

Michał DZIADKIEWICZ
Tomasz LIS
Czestochowa University of Management
Faculty of Management

WORK FOR THE RENT PROGRAM AS A METHOD OF DEBT TENEMENT OF MUNICIPALITIES' HOUSING STOCK MANAGEMENT

Summary. The article is devoted to the issues of arrears in rent payments by users of flats, belonging to the housing stock of the municipality. Solutions for debt reduction or elimination have been described. One of such solution is the work performance by debtors. This article presents theoretical considerations relating to the basics and legally possible liquidation of existing arrears in the rent payments through work performance. Moreover, the examples of programs of debt reduction of public housing tenants to possess the backlog have been presented. Examples, cited in the article, show the effects of debt relief programs in the field of financial management of municipalities, implementing them, as well as in the social sphere.

Keywords: communal (social) flats, rent arrears, deleveraging, Social Integration Centre

ŚWIADCZENIE PRACY JAKO METODA REGULACJI ZADŁUŻENIA WOBEC ZARZĄDCÓW MIESZKAŃ GMINNYCH

Streszczenie. Artykuł został poświęcony zagadnieniom zaległości w uiszczaniu opłat czynszowych przez użytkowników mieszkań wchodzących w skład zasobu mieszkaniowego gminy. Zreferowano rozwiązania umożliwiające zmniejszenie bądź likwidację zadłużenia. Jednym z tego rodzaju rozwiązań jest świadczenie pracy przez dłużników. W niniejszym artykule zostały przedstawione rozważania teoretyczne, odnoszące się do podstaw i możliwości prawnych likwidacji istniejących zaległości w uiszczaniu opłat czynszowych poprzez świadczenie pracy. Ponadto zostały zaprezentowane przykłady programów oddłużenia lokatorów mieszkań komunalnych, posiadających wspomniane zaległości. Przykłady przywołane w artykule wskazują na efekty programów oddłużeniowych zarówno w gospodarce finansowej realizujących je gmin, jak również w sferze społecznej.

Słowa kluczowe: mieszkania komunalne, zaległości czynszowe, oddłużanie, Centrum Integracji Społecznej

JEL Classifications H31, H63, J53.

1. Introduction

The aim of the article is to show the possibility of legal deleveraging of tenants of the flats from municipalities resources, in the conditions when their life and material situation material does not allow to pay the rent, under the provisions of the lease. The solution of this problem may be to replace from the payment of rent in money form to the form of the work performance. Taking into account the principles of financial management of municipalities and the obligation of public finance discipline, it can be stated that the performance of the debtor's benefit in the form of work in place of its financial obligation, is possible, however demands from the creditor, here local government units, appropriate organizational actions, aimed at create appropriate procedural conditions.

Article focuses on a brief description of these terms and actions, presenting them mainly from the practical side.

2. Social Housing in the European Union

Analyzing the situation of the housing resources of local governments and institutions, associated with them, in Europe, can be noticed that they act as social housing. Social housing, according to the United Nations, is related to the fact that the bodies responsible for them, in order to minimize costs incurred by tenants, receive all kinds of help from the public sector¹. The apartment always has the status of private goods. Therefore it cannot be considered as a social benefit. In this regard, it is only an instrument to help those with the lowest incomes. Taking account the characteristics of the receivers, to whom social housing is targeted, public sector's help is an essential item². Help from the public sector in social housing is carried out on two levels. On the first level, is spent on the construction of this type of housing. On the second - is to assist tenants in terms of their livelihood³.

¹ Housing Finance, Key Concept and Terms. United Nations, New York, Geneva 1998, p. 50.

² O'Sullivan T., Gibb K.: Housing Economics and Public Policy. Blackwell Science, 2003. Program description can be found at: <http://zgn-wawer.pl/index.php/odpracowanie-dlugu.html>, 23 september 2014.

³ Sikora-Fernandez D.: Identyfikacja ograniczeń w efektywnym zarządzaniu komunalnymi zasobami mieszkaniowymi w Łodzi – propozycja zmian. Acta Universitatis Lodzianis Folia Oeconomica, No. 243, 2010, s. 182-184.

The poorest group of society, being a beneficent of this type of social, however, is often not able to allocate resources to maintain its flats. This cause that arise arrears of rents in relation to rent institutions. This, in turn reduces their income, and also the financial resources, that must be devoted to maintenance and management of the available housing resources. Therefore arise the need to implement solutions. Which, as far as will possibly remove this phenomenon. According to the authors of the publications, it seems that a good solution is to provide the possibility of work to minimize or elimination arrears.

Resource of social housing management in selected European countries is presented as follows⁴:

1. Great Britain – starting from the end of World War II until the 70's of the twentieth century, the obligation to provide housing for the poor, lay with the local authorities. In the 70's, this obligation was shifted to housing associations which are non-governmental non-profit organizations. They were affiliated with the National Housing Federation, responsible for their support, contacts with the public authorities and the private sector as well as supervision and control. With the end of the 70's, taking into account the excessive financial burden for the state, the main emphasis has been directed to the development of the private housing. Limiting the number of social housing is to ensure availability of the program, that allows tenants acquire the premises occupied by them, from local authorities and associations.
2. Germany – construction, maintenance and rental of social flats is based on the cooperation of local authorities and the private sector. The investor receives low-interest loans, which finances the construction of flats. Often accompanied by a commitment, that by the end of the loan repayment, he will be rented to persons designated by the states and municipalities. After this time, homes are no longer the social premises and can be rented on a commercial basis. The contract for social housing settlement agreement is therefore a time limited agreement.
3. Holland – as was in the UK, up to 70's obligation to provide social housing rested with the municipalities. This role was taken over as a result of non-profit organizations and associations. The do not benefit from the state institutions' assistance, there are also possibilities of tax exemptions. The only help, they receive from the state, is to provide investment guarantees, which translates into the ability to obtain a loan more easily. It is responsible for the Social Housing Guarantee Fund. The aid institution is also a Central Housing Fund, whose mission is to support organizations' member with problems.
4. France – obligation to provide housing for all citizens of the poorest communities is not resting on, but on government institutions (Ministry of Housing and Urban). Applicable law (statutory right to housing, entered into force in 2007) allows any citizen, who is not able to: build, buy, rent or use a council flat, bring to state a lawsuit.

⁴ Mantey D.: Mieszkalnictwo socjalne w Polsce. Infos, Biuro Analiz Sejmowych BAS, nr 19(156), 2013.

3. Irrecoverable receivables in the management of rental housing stock of municipalities

As a result of the changes, that took place in Poland in 1989, the bodies responsible for the management of municipal property, became a municipalities in which communal flats are located. Housing municipalities are also a part of public resources. Their development can be seen on one hand as investing in the construction of new premises, the other as investments associated with the maintenance of existing physical space. Each of these area entails the need of designation of certain funds. Construction of new premises is also associated with a number of organizational problems: acquisition and/or creation of building land, local authorities policy, providing the appropriate environment for developers. The municipal housing stock is formed by the *flats owned by the municipality or municipal corporation or commercial companies, created with the participation of the municipality, with the exception of housing societies*⁵. Flats included in this resource, are available for rent. This applies at the same group of community, which cannot, using their own capabilities (financial and household), rent an apartment on the secondary market and build it or buy it. The function performed by the municipal housing is therefore to provide assistance to people with low levels of life (the poorest). Also it should be noted that the management of the municipality's housing resource should allow for an revenues⁶.

Municipal's communal flats resource management is often associated with a particularly troublesome problem, for municipalities, rent arrears for this flats and the need to undertake various actions to eliminate or at least reduce the arrears⁷.

Rental of premises belonging to the municipality housing stock, which means, that the municipality is the beneficial owner, assume that the municipality obtains revenues from rental income which are municipality's own. No payments from tenants, will actually reduce the municipal budget revenues, resulting in a real reduction in funding, which the municipality has. This in turn, will limit the ability of the tasks of the municipality, including, among others, creation and maintenance of the premises belonging to the housing stock of the municipality.

As practice shows, flats that make up the housing stock of municipalities, especially social ones, are inhabited by the economically weakest group of residents, many of whom have arrears of rent for some time period, even several years, which in turn leads to the implementation of eviction proceedings⁸. Conducting effective eviction proceedings allows

⁵ Sikora-Fernandez D.: op.cit., s. 182-184.

⁶ Ibidem.

⁷ Cyran R.: Budownictwo komunalne jako inwestycje zwiększające efektywność gospodarowania mieszkaniowym zasobem gminy. *Studia Ekonomiczne*, nr 155, 2013, s. 252-253.

⁸ Dziadkiewicz M.: Center of Social Integration as a Tool of Professional Reintegration of the Permanently Unemployed In Czestochowa. "Polish Journal of Management Studies", No. 9, 2014.

the inhibition of the accumulation of arrears of rent associated with the premises, but it does not give effect in the form of liquidation of debts previously generated.

4. The possibility of changing the subject to the provision of rental charges to the municipality

Looking for ways to reduce rent arrears, municipalities have resorted to different solutions, among which, a growing interest has the idea of making up the backlog by indebted tenants. Such a solution is, in principle, suitable for both, debtor and municipalities managing their housing stock. These benefits, in the most general aspect, come down on one side to reduce tenant's debt, on the other hand, allow municipalities to avoid long and generating various costs of collection eviction proceedings, in relation to the outstanding arrears of rent.

Taken by some municipalities form of realization of this idea uses the opportunities created by civil law, in particular Article no 453 and 659 of the Civil Code⁹.

These provisions, in general, allow for the replacement of the payment of the rent, in money form, by fulfillment of any other provision. Taken under the provisions of the civil law general principle of the performance of the obligations, states that the proper performance of an obligation by the debtor, may be made only by the provision set out in the content of the obligation. The creditor is therefore not obliged to accept any other benefits, than those specified content obligations¹⁰. Therefore, in practical standard municipal housing tenancy agreement do not normally contain provisions about the possibility of changing the subject of the provision on the part of the tenant, but in a situation accumulation of arrears of rent and otherwise, of the tenant real possibility of repaying, it is possible to modify the lease, which in addition to the possibility of performance replacement, may also determine the nature, extent and value of the activities, performed by the debtor under this provision. Modification can be done through a separate agreement, relating to the issue of liability of rent the tenant, it can also, which in practice happens much more frequently, occur by drawing the appropriate annex to the present lease contract. It is important, that in the agreement, both sides have agreed to write off existing commitments so far, if the debtor, instead of the originally agreed, fulfill other benefits. How might be thought, it is acceptable to the conclusion of the agreement in the form of the fulfillment of that other benefits, will strive to extinguish the liability only in a specific part¹¹.

⁹ Legal Act 23 April 1964 r. Civil Code, 17 December 2013 r. (Dz.U. z 2014, poz. 121).

¹⁰ Pietrzykowski K. (ed.): Kodeks cywilny. Komentarz, T. 2. (7), Komentarz do art. 453, SIP Legalis, Warszawa 2013.

¹¹ Gniewek E., Machnikowski P. (ed.): Kodeks cywilny. Komentarz, (5). Komentarz do art. 453 SIP Legalis, Warszawa 2013.

From the point of view of civil law, change the scope of the provision, therefore, does not raise significant problems. It should be noted, however, that in the case of benefits under the lease agreement a council flat, owned by the municipality, it is necessary to take into account not only the civil aspects of change, but also aspects of the administrative and financial law.

The need to take account these branches of public law, in assessing the possibility of changing the provision affected by the fact, that the creditor in respect of the council flat rent is a local government, and so the entity subject to the discipline of public finances.

Considering the possibility of replacing the payment of rent in cash with another provision, must first answer the question, whether as a result of the adoption by the municipality ability to change the subject to provide incriminating council tenant, there will be no violation of rules for the operation of public finances.

In accordance with the provisions of Article no 9 of the Public Finance Act¹², local authorities and their associations, and local government budgetary establishments are classified as public finance sector. The consequence of such regulation is the obligation to comply with the financial regime, applicable to the sector. Public finance discipline by the local government unit would result in the consequences of the law on liability for violation of public finance discipline¹³.

The basis of the budget, as a result of statutory provisions of the Public Finance and Local Government revenues¹⁴ and issued regulations based on this, is a “cash” budget execution. Important is, in this case, the fact that the existing laws do not provide the possibility of obtaining revenues by the municipality in a form other than money. The answer, then, to the question is, whether it is possible to provide the debtor work in lieu of payment of rent, it must be in the light of the above, negative.

5. The use of the tools of the social economy

Taking into account the civil and administrative conditions to eliminate the problem of tenants' arrears of rent of the municipal housing stock, through their execute, it is easy to see that it is an acceptable solution for the settlement of claims involving municipalities by deducting the payment of the work done by the debtor.

One of the measures to implement such a solution, may become available to municipalities a tool of social economy, which is the Social Integration Centre.

¹² Legal Act 27 August 2009 r. on Public Finances (Dz.U. z 2009, Nr 157, poz. 1240 z późn. zm.).

¹³ Legal Act 25 January 2005 on Liability for Breach of Public Finance Discipline (Dz.U. z 2005, Nr 14, poz. 114 z późn. zm.).

¹⁴ Legal Act 13 November 2003 on Local Government Revenues (Dz.U. 2003, Nr 203, poz. 1966 z późn. zm.).

This institution, conceived as a response to the problem of social exclusion of certain groups of people, who cannot alone overcome the difficult situation in which they find themselves, was introduced by the Act of 13 June 2003 on social employment¹⁵.

In accordance with statutory provisions Social Integration Center is an entity performing tasks and social reintegration. These tasks occurs through the provision of¹⁶:

- vocational skills to perform social roles and achieve social positions accessible to non-social exclusion,
- acquisition of professional skills and apprenticeship training, retraining or raising qualifications,
- learning life planning and meeting the needs of their own efforts, especially by the opportunity to achieve their own income through employment or business,
- learning skills possessed rational management of cash.

A key element allow to link the idea of Social Integration Centre with the issue of making up for arrears of rent by tenants of municipal housing, is included in the task of planning the life science center and meet the needs of their own efforts, in particular allowing persons indebted achieving their own income through employment or business. Not without significance is also incumbent upon the Centre the task of learning the skills of rational management of available cash resources.

A similar role may play Social Integration Clubs – subjects promoting the integration of people with similar difficulties and life problems, whose purpose is to help individuals and their families in rebuilding and sustaining the skills to participate in the life of the local community, to return to the social roles and in raising the professional qualifications, as the value of the labor market¹⁷. Among the key partners of Social Integration Clubs we can meet NGOs, social services, labor market institutions, local government units. This facilitates the realization of the idea of leaving the rental debt through the provision of socially useful work.

On the basis of the Social Integration Centre or Social Inclusion Club, in many municipalities, a social reintegration programs are formed and professional activation of the indebted for the use of municipal housing. The primary objective of these programs is to help in the debt repayment. Specific solutions adopted in such programs may be different from each other, but they have common assumption allowing a debtor to perform work, which part of or all of the income is deducted for rent's debt.

Developed by municipalities debt reduction programs refer to arrears of rent existing in premises owned by municipalities, and are usually targeted to debtors, who meet specific personal criteria. Generally, these will be people, who are in a difficult situation and having problems with debt premises.

¹⁵ Legal Act 13 June 2003 on Social Employment (Dz.U. 2011, Nr 43, poz. 225, z późn. zm.).

¹⁶ Borowski M., Kowalska M., Półtorak M., Tomaszczyk J., Żukiert I.: Model Centrum Integracji Społecznej, www.wrzos.org.pl/projekt1.18/download/Model%20CIS_7.03.pdf, 20 September 2014.

¹⁷ Legal Act 13 June 2003 on Social Employment (Dz.U. 2011, Nr 43, poz. 225 z późn. zm.).

The condition of participation in the program is usually a special social status of the debtor – inclusion to a group of pensioners or people employed in part-time job, which leaves the debtor time to perform the work undertaken to reduce debt. Another condition may be to regulate the current rents and lack of arrears in fees, which have been supplied by the municipality utilities (water, sewer, heating), which optimizes the effectiveness of the program.

6. The examples of debt relief programs

A representative example of such a program is functioning in Cracow, social reintegration program and activation of people with debt due to the use of public housing, to assist in the repayment of debt (debt reduction program) (The program of social... 2014). This program is intended for persons indebted for the use of municipal housing, people with debt due to the use of the flats in buildings, which are owned by individuals and the National Treasury or the Cracow Municipality, people with debt due to the use of flats, located in buildings owned by unknown people about its place of residence, administered by the Cracow Municipality.

The participants of this program may be persons, who fulfill the above criteria, which, after qualifying for the program, perform socially useful work, internships, public works, are also employed in the Municipal Social Welfare Centre. The program determines the amount of deductions from the income earned by the participants, stating that they repay to the municipality the amount depends on the status of the participant, and so: the unemployed not less than 50% of earned income, the other (pensioners, persons employed in part-time jobs) – not less than 80%. The program also determines the amount of time of work done, by the participants, in its framework and the level of earned income on this account, stating that debtors perform socially useful work for up to 10 hours a week, with a rate of 8 pln/h or are employed for full or part-time with the remuneration of the limits of the 1600 pln gross (in full-time). Agreements made under the described program, are signed for a period of 5 months.

The solutions adopted in the different municipalities, may differ from the above examples, drawn from the functioning of the program in Cracow. These differences may relate in particular in wage rate per hour proposed by the municipality, and the deduction used to pay off the arrears of rent. These deductions, depending on the specific provisions of local law municipalities, can reach up to 100% of the income received by the debtor.

The issue of remuneration for work, performed by members of council, to eliminate the burden of rent arrears is, as practice shows, relatively important for successful debt reduction programs. The attractiveness of these programs, from the participants point of view of, is largely associated with the financial dimension of participation and real benefits obtained by the one in the field of debt relief. Therefore, it is particularly meaning for the success of such programs has adopted by them rate for working hours performed by the debtor.

In the case of half-time or full-time employment, this issue is less important, because the debtors under the program, usually perform simple tasks, that do not require specific qualifications, and therefore are widely valued in the labor market within the statutory minimum wage.

Watching municipalities actions, seeking to reduce the level of rent arrears from users of municipal premises, and made their assessment of the debt reduction programs functioning, implemented through the provision of work is easy to see that, shortly after the introduction of solutions allowing to “executed” debt tenement, resolutions are to increase the hourly rate of work under the program of deleveraging. At the core of such movements, usually lies awareness of the low attractiveness of the program, that translates into a low interest of potential participants.

Programs to reduce rent arrears of council members, can operate not only on the basis of the institutions or the Social Integration Centre or Social Integration Club. Are adopted and implemented as well as functioning independently resolution, with the basic elements of such programs overlap with those, that take advantage of operating in the municipalities of Social Integration Centers and Social integration Clubs.

An example of such independently functioning forms of assistance to members of council, can be a program implemented by the Department of Real Estate Management in Warsaw's Wawer district¹⁸. This program is, in its solutions, similar to program described above, implemented based on the Social Integration Club in Cracow. The basis of adopted civil law solutions are the provisions of Article no. 453 and 659 § 2 of the Civil Code, and the administrative and legal basis is an act of local law in the form of Ordinance No. 9/12 of the Director of the Department of Real Estate Management in Warsaw's Wawer district from 03.12.2012, on debt repayment for the use of the premises of housing stock owned by Warsaw city Wawer district, in the form of benefits in kind. Described program has been presented as one of the many forms of assistance in rent arrears for tenants, living in communal establishments (including social), even if they occupy the premises without legal title.

Similar solutions were adopted by Elk municipality¹⁹. Both of the programs assume that the payment of arrears of rent 100% of the salary of debtors is deducted, obtained for work performed under the deleveraging.

Characteristic of some programs work off rent arrears, is the solution allowing to perform work not directly by the debtor, but also by the adult members of his family. This facilitates the use of debt relief programs to those, who for various reasons are unable to personally

¹⁸ The program of social reintegration and activation of people with debt due to the use of public housing to assist in the repayment of the debt, published online on the website of the Board of Municipal Buildings in Cracow, at www.zbk.krakow.pl/aktualnosci.html, 22 september 2014.

¹⁹ Information about the program at: www.elk.pl/aktualnosci/wydarzenia/2664-moliwo-odpracowania-zalegociczynszowych.html, 24 september 2014.

work off the debt. This also increases the overall attractiveness of the program. This assumption is taken into account by the program operating in the Municipality of Elk.

7. Debt reduction program – work for rent, in one of the cities of the Pomeranian voivodeship

In one of the larger cities in the Pomeranian voivodeship, program for rent has been in operation since 2006. It was introduced in order to help the poorest people, who are not able to pay rent arrears and their debts to municipalities continuously growing. Presented in the publication the results of the program cover the period from the year 2010 to July 2014²⁰.

The total amount of arrears which participants paid off in 2007-July 2014 is 5 652 779.23 pln. It can be seen (Figure 1) that in the years 2007-2012, the level of receivables, that have been worked off, steadily increased. The change came in 2013 – when the program was reduced. Partially per year, data, owned by authors, relating to 2014, allow to conclude that the total value of payments should be at the same level as in the previous year.

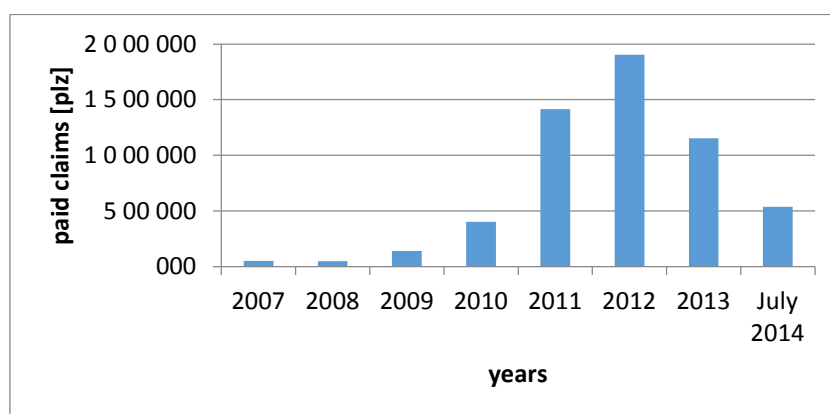


Fig. 1. The annual value of payments of residents participating in the work of the rent in the years 2007-July 2014

Rys. 1. Roczna wartość spłat należności mieszkańców uczestniczących w programie praca za czynsz w latach 2007-lipiec 2014

Source: Own study.

A similar trend to that shown in Fig. 1. apply in relation to the number of person-units²¹, that participated in the program. By the year 2012, their number has increased, that in the

²⁰ In relation to the total amounts of repayment of arrears, results include the years 2007 – July 2014.

²¹ As the authors of this article, have only the data concerning the number of people participating in the program in each month of the year, and taking into account, that they may or may not need to participate in other months, it is not possible to indicate that the presented figures refer to the number people – hence with respect to the analysis of annual unit introduced: person-unit. Particulars in respect of each month are presented later in this article.

coming years has been reduced. In the year 2010 person-units that have joined the program was 800, 2011-1932, 2012 – 3045, 2013 to 1743, July 2014 – 785. Detailed data on the number of people participating in the work of the rent is presented in Figure 2.

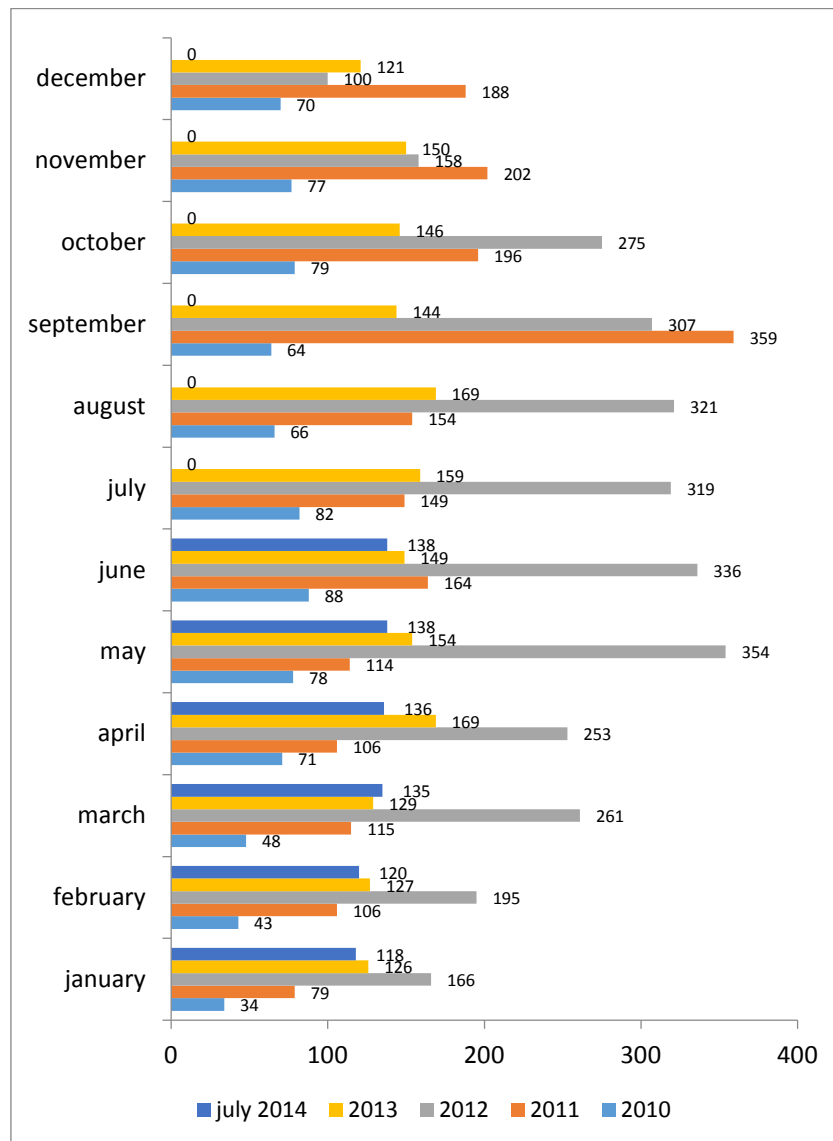


Fig. 2. Monthly summary of the number of people that participated in the work of the rent in 2010 – to July 2014

Rys. 2. Miesięczne zestawienie ilości osób, jakie uczestniczyły w programie praca za czynsz w latach 2010 do lipca 2014

Source: Own study.

It may be noted, that the increase in the number of people in the program, has occurred in the period from March to October inclusive. This may be related to the nature of the work. In the winter, are snow removal operations and ensure the mobility of residential areas.

During the rest of time, the range is much wider. It can be considered, that they are also less burdensome for workers.

The essence of the program is to give the poorest people and the most indebted in relation to Municipality, the possibility of making up their outstanding debts. Therefore it is necessary to present data on the “wages” paid for work. This is shown in Figure 3.

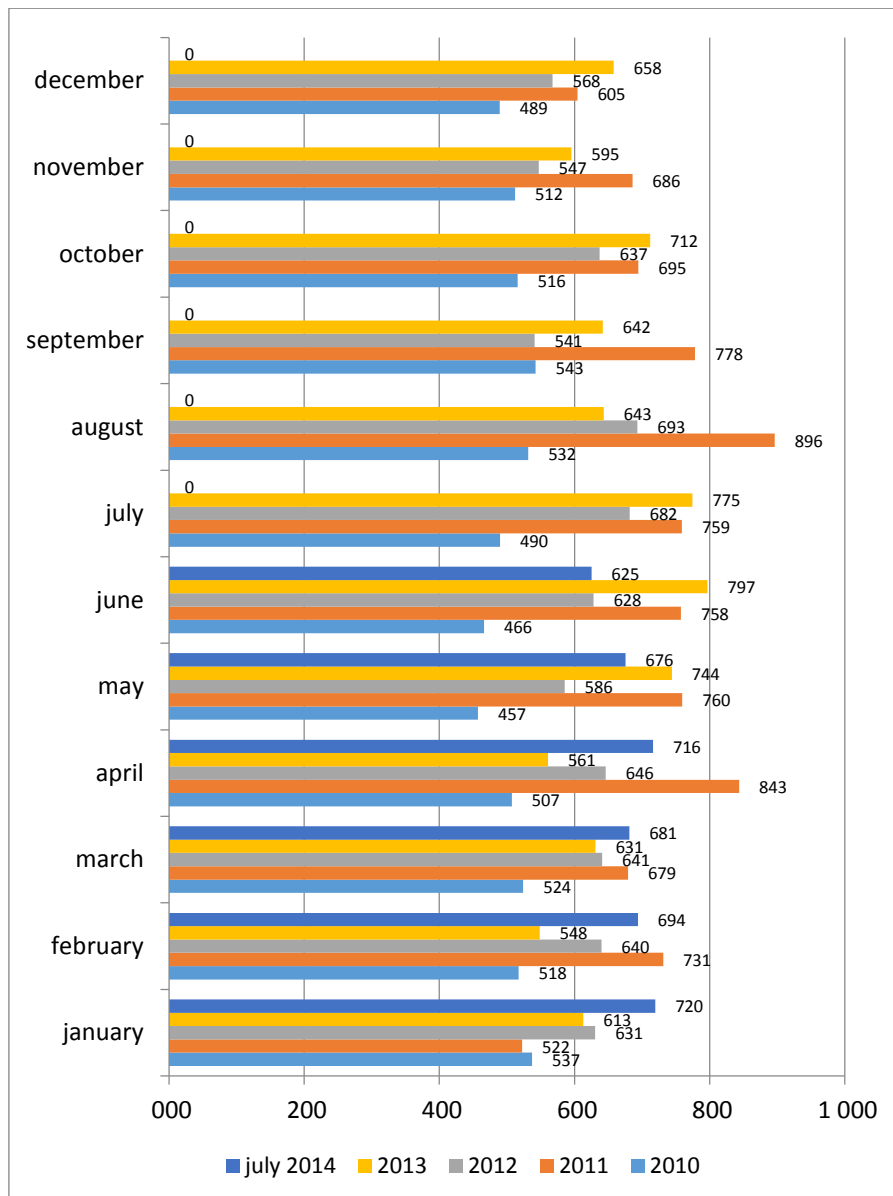


Fig. 3. The average value of the worked out debt in each month [pln] by persons participating in the work for rent program

Rys. 3. Średnia wartość długu odpracowanego w poszczególnych miesiącach [pln] przez osoby uczestniczące w programie praca za czynsz

Source: Own study.

May be noticed, that worked off amounts per person in each month in 2012, compared to the previous year, except for the month of January, have clearly decreased. This could be a result of one of the reasons behind the decline in participation in the program in 2013. Although these differences were reduced for the years of 2011 and 2013, are still persists. It is characteristic that in the year 2013 the worked off amount were higher than those of 2011, only for months: January, June, July, October and December. Two of them: January and December shall cover the period, when the interest in the program (January, February, November, December) was generally less, and only three: June, July, October, for a period of greater interest (March – October). As a resident making up for rent in 2012 and 2013, had the ability to repay a lower value than in the year 2011, it can be assumed that its interest in participating in the program decreased. This trend can also be seen in relation to the first half of the year 2014. Although the authors of publication, do not have access to data on an hourly rate “for” citizen in this program, it should not be assumed that the number of hours spent at work in individual years much vary.

8. Economic and management aspects of debt relief programs

Discussing implemented by the local government debts clearing programs, which provide the debtors work, from which, revenues are transferred to the account of the debt, we cannot focus solely on the benefits, recognized as such by the debtors. The benefits of effectively implemented debt relief programs, addressed to members of council, especially housing, local governments also benefit. As was mentioned at the beginning, the municipality, being the owners of the premises belonging to the housing stock, assume to be derived from the lease of the premises, this is an essential component of the proceeds of own income. None of these effects are felt in the context of the possibility of carrying out the tasks of municipalities, in particular, the tasks associated with creating, maintaining, and thus the management of municipal housing stock.

Municipality although it is not company oriented only to make a profit, but the unit, which has a strong social responsibility, it must be managed in a way, that ensures the achievement of its goals. In this regard, the essence of good governance reflects the statement *effective management of ... (municipality) is to harmonize the activities carried out for the ... (municipality) in order to achieve its goals efficiently, that is, using resources wisely and efficiently, which leads to the desired result*²². Therefore it is clear that, as is the case for companies, so in relation to the municipalities, management efficiency must be measured by the effectiveness of achieving the objectives. Connecting with the above, getting incomes, is

²² Trocki M.: Zarządzanie projektami. PWE, Warszawa 2003.

a key condition determining the fulfillment of the objectives of the operation. In the event that, due to the difficult financial and financial inhabitants situation, income achieving is difficult, even impossible, it is necessary to strive to minimize this occurrence, while leveling its consequences.

The functioning of the municipal housing stock, in the assumptions of most local governments, is based on the self-financing. Accumulation of rent arrears outdated this assumption, cause that funding housing stock by funds coming from other sources, than the proceeds from the lease of municipal premises, become necessary. Implementation of programs based on the provision of debt relief work for debtors, is therefore also intended to limit the scope of this co-financing. Also allows to perform specific activities, associated with the normal functioning of the municipality by persons, who are not able to pay the rent, which is to generate income for the municipality. The municipality does not have to bear the additional costs of their implementation, while reducing their income at the same time.

The impact of the debt relief programs, implemented by municipalities, operating on the “work for hire” principle, to reduce the scope of the co-financing of the municipal housing stock can be accessed on the Czestochowa city example. Debt reduction program for housing users of municipal residential resource, is implemented and based on the municipal Social Inclusion Centre.

The cooperation between the Centre and the Department of Social Integration of Housing TBS in Czestochowa, on the one hand, increased ability the Centre’s influence to the problems of professional and social exclusion, occurring among members of council flats, on the other hand, made it possible to implement a debt reduction program by individuals, under arrears in the payment of rent, which resulted in a reduction of its due and uncollected rent due under the lease of municipal housing.

Debt reduction program implemented by the Czestochowa municipality, in its general approach, is no different from the ones described above as the examples. An important detail characteristic of Czestochowa program, is to direct it to typed individual debtors, who are then invited to participate in the program. The program has been successfully operating since 2011, as evidenced by the fact that over the years 2011 -2013 the number of people invited to participate in the program has doubled, and the number of debtors, who have benefited from the offered opportunities, increased over the same period, more than four times, acting in 2013, approximately 50% of the total number of invited²³.

In the social dimension, featured program, besides enabling tenants the professional activation, brought results in the form:

²³ Dziadkiewicz M.: op.cit.

- program’s participants’ debt reduction with rent arrears,
- stop eviction procedures from the premises - the start of participation in the program meant to suspend the procedures of terminate the tenancy or eviction, if such were implemented against a participant,
- short by program participants regarding debt repayment agreements tenement in installments.

However, in the sphere of the management of the municipality, the implementation of the program has created the possibility of sending directly to pay debts, hardly downloadable rent stream of money, allocated by the municipality for work related to the maintenance of the housing stock (chores, snow removal, minor repairs).

The financial effect of the program implementation is increase of the amount repaid by the beneficiaries of the program of rent arrears. While within two months of the program in 2011, he brought to the municipality, incomes in the total amount of 4156.00 pln, that's for 2012 amounted to 102,454.00 pln, and in 2013 reached 104,899.00 pln²⁴. These are the amounts, that level of difficulty recoverable receivables was reduced, from lease of municipality’s flats coming from its stock.

Although these amounts, significant for recovery due to the issue of local government for the lease of premises, they are not particularly high in relation to the number of participants.

However, in combination with the previously identified social effects, as well as the implementation of goals such as professional activation of long-term unemployed and strengthening of long-term lease, operation of the program should be positively assessed.

9. Conclusion

The idea of debt elimination of rent for the use of the premises belonging to the housing stock municipality, expressed concise abbreviation “work for rent” is a supremely rational and feasible in the current state of the law. It should be borne in mind, that this shortcut does not mean debt repayment of rent by performing the creditor (municipalities) specific work. Such a change of subject provision is legally not allowed.

The abbreviation “work for rent” will mean a deduction on account of rent debts remuneration for the performance of work under the contract, organized and proposed by the local government – the creditor. Such solutions, including both economic and social aspects (receive funding while the integration of vocational and social), are often implemented in cooperation between municipal housing resource management institutions with the centers of social integration in the form of Centres or Social Integration Clubs. Summing up the social

²⁴ Ibidem.

and economic consequences of such cooperation, synergies can be seen, which probably would not have been reached by these institutions acting separately.

Success and increasing the effectiveness of implemented on a “work for rent” debt relief programs, depends largely on their financial dimension, in particular the amount of remuneration for work performed by the debtors, which in the eyes of the participants is a key attribute of the attractiveness of the program.

Bibliography

1. Borowski M., Kowalska M., Półtorak M., Tomaszczyk J., Żukiert I.: Model Centrum Integracji Społecznej, www.wrzos.org.pl/projekt1.18/download/Model%20CIS_7.03.pdf.
2. Cyran R.: Budownictwo komunalne jako inwestycje zwiększające efektywność gospodarowania mieszkaniowym zasobem gminy. *Studia Ekonomiczne*, nr 155, 2013.
3. Dziadkiewicz M.: Center of Social Integration as a Tool of Professional Reintegration of the Permanently Unemployed In Czestochowa. “*Polish Journal of Management Studies*”, No. 9, 2014.
4. Housing Finance, Key Concept and Terms. United Nations, New York, Geneva 1998.
5. Gniewek E., Machnikowski P. (ed.): Kodeks cywilny. Komentarz. (5). Komentarz do art. 453 SIP Legalis, Warszawa 2013.
6. Mantey D.: Mieszkalnictwo socjalne w Polsce. Infos, Biuro Analiz Sejmowych BAS, nr 19(156), 2013.
7. Pietrzykowski K. (ed.): Kodeks cywilny. Komentarz, t. 2. (7), Komentarz do art. 453, SIP Legalis, Warszawa 2013.
8. O’Sullivan T., Gibb K.: *Housing Economics and Public Policy*. Blackwell Science, 2003.
9. Sikora-Fernandez D.: Identyfikacja ograniczeń w efektywnym zarządzaniu komunalnymi zasobami mieszkaniowymi w Łodzi – propozycja zmian. *Acta Universitatis Lodzianensis Folia Oeconomica*, No. 243, 2010.
10. Trocki M.: *Zarządzanie projektami*. PWE, Warszawa 2003.
11. Legal Act 23 April 1964 r. Civil Code, 17 December 2013 r. (Dz.U. z 2014, poz. 121).
12. Legal Act 13 June 2003 on Social Employment (Dz.U. 2011, Nr 43, poz. 225, z późn. zm.).
13. Legal Act 13 November 2003 on Local Government Revenues (Dz.U. 2003, Nr 203, poz. 1966 z późn. zm.).
14. Legal Act 25 January 2005 on Liability for Breach of Public Finance Discipline (Dz.U. z 2005, Nr 14, poz. 114 z późn. zm.).
15. Legal Act 27 August 2009 r. on Public Finances (Dz.U. z 2009, Nr 157, poz. 1240 z późn. zm.).