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Tomasz Bartosiak*

The Impact of Social Housing Initiatives on National and Local Security: Addressing Housing Needs in Medium-Sized and Small Municipalities

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Abstract

This article examines the role of Social Housing Initiatives [Polish: SIM – Społeczne Inicjatywy Mieszkaniowe] in enhancing both national and local security by addressing the housing needs of smaller municipalities. It is written by an individual with direct ties to the SIM program, responsible for building and managing them at the highest level. In Poland, Social Housing Initiatives are increasingly becoming tools for managing demographic change, stabilizing communities, and supporting local economies – factors that, in turn, contribute to the broader context of national security. This study focuses on how access to affordable housing can prevent migration from smaller regions, promoting demographic balance and economic development. In addition, it presents analyses of the potential for SIMs to reduce social exclusion and alleviate social tensions, which are often precursors to instability. Through selected case studies from Poland, this paper assesses the effectiveness of SIM systems in supporting social cohesion, economic stability, and overall security at

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both local and national levels. By offering a structured analysis of housing policy in smaller municipalities, SIM operations, and program implementation, this study provides insight into the potential long-term benefits of SIM programs for security, housing provision, and community stability in Poland.

Keywords

social housing initiatives (SIM), local governments, affordable housing, national security, local security, economic development, local government, state treasury

Introduction

Social Housing Initiatives (SIM) is a program aimed at individuals and families who do not own a home in their locality but have stable means to pay rent regularly. SIM is primarily dedicated to people whose income is too low to qualify for a mortgage to purchase a flat, yet too high to meet the eligibility criteria for municipal housing. It is a solution designed to support those who are effectively “excluded” from both state-provided and commercial housing options.

SIM have received considerable attention in recent years and continue to gain importance due to their potential to address a variety of socio-economic issues, including in smaller municipalities. The provision of affordable housing can play an important role in stabilizing local communities, reducing migration to larger urban areas, and promoting a sense of security among residents. Housing is not only a basic human need but also a fundamental pillar that contributes to social stability, individual stability, and the stability of the basic cell of social life, the family. Furthermore, housing, including social housing, is an indicator of economic prosperity and overall national security.¹ In the context of Poland, where depopulation of rural areas and smaller cities and towns is increasingly occurring, urbanization presents a significant challenge. The solutions proposed by SIM offer an opportunity to counter these trends by making smaller municipalities more livable and economically viable. These initiatives focus on providing affordable housing options, which are key to retaining residents, especially younger generations, who are more likely to migrate in search of better employment opportunities and living conditions.

1. *Social housing initiative* [Spółeczna inicjatywa mieszkaniowa], Ministry of Development and Technology [Ministerstwo Rozwoju i Technologii] 2022, <https://www.gov.pl/web/rozwoj-technologie/spoleczna-inicjatywa-mieszkania-wa>, (access 29.05.2025).

The aim of this study is to analyze the impact of SIM on social security, demographic stability, and local economic resilience in small and medium-sized municipalities in Poland. The study examines whether, and in what ways, SIM programs contribute to: counteracting the depopulation of smaller municipalities by providing stable housing, strengthening social cohesion and reducing the risk of social exclusion, improving access to affordable housing as a factor of sustainable local development, and increasing local and national security by promoting economic and social stability.

To achieve the main objective of the study, the following research questions are addressed in this article:

1. What are the key mechanisms through which SIM programs affect demographic and social stability?
2. How do SIM initiatives help alleviate social exclusion and economic marginalization?
3. How do SIM programs contribute to local security?
4. How do SIM investments located near major cities affect labor mobility and regional economic integration?

Based on these questions, the study formulated the following hypotheses:

- (H1) SIM schemes can contribute to reducing out-migration from smaller settlements by providing stable and affordable housing options – indicating their potential to promote local demographic stability.
- (H2) Improving housing availability can have a positive impact on social relations, reducing tensions and strengthening institutional trust.
- (H3) In smaller municipalities, SIMs can improve local economic and social security, counteracting the erosion of community structures.

(H4) SIM development in localities near larger urban agglomerations enables residents to benefit from lower living costs while accessing urban labor markets. This model strengthens regional spatial cohesion and can counteract excessive urban concentration.

The study adopted a mixed-methods approach, combining document analysis, case studies, and expert insights to assess the effectiveness of SIM programs.

Methodology

The study uses a qualitative approach, complemented by available quantitative data. Due to the early stage of implementation of the SIM program, the analysis focuses on describing the program's assumptions, its potential effects, and initial implementation experiences in selected locations. The main research methods are document analysis, case studies, and lessons learned from the author's experience managing the SIM program.

Data available in reports, documents, and publications on Social Housing Initiatives and housing policy in Poland were reviewed. The sources analyzed include:

- Central Statistical Office (CSO) reports on demography and housing stock;
- data from the Ministry of Development and Technology and the Polish National Development Bank (BGK – *Bank Gospodarstwa Krajowego*);
- surveys of local authorities on the implementation of SIM investments;
- internal data from companies involved in SIM, such as SIM KZN Reymontowski Sp. z o.o., including material and financial plans, investment plans, business strategies, and data from companies cooperating in the social housing sector (analyses and information provided by the National Property Stock (KZN – *Krajowy Zasób Nieruchomości*);
- scientific and popular articles (authors listed in footnotes).

The analysis focused on locations where the SIM program is currently being implemented by a company managed by the author. The author also has knowledge of the activities of other SIM

companies and the National Property Stock. Due to the early stage of investment, the case studies only theoretically allow an assessment of the program's impact on local communities, potential demographic and economic outcomes, and challenges in the implementation of the investment. Conclusions and arguments positively identifying the future impact of SIM on local communities, demographic and economic development, and increased security are often based on internal company documents that are not publicly available – such as material and financial plans, company strategies, and investment plans. These internal documents include analyses of individual data assessing the impact of specific investments on local markets or communities. Conversely, the critical view of the SIM program is a result of an analysis of, among others, articles on the subject.

It should be emphasized that the author of this article is the President of one of the companies implementing Social Housing Initiatives – SIM KZN Reymontowski Sp. z o.o., headquartered in Ozorków, which is currently undertaking investment projects in twelve municipalities of the Łódzkie Region. The company, whose President of the Board is the author, has shareholders from the following municipalities: Ozorków, Parzęczew, Dalików, Szadek, Warta, Piątek, Głowno, Żarnów, Rokiciny, Jeżów, Poświętne, and Rzeczyca. The company has been in existence since 11 October 2023. As of 30 May 2025, it expects to have applied for building permits in four municipalities, with conceptual and design work underway in eight more. The company has obtained two preliminary positive credit decisions. By 2030, as stipulated in the agreement between the shareholders and the commitment to the Ministry of Development and Technology, the company is obliged to build more than 300 flats in the Łódź Voivodeship. At present, the company's share capital exceeds PLN 42 million and is steadily increasing. Investments currently undertaken by the company are estimated at around PLN 120 million. The use of participatory observation has enabled: the collection of data from ongoing projects, such as financing structures and construction costs; direct observation of program management processes; identification of operational challenges; and incorporation of practical experience into the analysis, adding a practical dimension to the study. The author is also the President of the Employers' Organization for Social Housing Initiatives, which brings together twelve companies from across the country, providing a broader perspective on the program from other companies' experiences.

Due to the recent nature of the SIM program and the lack of comprehensive statistical data on its long-term effects, this study is preliminary and exploratory. The results are based on an analysis of the program's assumptions, preliminary implementation data, and practical observations. Potential areas for further research have been identified, particularly with regard to the impact of SIM

Main Sources of Funding and Program Management Structure

on demographic stabilization and local socio-economic development. This article focuses on trend analysis, as well as the potential benefits and risks of the program.

The financing and management of SIM relies on the cooperation of various actors, including local authorities, the National Property Stock, and state support. SIM is a tool to build rental housing as part of a program to support middle-income people for whom a mortgage is not available. The main sources of financing for SIM are:

- Public funds and government grants;
- The state, through the National Property Stock, has built and is building companies all over the country, provides support for companies, and can obtain financing for municipalities and companies. An important element is the Surcharge Fund from the Polish National Development Bank, which makes it possible to obtain subsidies of up to 35% of the construction costs, and in the future perhaps even up to 45%;
- Local government funds (municipal governments, as SIM partners, contribute land for housing and finance part of the costs of the accompanying infrastructure. As a result, local governments have a direct influence on the formulation of housing policy and infrastructure development in the region. Local governments also play a key role in recruiting future tenants);
- Tenant participation (tenants participating in the SIM program are required to pay a participation fee of up to 30% of the construction costs of the flat. This is a one-time payment that provides financial security for the project, while granting the right to a long-term lease and the opportunity to progress to ownership. It is also a formula for screening out applicants who may not be able to cope with regular rent payments in the future).

When it comes to managing the Social Housing Initiatives, a key role is played by the companies set up by the municipalities and KZN, which plan, coordinate, conduct, and supervise investments and manage the housing stock. These companies are responsible for site selection (following prior discussions and proposals from local authorities and the Treasury), the construction process (the companies act as developers), as well as the day-to-day management of the properties, including

rent setting (at the Extraordinary Shareholders' Meeting) and technical issues related to the maintenance of the units. The company is headed by a Chairman of the Management Board elected by the Supervisory Board, whose members are designated by the municipalities.

KZN² acts as the coordinator and supervisor of the program. It monitors the implementation of investments, cooperates with the Ministry of Development and Technology, the Ministry of Funds and Regional Policy, and the National Development Bank to provide financial and organizational support, and works with local authorities to use public funds effectively. It also acts as an intermediary in negotiating land for investment. Additionally, it serves as a so-called land bank of the State Treasury, holding land owned by the state. This land can be contributed in kind to a company to carry out investments on it (thereby KZN increases its shares in the companies), or the land can be used as collateral for loans that the company takes out to carry out investments. The latter aspect is particularly important, given that even BGK treats new SIM companies, which have not yet realized any investments, as start-ups with an uncertain history and therefore a perceived risk of failing to repay liabilities. Here, legislators must pay special attention to ensure that credit security does not pose problems for the company or its partners, i.e., the local governments.

SIM rental in Poland offers a number of advantages that make this form of accommodation an attractive alternative for those seeking stable housing. For example, tenants do not have to incur high financial obligations related to a loan. The contract with SIM only requires the payment of a participation fee, which can be up to 30% of the construction costs of the flat. It should be noted that SIMs do take out loans for particular investments, which are repaid by incorporating the repayments into tenants' rents. However, thanks to preferential SBC loans (Polish: *społeczne budownictwo czynszowe*; preferential loans from the social rental housing support program used for housing investments),³ SIMs do not have to pay a margin to banks, and the loan is offered at a preferential interest rate. Thus, tenants, by paying their rent regularly, effectively repay the company's obligations to the bank. The SBC loan offers: low cost of financing – variable interest rate set at the WIBOR 3M rate, with no additional bank margin (at least 0.00% per annum); an extended loan period – up to 30 years; and significant financial support – the loan can cover up to 80% of the total cost of the planned investment and construction project.

It is worth noting that SIM rent rates are up to half the market rate. This provides tenants with greater financial stability, making SIM a more accessible long-term rental option. Of course, many

2. National Property Stock [Krajowy Zasób Nieruchomości], <https://www.gov.pl/web/kzn>, (access 08.11.2024).

3. SBC preferential loan [Kredyt preferencyjny SBC], Ministry of Development and Technology [Ministerstwo Rozwoju i Technologii], <https://www.gov.pl/web/mieszkanie-dla-ciebie/kredyty-preferencyjne>, (access 08.11.2024).

factors contribute to the low rent, including those mentioned above regarding the preferential SBC loan. Additionally, rent may be lower because the investor does not pay for the plot of land, which is transferred in kind by the local government to the company. SIM can also benefit from various programs, including the Government's Housing Development Fund, which allocates three million zlotys to the shareholders, i.e., the municipalities, to acquire shares, as well as 10% of the investment costs. The municipalities apply for these funds and then contribute them to the company. Furthermore, the company applies for a subsidy from the Surcharge Fund of the National Development Bank of up to 35% of the investment costs, and from the new year (according to the proposed law), up to 45% of the investment costs. The rental rates per 1 m² of usable floor area of residential units in SIM's portfolio are set by the Shareholders' Meeting at a level that ensures the total fees from all units operated by SIM cover the costs of maintenance and repair of the buildings and allow for the payment of construction-related fees. The rent per square meter of usable floor space may not exceed 4% of the replacement value, i.e., the average annual cost of constructing 1 m² of usable floor space. In addition to the tenant's fees, there are additional charges independent of the company, such as utilities or waste disposal.⁴

One of the key advantages of a SIM tenancy is the ability to convert the tenancy into a lease with access to ownership. This allows tenants to become owners of the property they occupy in the long term, which increases housing stability and gives them the opportunity to build their own equity. As mentioned earlier, SIMs are a solution created for individuals and families who find themselves in a so-called "housing gap." These people are too wealthy for council housing but not wealthy enough to obtain a mortgage.⁵

The essence of pursuing ownership is mainly relevant in smaller local authorities. The issue is less significant in large urban centers, especially academic ones, where turnover is very high and there will always be individuals willing to rent. The possibility of eventually gaining ownership primarily increases the attractiveness of the program among residents of rural areas and urban-rural municipalities, where this element is most appealing and often the decisive factor in paying the participation fee for a flat in a given project. It is difficult to imagine a resident of a municipality with up to five thousand inhabitants choosing to pay a 10% participation fee for a flat that will never be theirs. There is an incentive to contribute part of the financing either through eventual ownership or by being able to recover the amount covered through later rent payments.

4. Rent amount [Wysokość czynszu], SIM KZN Pojezierze, <https://simpojezierze.pl/o-programie-sim/wysokosc-czynszu/>, (access 08.11.2024).

5. Social housing initiative..., op. cit.

Social Housing Initiatives and Community Safety

SIMs, according to the legislator, are intended to play a key role in stabilizing local communities by meeting basic housing needs. Access to moderately priced rental housing in smaller communities is an important form of support for people who cannot afford to buy property on the open market. The lack of housing and the need to share a home with parents or siblings is often one of the main factors driving people to migrate to larger cities, which weakens smaller communities and contributes to their gradual depopulation.

SIM schemes are intended to counter this by offering housing alternatives that contribute to retaining the population in rural areas and smaller towns. With access to stable housing, residents of smaller towns should be more motivated to start families and develop local entrepreneurship. Consequently, SIMs are intended to support the economic development of the region, but also to strengthen community structures that are less prone to problems such as social exclusion or marginalization. At the same time, the program provides access to high-quality housing – which, unlike social housing, does not push the resident towards the stigma of being a burden on the municipality, as the resident contributes to the investment costs, which then also has a positive impact on the quality of care of the housing. However, a key element here is the ability to take ownership. Residents who benefit from the program are “more favorably” perceived by the local community than residents who “burden” the local authority by using council housing. It is not uncommon for local government officials to complain that council housing is a nuisance for the municipality because of the cost, as well as the lack of respect for the property by tenants who damage the property, default on rent, or do not take care of it.⁶ Often, residents who have the right to use the municipality’s communal resources are placed in old schools within the local authority unit and share the building with the Rural Housewives’ Circles, which have separate space in such buildings to carry out their activities. There are such examples in the villages of Lewin and Rzymiec in the municipality of Sadkowice, Rawa County, Łódź Voivodeship – a total of 21 flats in 11 villages.⁷

SIMs also play an important role in counteracting social exclusion, which often affects a specific but large group of citizens, namely those with incomes too low to obtain credit but too high to qualify for council housing. These difficulties are mainly faced by elderly people and young families. SIMs enable these people to access housing that not only improves their living conditions but also enables them to function better in the local community. Meeting housing needs is a key factor in social integration, while also having a direct impact on local security. Communities that are more

6. Habitat for Humanity Poland, *Problemy mieszkaniowe Polek i Polaków oraz ocena istniejących rozwiązań. Wyniki badań opinii publicznej*, 2020, https://habitat.pl/files/fm2020/problemy_mieszkaniowe_Polek_i_Polakow.pdf, (access 08.11.2024).

7. *Development Strategy for the Municipality of Sadkowice until 2022* [Strategia Rozwoju Gminy Sadkowice do 2022 roku], <https://www.gminasadkowice.pl/plik,6018,strategia-rozwoju-gminy-sadkowice-do-roku-2022.pdf>, (access 29.05.2025).

integrated and where there is less wealth disparity have higher levels of security and are less prone to social conflict.

A well-developed housing policy can reduce the problem of homelessness, lower crime rates, and promote infrastructure development, which in turn improves the quality of life for residents. Access to adequate housing means greater life stability for many people, reducing social frustrations and thus the risk of tension or conflict. SIMs can also help defuse tensions within families, where conflicts often arise from sharing a house with siblings, uncles, parents, and in-laws. Being able to move into their own home provides a sense of stability as well as opportunities to develop in other areas of life, such as work and social life. Above all, young people do not feel socially excluded because they have the chance to have their own home, which allows them to build a family and life stability more quickly. Ultimately, this has a major impact on wider local security.

A threat to the realization of these benefits can be social tensions resulting from protracted investment processes caused by a lack of funding for social housing, which should be guaranteed by the State. One disadvantage of allocating housing in this solution is that, in virtually every municipality, the recruitment of future tenants can take place under different rules. There are no identical recruitment regulations throughout the country. Each municipality creates its own regulations, which may result in ambiguity in the allocation of flats among citizens. An example would be when a citizen did not get on the ranking list and found out afterward that they met all the conditions in another municipality. Another downside is the allocation of insufficient funds for social housing. Not all those interested, especially in larger urban centers, will be able to benefit from preferential rental conditions.⁸

“The Central Statistical Office’s forecasts for the demography of these cities are very bleak,” said Prof. Przemysław Śleszyński.⁹ Cities in Poland such as Wałbrzych and Jelenia Góra are threatened with a population decline of up to 40% in the coming years. This trend also applies to the whole of Central and Eastern Europe. Already today, 75% of Polish cities have a negative migration balance. All of them are non-agglomeration centers.¹⁰ It is worth noting that in August 2023, the Central Statistical Office (GUS) in Poland published a document titled “Population Projection for 2023–2060” along with an annex containing projections for municipalities for 2023–2040. These projections confirm the continuation of negative demographic trends in most medium and small cities, especially those outside large agglomerations.¹¹

8. A. Maciuła-Ziomek, *Minister on social housing: Subsidy Fund without government money* [Minister o budownictwie społecznym: Fundusz Dopłat bez pieniędzy od rządu], Interia 2025, <https://biznes.interia.pl/gospodarka/news-minister-o-budownictwie-spoiecznym-fundusz-doplat-bez-pienie,nId,7972587>, (access 29.05.2025).

9. *Small and medium-sized cities – more opportunities than threats* [Małe i średnie miasta – więcej szans niż zagrożeń], Union of Polish Cities [Związek Miast Polskich] 2019, <https://www.miasta.pl/aktualnosci/male-i-srednie-miasta-wiecej-szans-niz-za-grozen>, (access 26.01.2025).

10. Ibidem.

11. Central Statistical Office [Główny Urząd Statystyczny], *Population forecast for 2023–2060* [Prognoza ludności na lata 2023–2060], 2023, <https://stat.gov.pl/obszary-tematyczne/ludnosc/prognoza-ludnosci/prognoza-ludnosci-na-lata-2023-2060,11,1.html>, (access 30.05.2025).

Social Housing Initiatives and Demographics of Smaller Local Authorities

It should therefore be stated that the migration of people from smaller towns to agglomerations is one of the most important challenges facing modern local governments. This process contributes to the depopulation of villages and small towns, which negatively impacts local labor markets, the economy, and social structures. Prof. Piotr Szukalski, in an interview with PAP (Polish Press Agency) on 27 March 2024, said: “Big cities develop thanks to demographic parasitism”¹² – they draw the young out of their surroundings.

SIM schemes, by providing access to modern and affordable housing, can prevent an exodus of young people to large metropolitan areas, where the cost of living is higher but there are better employment prospects and the opportunity to rent a flat for yourself if you are single, or a flat for your family. The creation of new housing in smaller cities stimulates local labor markets and encourages the development of small and medium-sized enterprises, which is important for building sustainable demographics.

The example of investment in the Municipality of Jeżów is interesting. The creation of 70 flats in a smaller municipality near Łódź may allow the residents of Jeżów Municipality to stay in their hometowns, because by building 70 flats in a municipality where there are no vacant flats to buy or rent, a resident of Jeżów can rent a flat more cheaply than in Łódź. According to estimates by the SIM KZN Reymontowski company, which is an investor in the Jeżów municipality, the cost per meter for rent with the possibility of ownership fluctuates between PLN 18 and 23 – this is significantly lower than prices in Łódź. The proximity to such a large city and the accessibility of the railway offer real opportunities to work in Łódź and to live in a new low-cost flat.

The benefit for the Municipality in this case will, in theory, be the retention of 70 families, as such a flat cannot be sublet and must be lived in and pay taxes in the Municipality. This will also increase tax revenue for the Municipality. The planned construction of 70 flats in the Municipality of Jeżów could provide a significant developmental boost for the local community. The investor and the Municipality are counting on the fact that the investment will not only enable residents to stay in their home municipality, but may also contribute to social, economic, and infrastructural benefits. According to the theory of real estate markets, public housing schemes such as SIM can stabilize local housing markets, providing an alternative to mortgage-based ownership and expensive private rents.¹³ Investment in the Municipality of Jeżów and other municipalities of similar size and population has the potential to bring many benefits to these regions.

12. Prof. Szukalski: *Large cities develop thanks to demographic parasitism* [INTERVIEW] [Prof. Szukalski: wielkie miasta rozwijają się dzięki pasożytnictwu demograficznemu [WYWIAD]], PAP 2024, <https://www.pap.pl/aktualnosci/prof-szukalski-wielkie-miasta-rozwijaja-sie-dzieki-pasozytnictwu-demograficznemu-wywiad>, (access 30.05.2025).

13. E.L. Glaeser, J. Gyourko, *The Economic Implications of Housing Supply*, “Journal of Economic Perspectives”, 2018, Vol. 32, No. 1, pp. 3–30, DOI: [10.1257/jep.32.1.3](https://doi.org/10.1257/jep.32.1.3).

It is worth adding that the introduction of SIM housing into the market can, in theory, help to reduce demand pressures in the commercial rental sector by offering alternative housing options to specific groups in society, which might lead to greater stability in rental prices. The point is that increasing the availability of residential units reduces the demand for substitute forms of housing, often realized in spaces originally intended for commercial use. Thus, these programs respond to the deficit of affordable housing for social groups caught between the commercial market and the social assistance system.

Additionally, SIM initiatives can contribute to the upward job mobility of residents of smaller municipalities by enabling them to reduce their housing costs without having to give up their participation in the labor markets of large cities. Facilitated access to housing stock can thus support the economic development of peripheral areas.

Furthermore, research on regional economic development suggests that well-designed housing initiatives can attract investment and labor to less developed regions, supporting local economic resilience.¹⁴ The availability of housing can increase the attractiveness of the region for the development of the local economy, including industrial and service investments. Companies looking for locations close to large agglomerations such as Łódź, but with lower operating costs, may find, for example, the Municipality of Jeżów a promising place for new investments, which will further strengthen the local labor market.

In turn, a larger population, and thus increased revenues to the municipal budget, may prompt local authorities to invest in infrastructure and security. A larger population means a greater need to develop road infrastructure, communication, and also law enforcement and emergency services. The development of infrastructure has a direct impact on raising the standard of living for residents and increasing the attractiveness of the region for further investment. New residents, especially young people, can become involved in local public safety initiatives. In the context of civil defense risks, the development of infrastructure and a larger population will strengthen the region's defense capabilities, which can be particularly important in the event of natural disasters or other emergencies.

As the above analyses show, thanks to Social Housing Initiatives, smaller towns and cities can regain the demographic stability that is crucial for their future development. Stable housing contributes to family formation and birth rates in small communities. Without adequate investment in

14. J.M. Quigley, S. Raphael, *Regulation and the High Cost of Housing in California*, "American Economic Review", 2005, Vol. 95, No. 2, pp. 323–328, DOI: [10.1257/000282805774670293](https://doi.org/10.1257/000282805774670293).

housing, many of these areas would be doomed to further population shrinkage, which could have serious economic and social consequences.

Obviously, as a result of the depopulation process in Poland as a whole, but also in Europe, this program may not be sufficient, but it can certainly be effective in slowing down the population exodus. So, in the long term, SIMs have the potential to play a key role in building demographic balance by counteracting the adverse trends of depopulation. Encouraging settlement in smaller towns and villages by offering accessible housing can lead to sustainable population growth, which is essential for maintaining the stability of local economies and social institutions. This has implications for the development and functioning of the country as a whole.

It is not without reason that SIM should be considered a measure to counteract migration to cities by providing stable and affordable housing options in non-metropolitan areas. In addition, it increases community involvement and helps prevent the social fragmentation that often accompanies migration. It encourages suburbanization processes, where people live in cheaper residential areas near large cities, commuting to work.¹⁵ There is a “commuter city” model: SIM housing near urban centers allows people to benefit from lower living costs while maintaining access to higher-paying jobs in large cities. It should be stressed that many of the arguments presented are theoretical and require empirical verification. The SIM program has been operating in Poland for a relatively short period of time, which limits the availability of long-term data on its effects. There are no detailed comparative studies analyzing the impact of SIM programs on commercial rental prices, occupational mobility, or demographic processes.

It is worth noting that similar models to SIM are, for example, used in Germany (suburban cooperative housing) to balance regional development.¹⁶ Compared to traditional European schemes, such as Germany’s *Sozialer Wohnungsbau*, the Polish model is characterized by greater financial flexibility for tenants and more dynamic government support, which is expected to increase to PLN 10 billion per year by 2030. The key differences lie in the financing mechanisms, where Poland offers preferential loans from the National Development Bank with interest bought back by the Treasury, while German schemes rely primarily on state and federal subsidies.

A comparative analysis indicates that the Polish SIM system could serve as a model for other European countries facing a shortage of affordable housing. At the same time, it should be emphasized

15. R. Cervero, *Jobs-Housing Balancing and Regional Mobility*, “Journal of the American Planning Association”, 1989, Vol. 55, Issue 2, pp. 136–150, DOI: [10.1080/01944368908976014](https://doi.org/10.1080/01944368908976014).

16. The Housing Agency, *Social, affordable and cooperative housing in Europe. Case studies from Switzerland, Austria, France, Germany, the Netherlands, and Denmark*, 2020, [https://www.housing-agency.ie/sites/default/files/2020-12/Social%20affordable%20and%20co-operative%20housing%20in%20Europe%20\(2\).pdf](https://www.housing-agency.ie/sites/default/files/2020-12/Social%20affordable%20and%20co-operative%20housing%20in%20Europe%20(2).pdf), (access 18.02.2025).

that the German social housing system (*Sozialer Wohnungsbau*) represents one of the most mature models in Europe, characterized by a long-standing tradition and significant scale of impact. At the end of 2023, there were nearly 1.1 million social housing units in Germany.¹⁷ The German system has shown a steady upward trend in housing support, with a total of 49,591 housing units financed through various social housing programs in 2023, an increase of 21% compared to the previous year.¹⁸

The structure of German housing support is characterized by considerable diversity in intervention instruments. The largest increase was in the category of places in student residences and apprenticeships (135%), indicating the priority given to the needs of young people.¹⁹ The upgrading of rental housing increased by 39%, while the acquisition of accommodation rights (*Belegungsbindungen*) increased by 54%.²⁰ These figures illustrate the comprehensive German approach, which includes not only the construction of new housing but also the revitalization of the existing stock and the creation of mechanisms to ensure the long-term availability of housing at preferential prices.

The German financing model is mainly based on a system of federal and state (*Land*) subsidies, differing significantly from the Polish credit model. In contrast to the Polish tenant participation system, the German *Sozialer Wohnungsbau* focuses on direct support for social investors through investment subsidies and rent-binding mechanisms for a specific period. The German system is also characterized by stricter income criteria for beneficiaries, due to the longer tradition and greater stability of the housing program.

The fundamental difference between the Polish SIM system and the German *Sozialer Wohnungsbau* lies in the funding mechanisms for housing investments. The Polish model is characterized by an innovative combination of preferential lending and tenant participation, while the German system is based primarily on direct subsidies. In Poland, National Development Bank can finance up to 80% of project costs through preferential loans, with the State Treasury buying the interest, which makes it possible to offer attractive financing conditions.²¹ This solution allows for greater financial flexibility and the possibility of scaling up the program without proportionally increasing the budget burden.

In turn, the German funding system is characterized by greater decentralization, where the federal states (*Länder*) play a key role in shaping local housing policy. Funding is mainly through subsidies that do not need to be repaid but are time-limited – social housing in Germany is subject to rent-bind-

17. *Social housing* [*Sozialer Wohnungsbau*], Federal Ministry of Housing, Urban Development and Building [Bundesministerium für Wohnen, Stadtentwicklung und Bauwesen, <https://www.bmwsb.bund.de/SharedDocs/faqs/Webs/BMWSB/DE/wohnen/sozialer-wohnungsbau/sozialer-wohnungsbau-liste.html>], (access 29.05.2025).

18. Ibidem.

19. Ibidem.

20. Ibidem.

21. *Social housing initiative...*, op. cit.

ing for a defined period (usually 15–30 years), after which it can move to the commercial market. In contrast, the Polish SIM system offers a long-term lease with an option to acquire ownership, which is a more flexible solution for tenants planning long-term residence.

The definition of target groups in the Polish SIM system shows a specific focus on people in the “housing gap” between the commercial market and social assistance. The program addresses people without creditworthiness but with documented rent capacity, and those whose income exceeds the thresholds for municipal housing. This approach fills an important gap in the housing system by offering a solution for the middle and lower-middle classes, who are often beyond the reach of traditional housing programs. The criterion of no title to housing in the same locality is an important element of the Polish SIM system, which aims to increase social and occupational mobility.²² This solution is particularly important in the context of regional development and enabling labor migration within the country. Compared to the German system, where access criteria are mainly income-based and often more restrictive, the Polish model shows more flexibility in defining the eligible groups.

The German system is characterized by a more hierarchical approach to income criteria, with precisely defined thresholds for entitlement to social housing. Beneficiaries are classified according to specific income categories, and these thresholds are regularly updated according to local market conditions. German solutions also take into account the specific needs of special groups, such as students, the elderly, or families with many children, which is reflected in differentiated housing standards and levels of support. German efficiency in social housing is characterized by stable, albeit gradual, growth. The total number of 49,591 financed housing units in 2023, with a year-on-year increase of 21%, demonstrates the maturity and regularity of the German system.²³ Of particular interest is the 135% increase in the category of student and apprenticeship places, indicating the scheme’s responsiveness to changing demographic and educational needs.²⁴ Compared to the German scheme, Poland lacks secure and permanent funding for the SIM program. As of 29 May 2025, there is insufficient money to pay the Subsidy Fund Grant, which accounts for 45% of the financial assembly.²⁵

In light of forecasts by the Central Statistical Office and statements by experts, medium-sized and small towns and cities in Poland – especially those located outside large agglomerations – are facing rapid depopulation, reaching up to 40% in the coming decades. This process, mainly due to the migration of young people to larger urban centers, leads to the erosion of local labor markets, a decline in budget revenues, and the degradation of social structures.

22. Mazovia Social Housing Initiative [Społeczna Inicjatywa Mieszkanowa Mazowsze], <https://simmazowsze.pl/>, (access 29.05.2025).

23. *Social housing* [Sozialer..., op. cit.

24. Ibidem.

25. A. Maciuła-Ziomek, *Minister on social housing...*, op. cit.

SIMs are a potential tool to counter these trends. By providing stable, affordable housing in smaller towns, they can halt some of the outflow of population, especially young people and families. SIMs support the “commuter city” model, allowing residents to benefit from cheaper accommodation while accessing the labor markets of major cities. Compared to Western European models (e.g., the German *Sozialer Wohnungsbau*), the Polish SIM system is characterized by greater flexibility for tenants and an innovative financing mechanism based on preferential loans and participation. Nevertheless, its further development requires stable sources of funding – which remains a challenge at present. SIMs can play a key role in the demographic stabilization of smaller centers, supporting sustainable regional development, activating local labor markets, and countering social fragmentation.

The SIM program in Poland has promising development prospects, especially in the context of growing demand for low-cost housing and the government’s dynamic policy to support housing construction. According to information posted on government websites, there are currently forty SIMs operating in Poland.²⁶ According to information obtainable from the boards of the companies, more municipalities are willing to join the program, provided the acquisition of shares is financed by the Government’s Housing Development Fund (RFRM), which has, however, been on hold since 8 November 2024.

Despite playing a key role in the development of new SIM investments through access to land and coordination of financial programs, the National Real Estate Board has an organizational function. It was the regional representatives of this government agency who were responsible for contacting municipalities and merging them into limited liability companies. Further legislative changes are planned in the coming years to facilitate housing projects, including simplifying construction procedures and increasing the availability of financing for rental housing with access to ownership.

The increased interest in the SIM program in smaller municipalities such as Szadek, Żarnów, Rzeszyca, Poświętne, Rokiciny, Piątek, Parzęczew, Ozorków, Dalików, and Jeżów,²⁷ shows the potential of this model in areas that have so far not been a priority for large developers. By investing in rental housing, these regions can see an increase in population, which can help make rural and urban-rural areas more attractive to both residents and investors. If population growth is not possible in these areas, there is at least the potential to stem the outflow. The Polish Towns Forum

26. *Existing Social Housing Initiatives* [Istniejące Społeczne Inicjatywy Mieszkaniowe], National Property Stock [Krajowy Zasób Nieruchomości], <https://www.gov.pl/web/kzn/istniejace-sim>, (access 05.11.2024).

27. *SIM KZN Reymont. Investments* [SIM KZN Reymont. Inwestycje], <https://simkzn.pl/inwestycje/>, (access 30.10.2024).

stresses that support for municipal housing, including SIM and TBS (Social Building Societies), is an important part of the strategy to counter depopulation in small towns.

However, access to housing alone is not enough – it is also crucial to change the mentality of young people and to strengthen local job centers and services that will retain residents.²⁸ It is worth emphasizing that in Europe, rural regions and smaller towns are facing an exodus of people, especially young and skilled individuals, leading to an aging and declining population. The European Parliament stresses that housing policies, including the development of social housing, should be part of a broader strategy to combat depopulation, alongside investments in infrastructure, services, and digitalization.²⁹ In turn, evaluation reports indicate that SIM and TBS investments in various Polish cities contribute to an increase in the supply of affordable housing, which is one element of a strategy to retain residents and counteract depopulation.³⁰ What's more, the Demographic Strategy 2040 in Poland emphasizes that support for meeting the housing needs of families, through the development of social housing, is a key direction of intervention to improve the demographic situation and reduce migration from smaller towns and cities.³¹

Indeed, SIM can play an important role in responding to Poland's changing demographic needs. With an aging population, the program can offer flexible housing solutions for the elderly, such as tailor-made flats for seniors. On the other hand, the development of low-cost rental housing responds to the needs of young families.

In the future, the SIM program may be extended on a larger scale to both large metropolitan areas and smaller cities. It is expected that in the coming years the government will continue to provide financial support and preferential conditions for municipalities wishing to participate in the program.

From the point of view of the President of SIM, several legislative inconsistencies can be identified that should be clarified. Addressing these issues will improve the companies' operations. For example, Article 33p, paragraph 1b of the Act of 26 October 1995 on social forms of housing support (Journal of Laws 2024, item 527, 1089) states the following: "The commencement of the implementation of an investment and construction project or other project serving the implementation of the public service referred to in paragraph 1 shall take place no later than 12 months from the date of acquisition of shares or SIM shares using the support referred to in Article 33l from the Government Housing Development Fund. The commencement of the implementation of an investment and

28. *Forum Miasteczek Polskich: jak zapobiegać depopulacji małych miejscowości?* [Polish Towns Forum: how to prevent depopulation in small towns?], Serwis samorządowy PAP 2021, <https://samorząd.pap.pl/kategoria/aktualnosci/forum-miasteczek-polskich-jak-zapobiegac-depopulacji-malych-miejscowosci>, (access 28.05.2025).

29. *How to tackle population decline in Europe's regions?*, European Parliament 2021, <https://www.europarl.europa.eu/topics/pl/article/20210414STO02006/jak-powstrzymac-spadek-liczby-ludnosci-w-regionach-europy>, (access 28.05.2025).

30. *Badanie ewaluacyjne pt. „Wpływ polityki spójności 2014-2020 na rozwój miast i ich obszarów funkcjonalnych”*, Konsorcjum ECORYS Polska Sp. z o.o. and Instytut Rozwoju Miast i Regionów 2025, https://www.ewaluacja.gov.pl/media/151365/narzedzia_badawcze.pdf, (access 29.05.2025).

31. M. Witkowska (ed.), *Uwarunkowania dzieciństwa*, Zakład Wydawnictw Statystycznych 2023, https://kd.stat.gov.pl/images/publikacje/monografia-uwarunkowania_internet.pdf, (access 29.05.2025).

construction project or another project serving the implementation of the public service referred to in section 1 shall be, within the meaning of this provision, the drawing up of a project for the development of the plot or land concerning the implementation of this project, and in the case where a decision on a construction permit or a notification is not required for its implementation – taking any other action aiming at the commencement of the implementation of the public service referred to in section 1.”

It follows from the above provision that the company, within one year from the date of incorporation, should draw up a Land Use Plan, which in private business is usually done at the project stage. Newly established companies are subject not only to the provisions of the Commercial Companies Code but also to the Law on TSU Companies and State Enterprises. This, in addition to the usual organizational work that a newly established entity has to face at the start of its operations, brings in supervisors in the form of Local Government Units, the Supervisory Board, the National Steering Committee (NSC), and the Ministry. These bodies require checking on the progress, reports, and compliance with economy, public finance discipline and the awarding of tenders. Beyond renting an office space, selecting legal and accounting services, or recruiting staff, to selecting contractors, as well as the specialists to oversee project work, making the right choices demands time. Completing a Land Development Project (PZT) within one year for 5, 10, or 15 investments is a huge challenge and an unnecessary expense of money, because a lot can change in the project itself. For example, a change of plot, a change of concept due to funding limitations or demand shifts. The legislator should make it clear that it is permissible to base development concepts on base maps rather than a formal Land Use Plan, which by law should be included on the maps for design purposes.³² This is one example of operational work in which the legislator, instead of simplifying the process, makes the companies not follow the natural step, but exposes them to rushed, ill-considered actions. Failure to comply with the law risks the municipality losing its shares and having to repay three million zlotys with interest to the Treasury. Everyone involved in this process fortunately sees the above problem and accepts the PZT based on base maps, which is both logical and supported by legal opinions.

Successful implementation of ambitious targets amid the huge housing demand in our country also requires consistency in securing financing. Although companies are not obligated to work solely with the National Development Bank, it is the only institution that guarantees SIMs preferential terms at the moment. Since these two entities are interdependent in the process of financing investments, the credit application procedure should be simplified, as well as the application to the

32. Regulation of the Minister of Development of September 11, 2020, on the detailed scope and form of a construction project, Journal of Laws 2020, item 1609, [Rozporządzenie Ministra Rozwoju z dnia 11 września 2020 r. w sprawie szczegółowego zakresu i formy projektu budowlanego, Dz.U. 2020 poz. 1609].

Subsidy Fund. Going further, the credit application should be linked³³ to the Surcharge Fund, as these two financial instruments cannot function independently – a Social Housing Initiatives investment will not be created if the company does not obtain either the first or second subsidy. Unfortunately, such cases also occur.

The real problem, which can be easily addressed, is for supervisors to look more favorably at the need to recruit professionals who can effectively achieve the program's goals. SIM companies need to be looked at as commercial enterprises that aim to maximize profits and minimize losses while pursuing a social mission. Commercial companies are fighting for specialists who are scarce in the market and, when hired, come at a high cost. No serious investment can be made without experienced project coordinators. It is possible to economize on staff, but we know from company experience that this only compounds the generation of problems and delays the achievement of goals. Companies should be supported in creating and implementing a wise HR and payroll policy to exclude dysfunctions that occur in this sector. A clear and transparent recruitment process, coupled with appropriate conditions for potential employees should benefit the company in the long run and pay off in terms of investment results. Additionally, on a national scale, companies should support each other and exchange experiences. Replicating successful projects could significantly reduce investment costs and speed up design and construction timelines.

Summarizing the point of view of the chairman and the companies, the conclusion is that a program such as Social Housing Initiatives – which involves multiple financial components and is based on collaboration among the de facto developer, the local government, the Treasury, and the Ministry – must be coherent, market-driven, and dynamic. Above all, it must be founded on trust and cooperation. All parties involved should be guided by one goal – to hand over the keys to the tenants. Without looking at the political colors of any of the parties involved, but with a view to the good of the companies, the future of local authorities, and the dreams of citizens for their own homes.

However, several real threats could negatively affect the future operation of SIMs. The first threat is, of course, the most important one, namely the lack of funding to continue the program. At present, we have been observing the withholding of funds from the Government's Housing Development Fund for several months. No funds are being disbursed for the own contributions of new municipalities wishing to join the company (this would significantly increase housing volumes, which positively translates into profitability and strengthens the companies' standing with banks). Payments from the

33. Act of October 26, 1995 on certain forms of support for housing construction, Journal of Laws 2024, item 527, [Ustawa z dnia 26 października 1995 r. o niektórych formach popierania budownictwa mieszkaniowego, Dz.U. 2024 poz. 527].

RFRM (Government Housing Development Fund) for the so-called 10% up to investment costs have also been put on hold. As of November 2024, it is not yet known which companies will receive SBC loans (with results expected on 15 December), nor is it known whether the SBC program will continue into 2025 and whether there will be an alternative to this, the last edition, which ended in late September.

A constant threat is also the war in Ukraine, which could again cause disruptions in the supply of construction materials, which could result in the cancellation of agreements and contracts – thereby extending lead times or disrupting financial arrangements.

Another key risk is the lack of coherence between the central and local levels in terms of objectives, competences, and responsibilities for implementing housing policy. The dispersion of decision-making between the government, the Land Management Bank, local authorities, and special purpose vehicles means that SIMs can operate without clear strategic oversight. The lack of a single system leader increases the risk of fragmented activities, uncoordinated use of public funds, and duplication of tasks, which in practice reduces investment efficiency.

The next major threat to the continuity of the SIM program is its high susceptibility to political fluctuations. In the absence of a cross-party consensus on the role of the state in the housing sector, programs such as SIM may be subject to significant changes in the event of a change of government or a shift in budget priorities. This can lead to reduced funding, restructuring of program objectives, or even the complete marginalization of the program in the housing instrument system. For institutional partners – such as local governments, banks, or implementing agencies – this instability is a warning sign that discourages long-term commitment.

The insufficient scalability of the SIM program also remains a significant structural risk. Despite ambitious goals and wide promotional outreach, the real rate of launching new investments and the number of completed flats remain below expectations. As a result, SIMs risk becoming a purely pilot solution with limited impact on housing availability in Poland, rather than a tool for real improvement. The lack of economies of scale may also weaken the program's negotiating potential with large service providers, financial institutions, or technology partners.

From a social perspective, the risk of stigmatizing SIM tenants and the model itself as a “solution for the poor” cannot be overlooked. If SIMs are perceived as managing low-quality stock with poor technical standards, unfavorable locations, or management problems – there may be secondary marginalization of entire housing estates. Additionally, if the criteria for the recruitment of tenants are not adequately differentiated in terms of income, SIMs may contribute to the creation of spatial enclaves of poverty, which contradicts the idea of social inclusion.

A final but extremely important systemic threat is the risk of losing public trust due to management inefficiencies or corruption scandals. Individual cases of mismanagement, misguided investments, or unjustified expenditures – even if isolated – are highly newsworthy and easily used in public debate as arguments against the institutional housing model. In an era of rapid information circulation, such image crises have the potential not only to undermine the legitimacy of the program but also to permanently discourage more municipalities from joining SIMs.

The identified risks show that the effectiveness of the SIM program on a nationwide scale requires not only efficient technical implementation of individual investments, but also solid institutional foundations, legal stability, and lasting social legitimacy. Without these elements, SIMs are likely to remain just an ambitious but ineffective state housing policy initiative.

It is worth adding that although the SIM program was designed as a response to the growing shortage of available rental housing, its operation carries a number of risks for future tenants. These problems can occur at various stages – from the application and intake process to the development’s implementation and the day-to-day functioning of the completed units. Understanding and analyzing these issues is essential to assess the real value of social rental housing from a citizen’s point of view.

The first and fundamental barrier is the unpredictability of the tenant recruitment process, which in many cases can be non-transparent or overly formalized. Income criteria, age limits, as well as participation requirements (contributions to construction costs) may result in people in the so-called “housing gap” – those who qualify neither for public housing nor for a mortgage – being excluded once again. Additionally, the lack of uniform intake rules nationwide leads to a situation where access to SIM housing can be seen as discretionary or dependent on local socio-political arrangements.

Another risk is investment delays, which directly affect the living situation of those qualified for the program. Prospective tenants who have given up other housing options (e.g. commercial rental or purchase of a flat) may remain in limbo for a long time, waiting for the investment to be completed. In extreme cases, a planned investment may be frozen or cancelled due to formal, financial, or political reasons, causing the tenants' committed participation funds to remain frozen for a long time.

It is also worth noting the risk of changes to lease terms during the contract period. The lack of strong tenant protections in SIM legislation may result in unfavorable modifications of the terms of rent, service charges, or rules governing the use of the premises. Increases in costs due to inflation, rising utility prices, or the need to cover underestimated building maintenance costs may lead to a situation in which the flat ceases to be "rent-available," despite formally meeting the criteria.

In addition, the quality of housing management plays an important role in the tenant experience. Inadequate SIM supervision can lead to administrative negligence, unresponsiveness to reports of defects or a deterioration in the technical condition of buildings. In the long term, this leads to a lower quality of life of residents and increased turnover, which negatively affects the cohesion of local communities.

Finally, it is important to point out the risks associated with the lack of viable mechanisms for resident participation in property management. Although SIMs are intended to be communal in nature, in practice there are no instruments that allow tenants to have a real say in decisions concerning the day-to-day operation of buildings and shared spaces. This can reduce their role to passive recipients of management services, which in the long term weakens their connection to the community and reduces the level of civic involvement.

Despite the identified risks, SIM housing investments on a nationwide scale can have a long-term positive impact on the economy at local, regional, and national levels. Housing is not only a solution to social problems, but also a tool to stimulate the economy. The construction of new housing leads to increased demand for construction services and related sectors such as material supply, logistics, and engineering. Furthermore, the subsequent operation of the housing stock created under this scheme can boost the income of local businesses – for example, sewage collection, gas supply in areas without municipal networks, or pellet delivery services. Over time, residential development can create new jobs in both construction and service sectors, including retail, catering, and educa-

tion, thereby fostering local economic development.³⁴ The arrival of new residents also increases personal income tax (PIT) revenues to municipal budgets,³⁵ enabling local governments to invest further in infrastructure, public services, and regional development. Especially municipalities located near major urban centers stand to benefit from this additional tax revenue. Experience to date shows that citizens are keen to take advantage of the conditions offered by SIM without giving up their jobs in major urban centers. Improved infrastructure and a growing population can increase property values in the area. This means that investment in residential development can benefit both private property owners and local authorities in the long term, who can expect higher property tax revenues. Investment in housing is also crucial for the demographic stability of a region. The creation of accessible housing at moderate rental costs can prevent an exodus of people from smaller towns to large conurbations. Population stabilization influences the maintenance of local schools, kindergartens, and other social institutions, as well as increasing residents' involvement in social and cultural life. It may also involve moving away from the need for full-time teaching positions, which are an indispensable part of population decline. In Poland, housing policy instruments – particularly investments in municipal and social rental housing – are increasingly used to counteract depopulation in smaller cities and municipalities. Examples of such measures are programs in cities such as Sopot, Rybnik, Bytom, and Poznań, where investments in social housing are aimed at making housing more attractive and retaining young residents. Experience to date suggests that some people would not leave if there were adequate housing and employment opportunities in their hometowns; this confirms that the availability of housing discourages migration and helps to maintain schools and public services.³⁶

The analysis conducted so far has highlighted several ways in which SIMs impact security-related issues. One key aspect is the strengthening of social stability, which can be seen as an essential component of national security. While state security is often associated with protection from external threats, it is, in fact, heavily dependent on internal stability and social cohesion. Ensuring access to stable housing through SIMs plays a vital role in reducing social tensions that may otherwise lead to radicalization, violence, or civil unrest. By combating social exclusion and guaranteeing basic living conditions, these initiatives help reinforce community bonds and build trust in public institutions. Smaller settlements that benefit from SIM development become more resilient in the face of economic and social challenges. Residents with secure housing are less likely to migrate and more inclined to integrate into the local community. Over time, SIMs can also help curb adverse trends, such as the outflow of young, skilled, and ambitious individuals from smaller towns – contributing

34. K. Nowak, *Mieszkalnictwo i polityki społeczne. Podsumowanie cyklu badawczego Obserwatorium Polityki Miejskiej IRMiR*, Obserwatorium Polityki Miejskiej 2023, <https://obserwatorium.miasta.pl/wp-content/uploads/2024/01/Mieszkalnictwo-i-polityki-spoeczne-podsumowanie-cyklu-badawczego-Obserwatorium-Polityki-Miejskiej-IRMiR.pdf>, (access 29.05.2025).

35. Act of November 13, 2003 on the revenues of local government units, Journal of Laws 2024, item 356, as amended, [Ustawa z dnia 13 listopada 2003 r. o dochodach jednostek samorządu terytorialnego, Dz.U. 2024 poz. 356 z póź. zm.].

36. B. Krystek-Kucewicz, K. Kaszuba, *Polityka mieszkaniowa jako narzędzie ograniczania depopulacji: wybrane instrumenty stosowane w polskich miastach*, "Konwersatorium Wiedzy o Mieście", 2017, Vol. 30, No. 2, pp. 43–57, DOI: [10.18778/2543-9421.02.05](https://doi.org/10.18778/2543-9421.02.05).

positively to local economic growth and demographic stability, which ultimately enhances the overall security of the state.

SIMs help prevent the formation of social enclaves – so-called ghettos – where people with low economic status tend to cluster. The marginalization of social groups often leads to neglected urban areas, which can become breeding grounds for social problems and crime. Well-managed SIMs promote integration by providing housing for people from diverse social and professional backgrounds, thereby preventing the emergence of rigid social divisions. In doing so, SIMs support social cohesion and help reduce tensions that could otherwise destabilize a society. In addition, social housing initiatives play an important supporting role in broader socio-economic security policies aimed at reducing economic inequality. Access to affordable housing helps mitigate the consequences of such inequality, enhancing residents' sense of both economic and social security. As an instrument of public policy, SIMs form part of a broader social strategy to combat homelessness, support employment, and create stable conditions for the development of civil society – all of which contribute positively to national security. Research on social capital and community cohesion confirms that stable housing significantly reduces the risk of social exclusion, economic hardship, and urban tensions.³⁷

In light of the above, we can highlight the following examples of the impact of stable housing conditions on social security:

- Preventing homelessness and social marginalization – Affordable rental schemes help middle-income families avoid housing instability;
- Reducing crime rates – Research shows that regions with stable housing policies experience lower crime rates, as the lack of housing security is a major driver of urban unrest;
- Strengthening local governance – Community-based housing programs foster stronger ties between residents and local authorities, increasing trust and cooperation;
- By providing stable housing, SIM can contribute to higher levels of public confidence, reduce social tensions, and increase local economic engagement;

37. B. Kłos, J. Szymańczak (eds.), *Nierówności społeczne w Polsce*, Biuro Analiz Sejmowych 2015, [https://orka.sejm.gov.pl/WydBAS.nsf/0/1412E4FC234B9679C1257DE0004904F8/\\$file/Nierownosci_spoleczne.pdf](https://orka.sejm.gov.pl/WydBAS.nsf/0/1412E4FC234B9679C1257DE0004904F8/$file/Nierownosci_spoleczne.pdf), (access 18.02.2025).

- The mixed-income housing model used in SIM prevents high poverty enclaves, which are often associated with crime and urban instability.

Looking critically at the security aspect of the state in the context of SIM, several aspects need to be distinguished. The system of financing SIM, although attractive on a social level, competes for financial resources with state security priorities such as the modernization of the armed forces or the development of critical infrastructure. Grants of 35%, interest subsidies, and funds from the Housing Development Fund (RFRM) are considered “soft” expenditures that may be reduced during an economic downturn. As a result, there is a real risk that SIM projects will be abandoned mid-implementation, leaving tenants and local governments in a crisis situation. In addition, the traditional model of housing aspirations – based on the idea of homeownership – can lead to public opposition to permanent rent subsidies, making it difficult to build broad political consensus. A 2024 audit uncovered a number of issues in selected SIM companies, including overstaffing, unjustified spending on premium cars, and cases where as few as 40 flats were handed over.³⁸ Such abuses not only erode public trust but can also become an easy target for external disinformation, highlighting the incompetence of state institutions. As a result, instead of building socio-economic security, the program may actually undermine it. The construction industry – especially when there is a large inflow of public funds – is vulnerable to corruption and the influence of organized crime groups. Also, housing allocation procedures can become a target for manipulation. Such risks not only have an economic dimension, but also directly affect local security.

The analyses conducted in this article indicate that SIMs, although burdened with diagnosed risks, can become an effective tool contributing to social stability and national security. However, for this to happen, it is necessary to ensure the effective implementation of SIM, which depends on many factors such as the quality of program management, the availability and continuity of funding, and the level of cooperation between local government units and central institutions. The implementation of housing projects requires close coordination between the State Treasury, the State Property Fund, and municipalities. A lack of effective management and coordination can lead to investment delays or limit the scope of the program. The introduction of SIM in smaller towns and municipalities can have a positive impact on retaining young people who would otherwise migrate to larger cities in search of better housing. All this will become possible if the program is supported across political divides at the parliamentary level. Only with the support of the government, the Ministry of Development and

38. M. Krakowski, *SIMs were supposed to help residents who couldn't afford a mortgage. However, some people were running a good scam on them [SIM-y miały pomóc mieszkańcom, których nie stać na kredyt hipoteczny. Niektórzy robili jednak na nich nie-złe przekręty]*, BEZPRAWNIK 2024, <https://bezprawnik.pl/sim-y/>, (access 29.05.2025).

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Technology, and the Ministry of Funds and Regional Policy will the companies be able to carry out the tasks set before them more effectively.

The SIM program actually went into full swing in 2022/2023 and 2023/2024, when the National Property Stock took steps to build more partnerships in various provinces. Thanks to KZN's proactive policy, more municipalities joined the program, which translated into a higher volume of housing and a larger number of entities whose task was to build housing with preferential rents. Municipalities were persuaded to join the program primarily by the financial model, which requires the municipality to designate and transfer a plot of land for housing while paying VAT on the contributed property. With such a small outlay, municipalities decided to join this initiative because there was the possibility of eventual ownership, which seemed attractive at the municipal council sessions (they were the ones who decided whether a local authority should join the company) in terms of encouraging residents in smaller municipalities. Currently (as of November 2024), Poland's ruling coalition is arguing about whether access to ownership should be maintained. The implementation of SIMs as a housing policy tool in Poland not only involves local and operational challenges but also serious systemic risks. Their occurrence may undermine the sustainability, effectiveness, and scalability of the entire program on a nationwide basis.

The analyses conducted in this chapter allow us to draw the following conclusions:

- a) Development of SIM in small and medium-sized towns – The continuation of SIM programs in small towns will contribute to social stability and sustainable economic development. It is recommended that these initiatives be expanded to more Polish local authorities, particularly where there is a lack of affordable housing for middle-income earners and where businesses already exist. This will not only increase the profitability of businesses by increasing the amount of housing but also increase the social security of the region.
- b) Continuous monitoring and evaluation of effectiveness – It is necessary to put in place mechanisms for monitoring and evaluation of SIM projects to respond effectively to the needs of local communities and improve programs in response to changing socio-economic conditions. In regions where demand persists despite existing SIM investments, investment should be increased so that everyone has the opportunity to benefit from preferential housing.

- c) Government and local government support – SIMs require stable funding to ensure their long-term sustainability. It is also recommended to strengthen cooperation between different levels of government and the private sector to attract additional sources of funding.
- d) Legislative support – Legislators must seek to improve the efficiency of companies and make the whole system easier to operate. It is necessary to remove statutory roadblocks and brakes and to think about solutions that will contribute to the rapid implementation of investments.
- e) Improving the system of loan security – Companies reaching the loan application stage face the challenge of securing loans. Municipalities, as shareholders, are often reluctant to make such collateral, and companies themselves lack sufficient funds for this. There is therefore the possibility of turning to involve a “real estate bank” such as the National Property Stock. Plots of land unsuitable for housing investments should be the security for loans provided by KZN to companies for ongoing investments.

Despite the potential of the SIM program, the analysis carried out has its limitations. First of all, it should be emphasized that the research is mainly based on early implementation experiences and data from ongoing projects. There is a lack of long-term observations of the effects of SIM, in particular regarding the sustainability of stopping the outflow or its impact on local labor markets. Thus, the conclusions drawn are preliminary and require further in-depth quantitative and comparative studies.

When analyzing SIM in the context of housing inclusion, it is also important to note its limited accessibility for part of the population. The design favors households that have the capacity to cover the financial participation, which may exclude those in more difficult economic situations – for example, individuals without stable employment or with low levels of savings. Unlike council or social housing, SIM requires a certain level of upfront capital, which limits its inclusive function.

The article also lacked a detailed comparative analysis of SIM with other forms of housing tenancy market organization in Poland, in particular the system of Social Building Societies (TBS) and commercial market tenancies. TBS, as a more established housing form with a longer legislative history, is characterized by a different financing model and relationship with tenants. However, it is important to emphasize that SIM is not a competitor to TBS, but rather a scheme that the legis-

lature believes is designed to replace TBS as an improved and modernized form.³⁹ Market tenancy, on the other hand, provides greater flexibility but at a higher cost and with no guarantee of stability. Only by juxtaposing SIM with these models that a fair assessment of its advantages and weaknesses is possible.

In light of the above, this article should be seen as a contribution to opening the debate on the role of SIM in the Polish model of local and national social security development, with a clear need for further, more comprehensive analyses and empirical research. From a scientific perspective, it is crucial to conduct long-term research that will enable the systematic tracking of the development of SIM across different regions of Poland. It is necessary to empirically investigate to what extent SIM housing investments contribute to attracting new residents to municipalities and to what extent they serve local housing needs. Such analysis will make it possible to assess the effectiveness in a regional context and its impact on demographic structures and local markets.

The hypotheses put forward have been tentatively confirmed based on a qualitative analysis of empirical material and data obtained from SIMs already in operation. However, it should be emphasized that the current state of knowledge does not allow for a full quantitative verification of the impact of SIMs on demographic structure, local housing markets, and socio-economic dynamics. It is therefore advisable to carry out long-term longitudinal studies that systematically track changes in the municipalities covered by SIM investments. Only on the basis of such data will it be possible to fully assess the effectiveness of the program and further adapt it to the needs of regional and housing policy.

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