

## V. INSTITUTIONAL FRAMEWORK

### A. General

The transition from a centrally-planned to a mixed market economy requires far-reaching and comprehensive changes throughout the institutional framework, from central government through to the private sector. The need for such change is particularly important for the housing sector, which had special political and social significance under the old, centralized system. Poland has, since the beginning of transition, overhauled the institutional framework governing its housing sector. This is particularly true at central Government level. The period under communism has, however, left particular problems for the housing sector at the municipal level and in the private sector. In addition, the attitudes of the population at large to housing issues, and the inadequacy of non-governmental organizations (NGOs), still present significant bottlenecks to further progress.

### B. National institutions

#### *Parliament*

Poland's Parliament with its two chambers, the *Sejm* and the Senate, is the country's central legislative authority. Housing issues are the responsibility of the Commission on Spatial Planning and Housing Policy. The Commission is responsible for presenting legislation proposals on housing to the Parliament. Parliament also nominates a Citizen Rights Spokesman, who also advises the Government on housing issues.

Since 1993/1994, the Parliament has passed a number of resolutions on legal and financial matters with far-reaching consequences for the housing and construction sectors. Whilst until 1993 it could be argued that the Parliament and the central Government were hindering the transition of the housing sector, by their inactivity, this is not the case today.

Within Parliament's decisions on fundamental changes in the housing sector there are, however, still some elements of unnecessary central control. Examples of this are the strictly regulated rent control for local authority rental housing, and the detailed central examination and control of the statutes and regulations of the new local Rental Housing Associations (*Towarzystwa Budownictwa Społecznego*). In both these examples greater efficiency, flexibility and adaptation to local conditions could be achieved by giving the municipalities and, if necessary the Government's regional

representative (the *voivods*), greater freedom of action. On the whole, however, Parliament's structure and activity, including that of its Commissions, have proved able to make the necessary decisions to change the fundamental framework of the housing sector.

Until the end of 1996 the responsibility for housing at Government level was placed under the Minister for Physical Planning and Construction. At the beginning of 1997 this Ministry was abolished. The Government's responsibility for housing and housing-related activities were restructured as follows:

1. The Prime Minister's Office:
  - European integration and international relations.
  - Design and implementation of State housing policy.
  - Housing finance.
  - Housing and Urban Development Office.
  - Spatial planning and development.
  - Urban development.
  - Housing stock management.
  - Municipal infrastructure development.
  - Real-estate management and market development.
2. The Ministry for the Interior and Administration:
  - Regulation of construction and supervision.
  - Building technology and architecture.
  - Land survey and cartography.
3. The Ministry for the Economy:
  - Promotion and export of the Polish construction industry.
  - Trade and service within the construction sector and related fields.

These changes were aimed at making the State's involvement in all areas, including housing, more efficient. The transfer of central housing responsibilities to the Prime Minister's Office seems to indicate a higher political priority to housing as an element of overall State policy. This follows naturally from the high level of activity in the housing sector affecting both Parliament and Government during the period from 1993 to 1997. The Prime Minister's Housing and Urban Development Office is responsible for taking legislative initiatives, including the preparation of bills and acts, and other action for approval by Parliament.

### C. Regional institutions

Poland is divided into 49 *voivodships* headed by a *voivod* representing central Government at the regional level. The *voivod* executes central Government control over social and economic development, physical planning, environmental protection, and social needs. The need for effective regional policy-making and institutions was not appreciated in Poland during the early years of the transition period. From 1993 onwards, this need has, however, been recognised and has led to a gradual increase in regional policy-making and institutions, both in the public and in the private sector.

At parliamentary level, there has been increasing awareness of the need for regional development policies and coordination of such policies between various agencies and institutions. This political awareness led to the establishment, in May 1995, of the Sub-Committee for Regional Policy and Rural Area Development, affiliated to the Economic Committee of the Council of Ministers. In September 1995 the Parliament established an Extraordinary Committee to review governmental regional policies. Both Committees bear witness to the political awareness in the Parliament of the need for long-term structural solutions to the regional policy problems in Poland.

At the interregional level the establishment of the following institutions has been of significance:

1. The Industrial Development Agency.
2. The Polish Agency for Regional Development.
3. The National Association of Regional Development Agencies and Foundations.
4. The Municipal Development Agency Foundation.

Although these institutions, together with private-sector and non-governmental institutions at interregional level, are working actively within their separate fields, the basic problem of how to coordinate the activities of the different institutions remains unsolved.

At intraregional level the introduction of the Act on Self-Government in 1990 led to the dismantling of the earlier national *Voivodship* Councils. They were replaced by *Voivodship* Local Government Assemblies (*Sejmiks*). They represent the interests of municipalities in relation to the regional State administration. The *voivod* and the regional assemblies are, to a large extent, without executive powers. The *voivods* are, however, today the principal institution for intraregional policy. This policy is in the main carried out by the Regional Policy and Regional Development Departments in the *voivodship* offices. The regional assemblies are not constituted as elected representative bodies at regional level.

In addition to their lack of executive powers, the *voivods* are to a great extent overburdened with day-to-day problems and therefore not always able to concentrate on strategic policies and issues. Moreover, the *voivods* are not able to influence either public or non-public institutions at the *voivod* level.

There are a number of special-purpose administrations at regional level with considerable resources at their disposal. Most of these units are State institutions operating on the regional level. There are approximately 30 types of such institutions including about 20 at the supra-*voivodship* level, five at *voivodship* level and 4 at supra-municipal level.

These regional State institutions are marked by:

1. An evident lack of cooperation and coordination between them; and
2. The absence of effective cooperation between *voivods* and these institutions.

Both are significant problems hampering effective governmental regional policy coordination, and severely limit the possibility for municipalities to effectively influence regional State policy. In short, it is our view that the development of the housing sector, which in a number of cases must be considered as a regional strategic policy element, cannot be effectively addressed by the present structure and functioning of regional institutions. The *voivod* controls and approves each local authority's rental policy for the housing stock under rent control. It issues regional statistics on housing construction costs used as a basis for the funding of new rental housing through the national housing fund. The effects of both these controlling powers are considerable.

### D. Local authority institutions

#### General

In 1990 the Act on Self-Government (*Ustawa o Samorządzie Terytorialnym*) accorded self-governing powers to municipalities within the two-tier administrative division of the country into 49 *voivodships* and 2,465 municipalities. A municipality can be a city, a cluster of small towns and surrounding villages, or a group of villages. The municipal system is characterized by a moderate concentration of the population in large urban areas. The 42 cities with a population exceeding 100,000 are home to approximately 30 per cent of the country's population, and 49 per cent of the total urban population. The population of this group of cities has slightly declined during the transition. Warsaw has a population of approximately 1,650,000, or 4.3 per cent of the total population.

The municipalities are legal entities empowered to perform public tasks in their own name and on their own responsibility. They may further be entrusted with the execution of government tasks on the condition that they are guaranteed appropriate financial resources for such tasks. All public matters with local impact which are not specifically allocated by acts to other entities are the responsibility of the municipality. The Act on Self-Government specifies the basic task of the local government as meeting the needs of the population, and in particular:

- Land-use planning, land management and protection of the environment;

- Water, power, heat supply and waste management;
- Local roads and public transport;
- Health care and social welfare;
- Education and culture;
- Municipal housing;
- Public order.

The municipalities manage their finances independently, on the basis of a budget passed by their municipal council. Their main sources of income are taxes and fees levied by Parliament, a share in the income of the State budget, income from municipal assets, general subsidies from the State budget, and earmarked grants from the State budget for the tasks delegated by the central Government. Municipalities may not levy their own local taxes and are not empowered to conduct economic activity beyond that related to the provision of public services. They may, however, take out loans and issue bonds.

A new Law on Municipal Economic Activity came into force in February 1997. This Law regulates the manner in which municipalities may conduct economic activity. This Law has considerable significance for public/private cooperation and partnership at the local level. It does, however, contain ambiguities which may prevent, or slow down this much needed cooperation, particularly in the housing and development sectors. In general, the political administrative structure of municipalities is made up of:

- A council with its subordinate committees;
- A board with executive responsibility and power;
- Departments with administrative responsibility;
- Budget entities with specific administrative responsibility, e.g. management and administration of the municipal building stock.

#### *Local authority responsibility for housing*

The introduction of the Act on Self-Government in 1990 made municipalities responsible for meeting the housing needs of their inhabitants. All other laws regulating the housing sector, however, remained unchanged until 1994. These laws regulated in detail both the goals and practical aspects of housing.

Owing to this degree of centralization, municipal local governments were not able to introduce any significant reform in their housing policies prior to 1994. Local housing policy was reduced to ad hoc real-estate management, housing stock administration and financing maintenance and repair.

The housing laws that came into force in the second half of 1994 (Housing Condominium Act—*Ustawa o własności lokali* and Residential Lease and Housing Allowance Act—*Ustawa o najmie lokali i—dodatkach mieszkaniowych*) and in 1995 (Act on Certain Forms of Support for Housing Construction—*Ustawa o Niektórych Formach Popierania Budownictwa*

*Mieszkaniowego*), introduced major changes in the housing sector. Municipalities became partners of the central authorities in creating housing policy and can now, in principle, contribute significantly to improving housing conditions and housing development within their territories.

The most important municipal obligations concerning housing regulated by these laws are:

- Meeting the housing needs of the population;
- Securing social housing for low-income households;
- Building new housing;
- Paying and controlling housing allowances and subsidies.

Municipalities are allowed to:

- Decide on rules for the management of the municipally-owned housing stock (including rules for allocation to tenants);
- Determine regulated rents (within maximum set by the Government);
- Decide on policies and criteria for the sale of municipally-owned housing units;
- Plan and develop land for new housing construction.

On the basis of the Act on Certain Forms of Support for Housing Construction, municipalities are able to:

- Establish or join non-profit Rental Housing Associations, TBSs (*Towarzystwa Budownictwa Społecznego*).
- Apply to the National Housing Fund for partly financing (50 per cent) the cost of construction of new rental housing (only for TBSs).

The present legal framework therefore gives the municipalities considerable freedom to *define* their own comprehensive housing policy, to *implement* this policy and to *monitor and analyse* its results.

The present legal framework and its practical application by central authorities do, however, still limit municipal freedom in the housing sector unnecessarily. Examples of this central hold are the ceiling on rent in rent-controlled municipal housing (max. 3 per cent of reconstruction value), the maximum rent in new rental housing by TBSs (max. 4 per cent of reconstruction value), and the very detailed control on statutes and founding acts of TBSs. These ceilings and regulations unnecessarily limit the municipalities' freedom to satisfy local housing needs, and to achieve clearly targeted social objectives.

Even more important, however, is the continuing lack of adequate financial instruments to support the municipal activity in housing. This is creating serious obstacles with regard to:

- New construction of ordinary municipal rental housing; and
- Repair and renovation, including energy-saving measures, in the existing municipal housing stock.

The lack of financial instruments for financing critically needed repair and renovation to maintain the value of the existing housing stock, is seriously threatening the present standard of housing provision in Poland.

A major obstacle to the municipalities taking advantage of the new framework for housing provided by central authorities since mid-1994 is, however, the municipalities' own responsibility. Introducing independent local government in a country which for decades has been functioning in a centralized legal and administrative system is taking time and facing formidable obstacles. Municipalities' lack of general experience as independent operators in a market system, and in particular the lack of political and administrative structures, procedures and staff experienced in housing is today slowing down the transformation in the housing sector.

Although individual municipalities are developing creative solutions to some of their problems in housing, and the Government has initiated a pilot project mostly among large cities, there is a serious lack of general guidelines for strategic and organizational changes in the housing sector at the municipal level. Successes and failures of experimental solutions in individual municipalities are not systematically disseminated.

#### *Availability of land for new housing construction*

The end of State subsidies for housing construction and the termination of State and municipal financing of infrastructure for multi-family housing development, coincided with the introduction of a free market in the sale and purchase of land. Due to the resulting shortage of land put on the market, land prices increased rapidly together with prices charged by local authorities for tenure of municipal land. Together with the rapid rise in the cost of building materials, power and services, this resulted in a steep rise in the cost of housing construction, and ultimately a collapse in the construction of new housing.

The availability and price of land for new housing construction are critical factors for revitalizing the housing sector and thereby achieving social and economic goals. The municipalities must maintain a central role in securing such availability at regulated prices, at least for the construction of social and rent-controlled housing.

A rapid sale of municipal land at maximum market rates for short-term economic gain does not promote a sound long-term revitalization of the housing sector. Instead, municipalities need to develop long-term strategies where availability, development, pricing and sale of municipal land are deciding factors.

In this context it is also necessary to evaluate State and State enterprise land within the municipal borders. If

not strictly required for national or economic reasons, such land should be transferred to municipal ownership.

## **E. The capital city of Warsaw**

### *General*

The capital city of Warsaw is a special case of a self-governing institutional structure. The city consists of 11 self-governing municipalities. Out of a total population of 1.63 million, the largest municipality, Warsaw-Centre, has 937,000 inhabitants, and the smallest, Warsaw Wilanow, 12,000. Warsaw-Centre is again subdivided into seven districts, operating mainly as advisory and executive bodies for the municipality.

The self-government system of the capital is governed by a special Parliamentary Act "Constitution of the Capital City of Warsaw". The present system is under review, particularly with regard to the division of competence within the municipality of Warsaw-Centre and between the municipality and its districts. Housing matters are the responsibility of the Housing Policy Group within the Town Planning Division. The Group issues the yearly "Warsaw Housing Report". The capital does not, however, have an overall, strategic housing policy, nor central elements of such a policy.

Within the present legal regulations, full self-government responsibility for housing rests with the individual 11 municipalities of the capital. For 10 of these the preparation for and execution of housing tasks are broadly in line with the practice in other large urban municipalities in Poland. Warsaw-Centre, however, due to its district structure, presents a special self-government case, for the housing sector as well. As this municipality covers the great majority of the population and the housing stock of the capital, policy, institutions and practices here will dominate housing development, and hence significant economic, spatial and environmental elements of the capital itself.

### *Municipality of Warsaw-Centre and its districts*

In Warsaw-Centre, the Council is the highest self-government authority on housing matters. Until now the Council has concentrated its discussions and resolutions on housing on:

- Regulating rent policy within the legal national framework;
- Resolving allocation criteria for municipal rental flats;
- Setting rules for the sale of municipally-owned flats and commercial property;
- Structures and procedures for the administration and management of the municipally-owned housing stock.

Moreover the Council has full self-government powers on other issues which considerably influence housing development, in particular:

- Deciding on yearly budgets and economic programmes;
- Defining conditions for land use;
- Deciding on the development of municipal infrastructure.

At present housing problems may be examined and submitted to the Council by three permanent committees:

- The Committee on Municipal Economy and City Engineering;
- The Committee on Economic Policy;
- The Committee on Budget and Finance.

These Committees have equal powers and act independently from one another. They are subject to the municipal Council. Besides housing problems they deal with many other problems not connected with housing.

Apart from the permanent Committees, a team for the creation and management of the municipal housing stock has been established. The team, led by the Vice-President of Warsaw-Centre, consists of councillors working in different permanent committees, and municipal clerks. Its role is to initiate various projects to improve the housing situation in the municipality.

The District Councils within Warsaw-Centre are advisory bodies for the municipal Council. Their authority is regulated by their statutes as laid down by the municipal Council, and other municipal Council resolutions.

The District Council has no decision-making authority on any important procedures concerning housing. It may however:

- Propose resolutions to the municipal Council;
- Advise on specific questions when required by the municipal Council;
- Perform other tasks when authorized by the municipality, Warsaw-Centre.

The District Council is totally subordinated to the municipal Council as far as the preparation, resolution and execution of decisions connected with housing are concerned. Neither does the District Council have separate committees dealing comprehensively with housing problems.<sup>4</sup> The housing tasks are distributed among different committees, which very often have a structure similar to that of the committees under the municipal Council.

The structure and responsibility of administrative bodies in Warsaw-Centre are laid down in the "Organ-

izational Regulation of Municipal and District Offices" issued by the municipal Council.<sup>5</sup> This applies to administration both at the municipal and at the district levels.

According to this Regulation there is only one municipal department with housing responsibility, the Housing Policy Department, and one department for housing in each district, the Tenancy Department. The Housing Policy Department collects and analyses data on the housing stock in the municipality, prepares proposals for new construction, maintenance and administration of existing housing stock, and coordination of its administration. The Tenancy Departments have responsibility for the day-to-day administration of the housing stock and housing allowances, particularly allocation of housing units and allocation and payment of housing allowances.

Moreover, many other tasks connected with housing are "hidden" in other municipal and district departments' spheres of activity:

- The Communal Buildings Departments: at the municipal level, the Communal Buildings Department keeps a record of the housing stock, prepares the foundations for policy as far as the administration of communal buildings is concerned, coordinates the execution of this policy, and analyses the efficiency of the present administration of the housing stock. At the district level, the Communal Buildings Department cooperates with communal building administrators, tenants and condominiums;
- The Geodesy and Property Department has partial responsibility for the sale of municipal flats and the sale/lease of land for new construction;
- The Development and Economic Department's competencies comprise identifying land for new construction as well as laying down conditions for new housing investments;
- The Architecture Department's competencies comprise defining the need for land for new construction, its location and conditions for development.

All the districts have separate housing administrations (ZBK) and a number of area administrations (ADM). ZBK is a municipal organizational and budgetary unit. There is one ZBK for each district. The ZBK director is subordinated to the District Board Director. ZBK's responsibility is to administrate the municipal property (buildings) and administrate municipally-owned flats in condominiums.

The most important tasks of the ZBKs are to:

- Maintain buildings and communal equipment in good technical condition;
- Collect rents and other payments due;
- Secure communal services for the property;

<sup>4</sup> Housing committees under District Councils deal only with the drawing-up of lists of candidates for allocation of municipal flats.

<sup>5</sup> Resolution of Warsaw-Centre Council No. 208/XXIII/95 of 5 October 1995.

- Enter into rental contracts; and
- Administrate condominiums.

ZBK performs these tasks with its area subsidiaries, ADMs and the organizational units in its head office. ADM managers report directly to the ZBK director. Although the organizational structure varies considerably between ZBKs in different districts, their principal structure is similar and consists of four departments:

- Technical—maintaining the housing stock in good technical condition;
- Operational—day-to-day management of the stock;
- Accountancy—in charge of all financial operations of the ZBK;
- Department of the ZBK director comprising units and independent posts assisting all ZBK activities. ADMs are also part of this department.

In conclusion, the political and administrative responsibilities for housing in Warsaw as reflected in its organizational structures, established procedures and results, hamper the city's social and economic development. The lack of clear overall political and administrative responsibilities and tasks is a barrier to the formulation and execution of a housing policy for the capital. It also severely limits the practical results of the significant legal and other framework changes for housing made at the central level over the last few years.

#### **F. Institutions and participants in the private sector**

##### *General*

The private sector is becoming the driving force in the Polish economy. Due to its increasing strength, it influences, and often dominates, the development of individual municipalities. Due to the lack of municipal policies and strategies on physical development and land use, decisions are often taken ad hoc, based on strong private-sector pressure or vested interests.

In the development of cooperation between municipalities and private-sector economic entities, an important role is being played by banks, Chambers of Commerce and other professional/economic organizations. For such cooperation to become effective and beneficial to municipal development, it is again necessary to underline the need for speedy changes in organizational structures, procedures and training of personnel at the municipal level. Only if municipalities become equal partners in such cooperation can projects be executed to yield optimal social, economic and development benefits both to private and to public participants.

The lack of experience with cooperation and dialogue in Polish society over the last 50 years complicates the search for solutions. This problem must be addressed urgently if more progress is to be made and conflict avoided. Again, fundamental changes at the municipal level are central to achieving this objective.

##### *Regional non-governmental institutions*

Regional development agencies and foundations perform an important role at the *voivodship* level. Such independent non-governmental organizations working to achieve regional development and establish a regional infrastructure were first started in 1991. By 1996 there were approximately 60 regional development agencies and foundations operating in more than 40 *voivodships*. Today they are independent and separate from political issues, and work to a great extent by local initiative.

The problem of coordination between the private sector and the regional institutions themselves, and between these institutions and the governmental institution at regional level hinders the formulation and execution of regional policy at *voivodship* level (see also section C above).

##### *Housing cooperatives*

The housing cooperative movement has gone through a critical period. As quasi-governmental, rigidly centralized building and home appropriation agencies before 1990, they lost credibility as effective agents in a market-oriented housing sector.

Housing cooperatives today, however, are operating on west European principles, with a high degree of individual ownership. They should clearly be considered as the main developer of new housing. In the first half of 1996, cooperatives were responsible for 77 per cent of all new housing construction in Warsaw.

##### *Owners' and tenants' associations*

Housing organizations, representing special interest groups, are increasing rapidly. The most important are:

- The State Housing Movement, consisting both of tenants and owners. It not only evaluates legal solutions but also presents its own housing policy suggestions;
- The Polish Union of Property Owners, uniting present and former owners, exerts pressure to accelerate the re-privatization of the nationalized housing stock;
- The Polish Union of Tenants takes part in the preparation of legislation and tries to advocate the rights of tenants;
- The All-Polish Tenants Interest Protection Movement, a national association, provides free consultation and help to tenants. The Movement has local representation;
- The Association of Condominiums, representing the new owners' interests.

There are also a number of national associations representing municipal interests and views with regard to national housing policy and implementation.

The Citizens Rights Spokesman, appointed by Parliament, has an advisory function for the Government. Anyone has the right to turn to the Spokesman and present his or her point of view.

#### *The banking system*

The Polish banking system is undergoing major structural change. The key elements of this process are a concentration and consolidation of the major banks, the absorption of small banks by large financial institutions, and the privatization of State banks, as well as the opening-up of the market to foreign banks, which are gradually expanding their activity in Poland. The role of foreign banks in the Polish banking system is at present relatively insignificant, but their share of the domestic market is growing rapidly. These banks are especially active in the corporate sector (servicing mainly multinational firms), in financing and settling foreign payments, and financing major investment projects. The majority of foreign banks operate with the mediation of affiliated branches, i.e. banks which are joint stock companies with registered offices in Poland. Some choose a more rarely sanctioned form of trading: branches which form an integral part of their parent company. A number of leading international banks are waiting to obtain a licence. Their prospects look bright, especially given Poland's commitment to the European Union to grant

European banks uninhibited access to its domestic market beginning in 1997.

The National Bank of Poland provides a framework for the General Banking Supervision Inspectorate, which, by systematically monitoring the overall activity of the domestic banking sector, pays particular attention to its compliance with the present banking laws and to the security of savings.

#### *The building and construction industry*

The share of the private sector in the national economy is growing rapidly. Data from the Central Bureau for Statistics indicate that, in 1996, over 88 per cent of total construction output was produced by the private sector, whereas it employed 82 per cent of the construction sector's total workforce. The share of private firms in total housing property and investments, however, is lower and amounts to about 35 per cent.

In 1996, about 146,532 construction firms employed about 645,332 people; only 3 per cent of them employed more than 20 workers. Construction firms with up to 50 employees constituted about 98.6 per cent, medium-sized firms (50 to 200 people) comprised only 1 per cent; whereas 0.4 per cent of all firms had more than 200 employees.

Recently, the number of State firms has dwindled, whereas the private sector experienced growth. Table 19 indicates the number of construction firms at the end of 1996.

TABLE 18  
Share of private sector in construction output and employment

Share of private sector in:	1990	1991	1992	1993	1994	1995	1996
Construction output	33.8%	37.5%	78.7%	84.5%	86.5%	87.9%	88.0%
Employment in construction	36.3%	51.1%	70.8%	71.1%	76.8%	81.5%	82.0%

Source: Data supplied by the Housing Research Institute.

TABLE 19

#### Composition of the building sector by type of ownership, 1996

Companies, by type of ownership	Number	Percentage of total
Non-private companies (State, municipal)	830	2.5
Private companies	30 947	94.7
Cooperatives	913	2.8
Total	32 690	100

Source: W. Dominiak, *Macro-Economic Conditions of Housing Sector Development in Poland* (1997).

The housing construction sector has a leading position in the privatization process. The number of State construction enterprises being privatized increased from 308 at the end of 1991 to 805 at the end of 1995. Table 20 gives an overview of the number of privatized

firms. The data in table 20 relate only to legal entities, excluding natural persons, e.g. self-employed craftsmen. There are more than 100,000 such small businesses, usually with one or two workers.

TABLE 20  
Privatization of State construction firms  
(Total cumulative data)

Type of privatization	By the end of		
	1994	1995	1996
Capital investment privatization (number of firms)	90	110	122
Privatization through liquidation (number of firms)	473	519	550
Total number of privatized firms	563	629	672

Source: W. Dominiak, *Macro-Economic Conditions of Housing Sector Development in Poland* (1997).

*Legal and economic consulting*

The transformation of Poland's legal system, though already advanced in encouraging foreign investment, is still not complete. There is little comprehensive professional legal and economic consultation services on:

- Investment opportunities, analysis and appraisal;
- Tax and legal issues;
- Financial and legal guidance for new businesses.

Some well-known international business, legal, and consulting companies have set up in Poland, particularly in the Warsaw area. For private-sector development in the housing sector, there is a need for a much wider availability of these advisory and consulting services throughout the country.

*Consultation services on architecture, design and construction*

The transformation of the political system after 1990 as well as the economic collapse in the building and

construction industry have influenced the market for consultation services on architecture, design and construction. Many designers and other specialists have left the previously large consultancy firms to establish small, private offices. The majority of these employ one to five people. Most big consultancy firms have disappeared, and those that survive have been privatized and have gone through organizational and personnel changes. There is now keen competition in the market for such consultancies.

Choosing consultants for housing development, both in the public and in the private sector, requires careful consideration. In particular foreign developers and investors in the Polish housing sector need to have a clear understanding of Polish design and construction standards, approval procedures, etc. All construction projects have to be signed by Polish consultants before formal approval.

During the last few years Polish consultancy firms in search of clients have started to widen their offers by also working as project developers. There is, however, some concern that such firms are not financially secure enough to cover the risks of development and possibilities of cost increases during the planning and construction process. This could be a niche for foreign joint ventures.