.

¹¹ Art. 22f (1) of the Act of 26 October 1995 on certain forms of support for housing construction.

¹² Art. 22b of the Act of 26 October 1995 on certain forms of support for housing construction.

allocated for renting to persons with special housing needs, in particular disabled persons or persons raising at least three children,

- rules for **co-funding** by the local authority,
- rules for **reporting** (after the cooperation agreement has been concluded, the local authority has reporting duties towards the minister for construction, spatial planning and management, and housing),
- rules for **division of liability for unpaid rent** payable by the tenant to the SRA in the case where the tenancy has ended.

The Act also contains provisions on financing the activity of the SRA:

- co-funding of the SRA by the local authority (rules will be determined in the cooperation agreement), which constitutes a compensation for the provision of a **public service** – in the agreement, the local authority determines the type and period of performance of the public service which is compensated by this activity,
- subsidies to rent for tenants, on the basis of principles specified in the Act of 20 July 2018 on state support for housing expenses in the first years of renting a flat. The average level of subsidies assumed by the government is PLN 375 /month /household (around EUR 80),
- obligation to determine the rules for division of liability for rent arrears between the SRA and the local authority in the agreement. In this context it is extremely important to build a lasting relationship based on regular contacts and trust between the SRA employee and the tenant. Building such relationship constitutes the most important way of controlling the indebtedness in the SRA. For this reason, the recommendation of inclusion of the SRA into the procedure of verification of the criteria for conclusion of a tenancy agreement with the SAN (indicated above) is very important.

In the course of the project, talks were conducted with representatives of local governments (including the capital city of Warsaw) and a training in the form of webinar for representatives of local governments was conducted. From the point of view of local authorities, the financing of SRA's operations, as well as issues of liabilities resulting from rent arrears, damage to premises, or problems connected with the eviction of tenants who fail to fulfil their agreements constitute significant challenges.

As regards financing, the following may prove important for the development of the SRA model: (i) use of funds for regional development (including such funds as e.g. ESF+) at least during the first period in which the regulations come into force and the SRA are implemented in local authority areas, and (ii) verification of more economically sustainable models encompassing the support of the SRA in the performance of public tasks, combined with the acquisition of financing by the SRA from other sources, building a stable tenant portfolio, as well as debt mitigation and creation of the SRA



in a balanced manner, allowing for assistance to people from the so-called rent gap (who do not require significant social support). In turn, in the context of evictions of indebted tenants, the debt mitigation will be of key relevance. Building the relationship with the SRA employee, based on trust and cooperation (model implemented by Habitat Poland) constitutes the most optimum solution, which allows the significant reduction of indebtedness in the SRA.

The last element of the SRA which has not been included in the Act but has been recommended by the Ministry of Development (responsible for the project) and by Habitat Poland is the **provision of additional services to tenants by the SRA**. The SRA, in order to ensure optimum effects of its activity¹³, should combine housing support with other support services. In accordance with the Ministry's guidelines, **the provision of additional services may be commissioned to the SRA based on general principles**.¹⁴

Depending on whether and what additional services will be provided by the SRA for the tenants, it may be a solution addressed to:

- people from the so-called “rent gap”¹⁵ for whom the systemic housing support is limited. Under the activity conducted by Habitat Poland, measures have been undertaken to attract the interest of people from the rent gap in the SRA (cf. study results below) and to include them in the group of tenants renting housing from the SRA;
- people waiting for housing from local authority’s resources (shortening the queue or reducing the waiting times);¹⁶
- vulnerable groups (in such a case the scope of the additional services should be extensive and adapted to the needs of the specific group), having been addressed to e.g. people coming out of the homelessness crisis, senior citizens, people with disabilities, single parents, refugees or foreigners, or young people leaving institutions, seeking to gain independence.

¹³ Cf. R. Szarfenberg, A. Szarfenberg, Summary of the Pilot implementation of the Social Housing Agency model (HomeLab Warsaw - HLW), [online:] https://habitat.pl/files/san/Habitat_Poland-wnioski_koncowe_pilotaz_SAN-Warszawa_02.2020.pdf; HomeLab - ‘Integrated Housing and Labour Services in the Social Rental Enterprise Model’ Final Report, [online:] http://homelab.mri.hu/wp-content/uploads/2020/05/HomeLab-Final-report-edited_pdf.pdf

¹⁴ Cf. <https://www.gov.pl/web/rozwój-technologia/projekt-ustawy-wprowadzającej-model-san-przyjęty-przez-rząd---zwiększyć-dostępność-mieszkan-na-wynajem-dla-osób-o-niskich-dochodach>

¹⁵ The term “rent gap” describes the group of people who do not meet the income criterium entitling them to conclude a housing rental agreement for a property from the local authority’s resources, and at the same time they cannot afford to purchase or rent an appropriate residential property in the private market.

¹⁶ The SRA could in such case be addressed to people who (i) have received a negative decision due to only the income criterion having been exceeded (provided that their income does not exceed the household eligibility limit for renting residential premises from the Social Housing Association (TBS)) or (ii) have received a positive decision – then the rental from the SRA would constitute a temporary solution until the given household is allocated the target property and the entitlement would be granted up to 14 days from the actual receipt of the target housing assistance from the local authority (taking possession of the refurbished premises), and could not be treated as the basis for waiving the eligibility for council housing.



It is also worth considering the possibilities of using the SRA to conduct repairs or adaptations of empty properties – in accordance with the Act, the SRA may refurbish leased premises and then settle the cost of the refurbishment service against the rent.¹⁷

The SRA constitutes a solution that is beneficial for local authorities, tenants and owners of premises. In particular local authorities, skilfully using the flexibility of this model and making it part of the local authority's housing or social policy, will gain a new tool to support residents and will be able to respond to challenges in a new way.

Social Rental Agency (SRA)

BENEFITS

Local authority:

- **New tool** in municipal housing and social policy,
- **Alternative to council housing** or solution for people on waiting lists to rent a property from the local authority resources,
- Tool allowing **housing support and provision of services** to tenants to be combined – if adequately planned, it can constitute an important instrument to resolve problems diagnosed in the local authority area (deinstitutionalisation instrument),
- Flexible solutions for various groups of clients:
 - a) new solution for people in a difficult financial situation,
 - b) for people with medium incomes (so-called "**rent gap**").

Owner:



- long-term tenancy agreement (up to 5 years),
- regular incomings – no rent arrears (the owner enters into a lease agreement with the SRA) and no periods without rent even when tenants change,
- no need to manage the tenancy,
- tax exemption on income from the lease of property for the benefit of SRA.

Tenant:



- rent lower than the market level,
- affordable housing,
- depending on the criteria specified by the local authority: possibility of finding housing for persons who have problems renting flats in the private market (single mothers, large families).

Figure 2: Infographics. Source: own study by Habitat Poland.

SURVEY OF PEOPLE FROM THE RENT GAP IN THE CONTEXT OF THE SRA

Taking into account that one of the potential groups of the SRAs' clients may be persons meeting the criteria of the "rent gap", focus survey of this group was conducted in the course of the project. The purpose of the survey was to acquire more in-depth knowledge about the characteristics, motivation, and world of values of people from the rent gap, as well as the evaluation of the SRA concept. The survey covered the following areas: (i) learning preferences and behaviours with regard to the satisfaction of housing needs, including in relation to housing rental, (ii) learning opinions

¹⁷ Art. 22d of the Act of 26 October 1995 on some forms of support for housing construction.

on the SRAs, including the SRA [currently PNS] operated by Habitat Poland (including the evaluation of the offer and terms of participation), and (iii) identification of factors which could increase the attractiveness of the SRA model.

The survey was conducted using the qualitative method, using the online focus group interview (FGI) technique (N=3 FGI (5 persons in a group) using the Zoom platform.

Under the survey carried out on 6-7 May 2021, residents of towns and cities with the population of 20,000-49,000 residents (1 FGI), 100,000-199,000 residents (1FGI) and over 500,000 residents (1 FGI). One of the most important survey recruitment criteria was the absence of ownership or co-ownership of a residential property. Persons using premises from local authority resources or using the services of the Social Rental Agency have also been excluded from the participation in the survey.

Conclusions from the survey:

- The perfect housing model for the respondents is a flat or a house with floor space suited to the number of household members (40-70 sq. m. for a flat or 100 sq. m. for a house), in an attractive location, matching their individual needs (balcony, lift, etc.). It is to be first and foremost a place where they feel good and to which they are happy to return. **Own property is preferred, however a rented flat also has its benefits – it ensures mobility, is not a financial burden.** According to the respondents, the cost of upkeep of a flat (rent plus service charges in total) should not exceed 30% of the household's income.
- The respondents know different forms of the legal title to housing, however, previously they have never encountered Social Rental Agencies. They associated the SRA concept most with the **Social Housing Association (TBS)** and municipal housing.
- **The SRA model has been evaluated positively, with some even being enthusiastic about it,** at the level of the general concept. The respondents see the need for creating a new possibility of satisfying housing needs for persons who, due to their life and financial situation, have difficulties with renting a property in the open market, or who cannot or will not take out a mortgage. It would also be a good solution for people disappointed with commercial rental agencies or property owners, and those who cannot benefit from council housing.
- The attractiveness of the idea creates **concerns that the programme assumptions are too idealistic and cannot be adapted to the realities of the Polish housing market.** The greatest doubts refer to the cost effectiveness of such solution for property owners applying to the SRA. Many questions concerning the tenant selection criterion have also appeared (certificate of permanent employment, income level, etc.).



SOCIAL RENTAL PROGRAMME

During the term of the project, the Habitat Poland programme was developed and underwent certain modifications.

Firstly, after regulations defining the term Social Rental Agency had come into effect, the Habitat Poland programme changed its name to Social Rental Programme (Program Najmu Społecznego, "PNS"). Habitat Poland's programme does not meet the statutory requirements of the SRA – it is not operated on the basis of a municipal council's resolution, it does not support people indicated by the local authority, and Habitat Poland has not concluded an agreement with the local authority. Therefore, the PNS tenants may not benefit from rent subsidies, and property owners – from the tax exemption on their income. On the other hand, Habitat Poland has the freedom and possibility to offer support to persons applying to the Foundation (it is not bound by the criteria specified in the municipal council's resolution).

Secondly, in the course of the project the scale of operation of Habitat Poland's programme expanded. The following diagram illustrates the increase in the number of properties:

Number of properties	2018	01.2019	01.2020	02.2021	08.2021
council housing	14	14	14	14	14
private	1	4	12	24	28

Table 2 Number of properties in Habitat Poland's programme.

Additionally, in the course of the project, PNS also took over the formal administration of other flats refurbished by Habitat Poland and handed over for administration to non-governmental organisations specialising in supporting specific groups (under the Empty Spaces project).

Since 2018, nearly 90 families (216 persons) have benefitted from services provided by the PNS (previously SRA). During that time, 19 properties have been refurbished.

42 households (i.e. 127 persons) are using the PNS support as of September 2021. It is worth noting the number of foreigners – they constitute half of the people benefitting from the programme (63 persons). This is due among other things to numerous difficulties encountered by foreigners in the private rental market in Poland.

Thirdly, in the course of the project, the PNS provided more precise (i) participation criteria, (ii) recruitment principles, and (iii) offer.

Participation criteria – persons who are eligible to receive support from the PNS:

- have regulated residency in the Republic of Poland,



- have steady, documented source of income,
- are grappling with housing difficulties,
- are willing to change their life situation,
- meet the income criterion, on the assumption that the rent, together with service charges for the flat, may not exceed 50% of all income generated by the household and may not be lower than 30% of the household's income.

The process of recruitment to the PNS consists of several stages. First, the candidate applies and provides the necessary documents (recruitment form, GDPR statement, employer's certificate confirming earnings, housing needs form). Next, the SRA team qualifies the candidate in accordance with the criteria adopted, and afterwards notifies the candidate about the result. In the end, after a positive decision, the following take place: (i) signing of the participation agreement, (ii) determination of the housing needs, (iii) search for the housing (presentation of maximum three offers) and (iv) signing the subletting agreement for a specified period (1 year) with the possibility of its extension.

The PNS offer encompasses tenancy administration and social support. Under the social support, assistance in basic official business is offered (e.g. filling in applications for 500+ programme, social welfare (OPS) benefits, residence registration), provision of information about outlets offering free legal aid, psychological assistance, and vocational guidance, diagnosis of the financial situation (analysis of the household budget and debts) as well as assistance in managing the household budget, and support in contacts with institutions (e.g. during the procedure of enrolling a child with a school or nursery).

The conclusions concerning the organisation and clients of the Social Rental Programme (PNS) that are relevant for SRAs set up in the statutory model include several most important ones:

- Considering the diverse group of clients, **the scope of support provided to households varies**. This is determined among other things by the different life situation of households, their different sizes, divergent needs and different time that which passed since the accession to the social rental programme;
- Statistically, foreign families are larger, they also encounter greater difficulties in dealing with official matters (and they also struggle due to the language barrier), therefore they need more work and more support;
- It is impossible (and it does not seem effective) to determine the number of hours of work of a PNS employee dedicated to one household. It is necessary to ensure flexibility and possibility of providing support to a household to the extent appropriate for its needs;

- It is important to adopt a framework plan to reduce the scope of support for a household as time passes and the life situation of members of that household stabilises.

WHAT NEXT?

Considering that the Habitat Poland social rental programme develops, studies to gain more knowledge about potential addressees of such solution have been conducted, the SRA legal regulation has been implemented, the SRA legal regulation has been introduced, and local authorities are interested in this tool, it is worth indicating further actions for the scaling of SAN in Poland.

Firstly, it is necessary to involve local authorities and to have them adopt municipal councils' resolutions concerning the SRA, and then enter into cooperation agreements with the SRA. Monitoring and evaluation of the SRA created in the nearest future will be important in order to verify the most effective and optimal SRA models. It will be worthwhile to, among other things, identify good practices in the area of provisions in the municipal councils' resolutions (including the criteria adopted), procedures to verify that the criteria have been met, SRA implemented in different forms (as municipal companies, foundations or social cooperatives). However, monitoring the impact of the SRA on the quality of life of tenants using this solution, as well as the relevance of this solution to the local authority's policy, seem to be the most important things.

Secondly, it will be necessary to educate local authorities, non-governmental organisations, but also the society (property owners, tenants) in the area of the SRA. Webinars, training sessions and workshops, as well as consultations will be required, and they will help local authorities and non-governmental organisations create effective SRAs.

In both those areas, Habitat Poland intends to act, while conducting active advocacy and creating a training offer.

Thirdly, from the point of view of Habitat Poland, it will be an important feature to be able to undertake cooperation as the SRA with the local authority or several local authorities. Habitat Poland will carefully watch the activities of local authorities and will participate in any competitions announced for the operation of the SRA. This will help expand the Foundation's knowledge and experience in the area of the SRA operation in Poland.

Fourthly, it is also worth continuing international cooperation, including cooperation in the region in order to verify the usefulness of the SRA in other countries and the possibility of introducing this solution. The exchange of inter-state experiences may contribute to the modification of the SRA adapted to changing needs.