



Credit: City of Warsaw/Ewelina Lach.

A native of Warsaw, Poland, **Mayor Hanna Gronkiewicz-Waltz** has made her mark on this city of 1.7 million people. She was elected its first female mayor in 2006 and is currently serving an unprecedented third term. Prior to assuming her post—where she has faced controversial issues including the restitution of properties seized under Nazi and Communist rule—Gronkiewicz-Waltz had been president of the National Bank of Poland, vice president of the European Bank for Reconstruction and Development, a member of the Polish Parliament, and chairperson of the State Treasury Commission. In November 2012, she was elected for a two-year term as president of Eurocities, a network of major European cities. Gronkiewicz-Waltz, a professor of law and economics at the University of Warsaw, has authored over 40 academic publications. She spoke with Lincoln Institute Senior Fellow Anthony Flint for this issue of *Land Lines*.

Leading Warsaw to Prosperity, One Bike Lane at a Time

ANTHONY FLINT: Last year, the national government proposed expanding Warsaw by bringing more than 30 outlying districts within its boundaries, an idea you opposed. In your view, what are the merits of a more regional approach to metropolitan governance?

HANNA GRONKIEWICZ-WALTZ: The target [of that proposal] was purely political, as one party saw the opportunity to get power in Warsaw through votes from around the region. They wanted to enlarge the municipality [in an effort] to get people from the countryside and the smaller towns to vote for the next mayor of Warsaw. We protested, and in various local referendums the people said no. They preferred remaining independent, with their own local governments and their own mayors.

People understand that our metropolitan policies have been successful. We collaborate as a region through contracts and agreements, and we rely on revenue sharing among the 30 municipalities [that make up our metropolitan area]. Funding is organized through the Integrated Territorial Investments, an EU program, for these municipalities, with investment in everything from administration capacity to bike paths. That is the way to trust each other. And it works. There is an efficient public transportation scheme in place, under which the capital city's fleet serves the whole metropolitan area. Metropolitan governance should always respect the needs of all its members.

AF: What are the critical elements in your effort to maintain good municipal fiscal health? What has been your experience on the revenue side?

HGW: On the revenue side, we have a property tax, but it's not very high, though some people complain. We also have a lease tax, which is adjusted to the value of the property. A typical apartment tax bill in the city center is about \$400 per year. There is also the commercial property tax and a tax on civil law transactions. However, these are only a few percent of the total budget. The biggest revenue source is the city's share in personal and corporate income tax, which flows directly from the central government. There are many needs for revenue; for example, we contribute to teachers' salaries and we have to maintain our infrastructure.

AF: Speaking of infrastructure: How is climate change going to have an impact on Warsaw, and what is the city doing with respect to mitigation and adaptation?

HGW: The main fuel for so long was coal. Step by step, we have to move away from this, changing to natural gas and renewables. First we focused on transportation—new buses, new trams, and a second Metro line. We are changing our rolling stock, replacing diesel buses with electric and natural-gas models. The network is very well used: Seventy percent of our citizens use public transport. The modernization of our district heating network, which serves 80 percent of the city's residents, is also very important. Ten thousand additional homes have been connected to the system in the past 10 years. Warsaw's heat is produced in two combined heat and power plants. We are planning to switch one of the plants from coal to gas, which will bring a significant carbon dioxide emission reduction. Also, individuals can apply for subsidies to install photovoltaics, solar panels, and heat pumps, and thus replace old-fashioned stoves. This has been a very popular program, inspiring hundreds of applications. We are active internationally as well; for example, we are part of the EU Covenant of Mayors, [which is committed to implementing climate and energy initiatives].

AF: What successes have you seen flowing from the expansion of public transit? Are you seeing success in terms of ridership and reduced traffic congestion?

HGW: In terms of being car-free, people know one day it will come, though it may have to come from my successors. The way it was done in London—starting with a pilot for one year—was very good. People [there] decided they preferred the congestion fee and supported the money going to transit. Public transport is costly. We have [been able to do] so much because 85 percent of the investment was covered by EU funds. For users, it is important for it to be quite cheap. Thirty dollars per month is the approximate price for users in Warsaw, and our seniors pay \$20 for the whole year. Last year, we began offering free transportation for students up to 15 years old; it is important for families to teach the young that it's OK to go by bus. We have dedicated bus lanes, 500 kilometers of bicycle lanes, and bike sharing. Even with all of that, there is still congestion, though it is not as bad as before.



Pedestrians and bicyclists flock to Krakowskie Przedmieście, a major thoroughfare in the city of Warsaw. Credit: Filip Kwiatkowski/Warsaw Tourist Office.



Warsaw opened a second Metro line in 2015, twenty years after the first line opened—and nearly a century after city leaders first came up with plans to construct a subway. Credit: Tim Adams/Flickr CC BY 2.0.

AF: What have been the effects of rising nationalism and anti-immigration sentiment on the city's economy, taxation, and social spending?

HGW: The national government decided to withdraw from Poland's agreement to accept, under the EU's quota system, a proportional number of refugees. This was not helpful, as we have abandoned our European allies in the midst of the refugee crisis. Generally, [anti-immigration sentiment] can discourage investment in the medium and long term. It's a very bad thing when someone with a different ethnic background is attacked on the bus, and it can also prevent others from coming to Poland, including businesspeople. On the other hand, Warsaw does have many foreigners who come as economic migrants, and the majority of them are from Ukraine. Some are teachers, some are doctors; they are nannies or they work in the shops. We also have a significant number of Vietnamese immigrants, as well as people from Somalia, Ethiopia, and Chechnya.

To meet the growing need for integration, the city has created a multicultural center, which offers free language and cultural courses. It is important for the economy [to welcome and train immigrants], because it helps our new residents better integrate into our society. As a consequence, the economy and the labor market are better off. Unemployment is 1.7 percent in Warsaw. The local economy is booming, which can be witnessed through the city's many construction sites, which have to compete for workers. Economically, we are certainly benefiting from migration. □

AF: As Warsaw joins the array of economic powerhouses, how are you addressing gentrification, providing affordable housing, and fostering a more inclusive economy?

HGW: We had to start from scratch. There was no private ownership [under Soviet control]. Beginning in the 1970s, there was a policy that let you buy your home for 10 percent of its value. I was the first mayor who stopped [that kind of] sale of municipal apartments. At the same time, we started to build more housing: 3,500 new apartments over the last 10 years. We use the city's land and keep the construction costs down, so people's rent is not so high. I lived in Knightsbridge [in London] for a few years, and I saw how investments by foreign developers made the price of apartments skyrocket. We don't have that in Warsaw—housing prices are rising gradually, but at an affordable pace. Another problem is that many apartments have not been maintained. That is why the city is directing finances toward revitalization, especially in the most neglected neighborhoods.

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