

National Housing Policy 2001

Foreword

Housing is a basic and fundamental human need, yet millions are caught in the struggle to have a roof over their head in Pakistan.. Realizing the gravity of the problem and appreciating the fact that housing is not only a social need but a productive sector of economy, the Government directed Ministry of Housing and Works to formulate a viable and effective housing policy and submit its recommendations. A Housing Advisory Board of nearly 40 members, half of them from private sector was constituted. It included all stakeholders comprising of builders, constructors, development agencies, bankers, town planners, Provincial Governments, HBFC and State Bank etc. The Board functioned as an honorary body with no financial support from the Government. A number of meetings were held with open and frank discussions to ensure that a practical and realistic policy is formulated. Multifarious problems including housing shortage, lack of housing finance, non-existence of foreclosure laws, lack of planning, outdated building and zoning regulations, etc. were discussed and debated before finalizing the policy. The National Housing Policy was approved in principle by the President and Chief Executive during a presentation made by the Ministry of Housing and Works on the 22nd June, 2001. The major emphasis of the policy is on resource mobilization, land availability, incentives for homeownership, incentives to developers and constructors and promotion of research and development activities to make construction cost effective. The objective is to create affordability, specially, for the middle and low income groups. One of the corner stones of the Policy is to ensure development of housing for the poor and needy and housing for the majority rural population through the use of different instruments like free land, cross-subsidy and concessionary finance, etc.

1. Introduction

Brief Introduction

1. Since the adoption of "Universal Declaration of Human Rights" and its subsequent reaffirmation at the 1996 UN Habitat Conference, "Adequate Shelter for All" has been recognized as a basic human need. All Governments have responsibilities to take appropriate action in order to promote protect and ensure proper realization of provision of adequate housing for its citizens. The housing situation in Pakistan has continuously deteriorated over past many years and most of the policies announced were not implemented, the latest being the 1992 Housing Policy
2. Realizing the fact that Housing is one of the major pillars of the macro-economy and that there is continuous degradation of housing quality and ever increasing short fall in housing stock, the Government decided to review various measures and policies formulated in the past in order to come up with such policy measures which are pragmatic and implementable. The emphasis of the Government would be to focus on the fundamental requirements of creating a favourable and conducive environment in the country, and to promote and facilitate this sector where the role of Government would change from provider to facilitator. Government resolves to evolve, implement and support such policy measures that would ensure adequate housing to all its citizens through proper planning and management, incentives and motivations. Special emphasis would be given to provisions of micro finance to low income communities. The current housing impasse is the result of several problems confronting the country, including the political and economic environment, failure of the government to intervene on behalf of the consumer, the "Coop. Scandals", acute scarcity of credit, growing poverty, deliberate neglect of the housing sector, political ploy of katchi abadis issue, and archaic institutional and legal framework at all levels.

Major Housing Problems and Issues

1. There is multiplicity of housing related issues in the country, mainly generated by population explosion which grew from 84.254 million in 1981 to 130,580 million in 1998, showing an overall increase of 54.98 percent. It is estimated at 141.736 million presently and expected to increase to 156.388 million by 2005, based on an average growth rate of 2.61 per cent per annum.
2. According to the 1998 census, the total number of housing units, throughout the country, was 19.3 million. 67.7% housing was in rural areas and 32.3% in urban areas. The overall housing stock comprised of 39% kuchha houses, 40% semi-pukka houses and 21% pukka houses. The housing backlog, as estimated according to 1998 census, was 4.30 million units. The annual additional requirement is estimated around 570,000

housing units whereas the annual production is estimated around 300,000 housing units resulting in a recurring backlog of 270,000 housing units annually. The household size is 6.6 persons and the occupancy per room is 3.3 persons.

3. There continues to be unchecked growth of squatter settlements, Katchi Abadis encroachment of state and vacant land is a direct outcome of the housing shortage, It is estimated that 50% of urban population now lives in katchi abadis/slums/squatter settlements. This in it itself is a challenge of great magnitude for replacement, rehabilitation and upgradation. The Government has recently (January 2001) announced Policy Measures in this area which are highlighted in Housing Policy.
4. Land suitable for housing is becoming scarce particularly in and around urban centres. Land values continue to increase with unchecked tendencies of speculation resulting in virtual non-availability of affordable land especially for low income groups.
5. The Housing stock is also rapidly aging and present estimate suggest that more than 50% are over 50 years old and rapidly deteriorating due to general neglect, civic apathy on the part of the house holds and non availability of housing finance at affordable mark-ups.
6. Shortage of Finance continues to be the major constraint in housing production, maintenance and growth. The share of housing in the public sector development has remained scanty and continues to decline. From 10.9 percent in the First Five Year Plan, it dropped to 5.9 percent in the Seventh Five year plan and continuous to decline. The banking, insurance and investment agencies cannot offer mark-ups which are affordable for majority of the population, therefore their activity is confined to narrow market of high-income groups. HBFC, the only formal public sector housing finance institution has constraints and is presently not operative for the last one year as its operations are to be made "Sharia Compliant". It is necessary that HBFC restart and expand its operation for maximum coverage and offer packages to low income groups besides financing of housing projects.
7. Due to inflationary trends in the economy; the cost of building material have sky rocketed. According to a recent survey, 81% of the house-hold have a monthly income below Rs7000 per month which is indicative of growing income-shelter gap and deteriorating affordability of the majority of the households especially the low income groups.
8. There continues a lack of adaptation of innovative technology and materials and lack of support to the research carried out in this field resulting in extravagant and skewed investment patterns in constructions and unreasonably high construction costs
9. Planning and building code standards and procedures need to be rationalized and simplified. Coordination of functionality and institutional capacity building within agencies concerned with the built environment i.e. municipality, development authorities, cantonment boards, etc. is the need of the time.

Strategy

The high population growth, combined with difficulties in governance and inadequate investment in urban development has resulted in uncontrolled and unplanned growth of cities and towns, a deterioration in urban environment and deficiency in all forms of services. The problems are particularly pronounced for urban poor as they suffer to a great degree because of over crowding and deprivation in infrastructure and services. These problems are exacerbated by both political refugees and migrants in search for economic opportunity. The absence of large scale flexible institutional financing over all phases of housing development, land development, construction, bridge and mortgage financing is both cause and effect of the under-developed housing delivery system. The Policy has been prepared with a practical approach to achieve the following aims and objectives:

- a. To provide enabling strategy, capacity-building and institutional development aiming at empowering all stake holders, particularly local authorities, the private sector, non-Governmental organizations and community-based organizations, to play an effective role in shelter and human settlements planning and management.
- b. To introduce a strategy that would combine community participation and institutional strengthening in support of the development of a commercially based system of housing finance for land and house purchase; house construction improvement and upgrading. In addition, innovative approaches to collateral and screening of eligible households for incremental housing finance and home improvement credits which are compatible with the affordability limits of moderate and low income households, would be introduced.
- c. To improve the housing conditions of the low-income population, through development capacity building and institution of new ideas, such as reduced housing standards, appropriate technology, incremental housing development, community participation and squatter-settlement regulation.
- d. To upgrade existing towns and cities with better city planning through improvement of infrastructure, creation of employment opportunities and affordable housing under a phased programme, giving higher attention to those cities and towns which are comparatively more productive and efficient and require lower investments.
- e. To provide for an effective institutional capacity building frame work responsive to the grass roots devolved powers, to minimize general disparities and imbalances, not only between urban and rural areas but also between various income groups.
- f. Long term solution for housing lies in this sector, which should be a High Priority for economic development. It should not be considered as an area parasitic upon other economic activities but as an instrument of economic and cultural development. This sector can lend support in achieving all the key national goals including employment, economic growth, promotion of market oriented economy and higher levels of public and private savings.
- g. To make the Government as a catalyst and facilitator in case of land policy, financial policy, improvement of katchi abadis and slums, research and development and institutional development.

Aims and Objectives

Based on the above analysis the Aims and Objectives of the Housing Policy would focus to evolve an enabling strategy aiming at:

- a. Housing development through capacity building of formal and informal sector.
- b. Facilitate availability of suitably located and affordable land and develop land delivery processes.
- c. Encouraging indigenous approaches in Research and Development to support housing activity particularly for low income groups.
- d. Provision of safeguards against malpractices, inefficiencies, institutional weaknesses and mafia assaults.
- e. Resource Mobilization through Government initiatives, mortgage loans, refinance facility, savings and loan schemes, induction of insurance, pension and provident funds and introduction of micro finance schemes.
- f. Provision of incentives through tax rationalization, reduction in property tax and registration, simplification of procedure and enforcement of effective foreclosure Laws.
- g. Support research and development for economic building material inputs and support modernization of the Construction Technologies.
- h. Developing indigenous and cost effective approaches particularly for Low income group.
- i. Monitoring and enabling the development of Katchi Abadis initiatives as announced in January 2001 and discouraging formation of new slums.
- j. Provision of institutional incentives for improved housing delivery for the rural areas and preparation of Rural Housing Plans and schemes.
- k. Introduce a firm and clear-cut institutional and legal framework at all levels of Government with well-defined roles and responsibilities. Removal of shortcomings, gaps and over laps and devise institutional coordination mechanism, transparency and accountability.
- l. Realizing the importance of role of Private Sector, introduce incentives to encourage their full participation in National Building initiatives.
- m. Supportive policy for Construction Sector standardizing of contract procedures and enforcement of quality control measures.
- n. Encourage export oriented and import substitutions policies and rationalize tax and duties structure.
- o. Promote women participations in this important national building actively.
- p. A countywide programme of developing small and medium size towns having growth potential.
- q. Formulation of system to monitor and evaluate implementation of guidelines provided under Hosing Policy and to ensure coordination with other national level development strategies.

Lands

Introduction

1. Land is one of the principal inputs for housing. Its identification, allocation and servicing are the three critical components of the housing supply process. But the land mass is under constant pressure from competing uses, other than housing, both by the public and private sectors. The situation is further aggravated by the unchecked growth of settlements, spiraling land values, intricacies of land acquisition laws, as well as allotment and disposal methods.
2. Given the key role of land in housing supply, it is essential that a comprehensive perspective is developed for the land delivery system at national, provincial, regional and local level with effective coordination among various Government departments, development agencies and other bodies and above all the private sector.

Policy Measures

1. **Priority Identification of Land for Housing**
As an immediate measure, the provincial, metropolitan and local authorities under the devolution plan shall identify parcels of state and other lands for housing development in the urban and rural settlements in their respective jurisdictions. The land availability shall be enlarged through various innovative measures like land banking on continuous basis to cater for at least 5 to 10 years development plan needs.
2. **Land Acquisition**
The procedural and legal bottlenecks in the acquisitions process shall be removed and land acquisition laws shall be suitably amended to make provision for unified, transparent and market value oriented systems and procedures which would also minimize litigation..
3. **Land Information System**
Development of a comprehensive land information system using modern technology i.e. computerization, remote sensing techniques, GIS mapping, satellite imageries, aerial mosaics, etc. to record correct and upto date information regarding inventory and land classification, settlement patterns, land values and land availability on all land in urban and rural areas, shall be made a mandatory requirement at all levels of governance, This task shall be completed by the Provincial Government and other agencies and bodies within 3 years.
4. **Land Registration and Tenure System**

- a. Alongwith the formal land registration and land tenure system there are strong and rampant informal land transfer systems ranging from oral commitments, indigenous, collateral assurances to power of attorneys, etc. which operate outside the formal land registrations. The existence of these parallel systems has created deep-rooted complications and the land mafias, registration fee evaders thrive on these systems
 - b. The informal and customary tenure systems shall be rationalized into a formal and registered social contract. The Government, at all levels, shall simultaneously incorporate such contracts into its maintained registration system so that the need of the state and preference of house owners and communities are met.
5. Land Disposal System
- a. a) Land disposal system shall be modified to bring uniformity, transparency and market orientation. All discretionary quotas or powers shall be withdrawn forthwith, while plots for all categories shall be disposed of through open auction except for plots earmarked for low income groups and amenity plots such as for universities, hospitals, schools, recreation parks, etc.
 - b. b) In master plans /structural plans/outline development plans, plots earmarked for low income housing shall be cross-subsidized and disposed of at affordable rates.
 - c. c) Amenity plots shall be disposed of at concessional or preferential rates.

3. HOUSING FINANCE

3.1 INTRODUCTION

- 3.1.1 Traditionally, the housing sector has been a barometer of socioeconomic growth of a country. It has a strong linkage to other sector of the economy and alone sets the wheels of more than 40 industries moving and results in their development besides creating employment opportunities.
- 3.1.2 Meeting the black log in housing, besides replacement of out lived housing units is beyond the financial resources of the Government. This necessitates putting in place a framework to facilitate financing in the formal private sector and mobilize non-Government resources for a market oriented housing finance system. The private sector shall be motivated to fully participate and play their role to ensure market driven modes for demand and supply of finance for housing. Government shall create an enabling environment for promotion of private sector housing finance system.

3.2 POLICY MEASURES

To revive and revitalize the housing and construction sector, the Government has taken the first important step. "**Housing and Construction**" have recently been notified by the present Government as a priority industry in category "C". The usual privileges, concessions, exemptions and remissions shall become applicable to this industry in

accordance with the Investment Policy. Other important measures to mobilize resources create credit facilities; provide incentives to investors, developers, constructors and home owners as given below:

3.2.1 Resource Mobilization

- a) Financial Institutions shall be encouraged to give mortgage loans for housing purposes at market rates.
- b) All commercial banks shall be motivated to advance loans for housing and housing projects by earmarking a substantial percentage of their loan portfolio like other industrial and commercial projects.
- a) Financial Institutions and Housing Financial Institutions (HFIs) shall be encouraged to float long term bonds at market rates to raise housing finance.
- b) Housing refinance window shall be set up at State Bank of Pakistan for long term multilateral agencies.
- c) Institutions maintaining insurance funds, provident funds, EQBI funds etc. shall be encouraged to invest a part of their portfolio in the housing and construction sector including long term housing bonds.
- d) Housing finance institutions shall be encouraged to promote savings and provide micro loans for low income group through community organization, NGOs and CBOs.
- e) Part of the sale proceeds of valuable public land shall be set aside to subsidize low income housing and housing for the poor and needy.
- f) Subsidized loaning facilities shall be extended for rural housing construction and improvements through micro-financing system and institutions like Khushhali Bank, Zakat funds, etc.

3.2.2 Enhancing Credit Facilities

HBFC dominates the formal housing finance in the country but at present it is severely constrained in its functioning as well as scope of activities. Loaning operations at present are suspended. Its disbursement capacity is limited. HBFC shall be made efficient and effective and its role expanded through following measures:

- a) Restructure HBFC to make it a viable commercial concern and enhance annual disbursement of HBFC from the present Rs. 1.2 billion to Rs.7.00 billion over the next 5 years.
- b) HBFC shall reintroduce bridge financing and bulk financing of housing projects through escrow accounting together with appropriate safeguard.
- c) HBFC and other financial institutions shall formulate packages of preferential/concessional rates with affordable system of installments for repayment to provide affordable credit to low income groups.

3.2.2 Legal Framework Improvement

Absence of foreclosure laws is a deterrent for Financial Institutions to provide housing finance, therefore:

- a) Foreclosure laws shall be introduced to ensure effective recovery of loans and advances from the defaulters. Banks shall have legal powers to possess and sell the property in case the borrower defaults.
- b) Simplification of procedures shall be introduced for land transaction and standardization of mortgage documents to facilitate sale/purchase of housing.
- c) Tenancy Laws shall be reviewed and rationalized to promote housing through investment and to protect the interest of the lending institutions.
- d) All loan documents, legal and title documents shall be standardized for the convenience of all stakeholders.

3.2.3 Incentives to Promote Home Ownership

- a) Property tax on rented property shall be reduced from the current high rate of 25% to 5%.
- b) Property tax tariff shall be rationalized for self-occupancy and shall be adequately lower than rented property.
- c) Mark-up on Housing loan installment for individuals shall be treated as expense in tax return.
- d) No stamp duty/registration fee etc. shall be charged for the housing mortgage.

4 CONSTRUCTION SERVICES SECTOR

4.1 INTRODUCTION

- 4.1.1 Besides land and housing finance, the most critical and important element in determining the growth of the housing sector is the construction sector itself. According to the accepted international standards, the construction sector is the driving force in economic development. Construction strategy is important in creating the necessary physical environment for all economic and social activities and in the attainment of sustainable growth. Above all, it is labor intensive and generates real employment and income. The construction sector may also be viewed as a barometer of country's economic health.
- 4.1.2 The role of the construction sector is two fold. Firstly, its strength and quality determines the economic strength at home. Secondly development of the construction sector could be the major source of revenue through export of construction services.
- 4.1.3 Unfortunately, the construction sector in Pakistan has been on a continuous downslide after the completion of the mega projects like Mangla and Tarbela

dams. The last of such projects was the Pakistan Steel Mill completed in the late 1970s.

4.1.4 A very positive first step of this Government is to give construction sector the status of priority "C" industry and issuing relevant directions to ensure that it is entitled to all incentives and benefits of a priority industry.

4.1.5 Whenever construction industry is promoted in terms of housing infrastructure and other developments, it creates a cyclic effect as 40 downstream industries are revived and revitalized creating production and extensive employment opportunities.

4.2 POLICY MEASURES

Realizing the importance of the construction services sector, and keeping in view the fact that this sector is reflective of the strength of the economy, the following policy measures are recommended to revive the confidence of constructors, builders developers and investors:

4.2.1 Incentives

- a) Housing and constructions companies shall be charged via Presumptive Tax Regime (withholding tax) which shall not exceed 1% on yearly receipts.
- b) Collection of levies like EOBI, Education Cass, Social Security, Professional Tax, etc. shall be made a one window operation.
- c) Banks and DFIs shall extend credit facilities for Balancing, Modernization and Replacement (BMR) of machinery used for Housing and Construction Industry.
- d) Import of plant and machinery and spares by the housing and construction companies, not manufactured locally, shall be exempt from custom and import duties in excess of 10%. This will be in accordance with Government notification declaring housing and construction as priority "C" industry.
- e) Guarantees issued by "A" rated insurance companies approved by the Securities and Exchange Commission, in respect of earnest money, retention money, performance, maintenance and mobilization advance shall be accepted by various Government agencies, departments, etc. for implementing housing projects.
- f) Stamp duties and registration fees shall be adequately reduced to an aggregate total value of 1% to enhance registration, improve documentation and increase revenue receipts.
- g) Non-utilization fee shall charged on annual incremental basis only after notified handling over of the development scheme by the development agency to the municipality.
- h) Duties and taxes on major construction materials shall be rationalized and reduced to make construction more affordable.

- i) Local contractors shall be treated at par with foreign contractors in all financing matters i.e. guarantees and bonds, terms of payment, penalties, etc.

4.2.2 Standardization of Conditions of Contract

- a) "**Pakistan standard Conditions of Contract**", as formulated and approved by the Pakistan Engineering Council and modified by the committee under the chairmanship of Deputy Chairman, Planning Commission shall be introduced in all Government Departments, bodies and agencies throughout Pakistan.
- b) All Government departments and organizations shall be directed to engage local consultants and construction companies, irrespective of the sources of financing on projects where local expertise is available.
- c) Pakistan Engineering Council shall review and rationalize arbitration clause in the contracts so as to avoid its misuse and to ensure expeditious resolution of the disputes between the client departments/organizations and the contractors.

5. KACHI ABADIS, SQUATTER SETTLEMENTS & SLUMS

5.1 INTRODUCTION

- 5.1.1 According to recent estimates, nearly 50% of our population in major urban centers lives in slums, katchi abadis and squatter settlements. The situation is alarming as the expansion of katchi abadis in the last decade has picked up pace despite the decision of the Government that katchi abadis would not be regularized after 1985.
- 5.1.2 The mushroom growth of slums and katchi abadis in urban areas is the product of unprecedented population growth, rapid urbanization and large scale influx of refugees forcing unauthorized encroachments on urban spaces especially state land including strategic, hazardous areas in and around river beds, abutting on nallas, near railway tracks and the like. Poor estate management by the land Owing Agencies (LOAs) coupled with poor development controls adds to these problems.
- 5.1.3 As the utilities and services in the katchi abadis are not documented, kunda system for electricity in Karachi and Lahore and illegal connections of water are a major burden on the utility agencies and multiply their losses and create financial burden.
- 5.1.4 "**Land mafia**", in connivance with the Government bodies and agencies play a critical role which enhances suffering of the poor and lower income groups residing in these squatter settlements, katchi abadis and slums.

5.2 POLICY MEASURES

Realizing the gravity of the situation and, in order to evolve an effective mechanism to control future growth of katchi abadis and squatter settlements and also to alleviate the sufferings of the urban poor, policy measures were presented to the Chief Executive of Pakistan on January 15, 2001 by the Ministry of Environment, Local Government and Rural Development. The following measures, as approved are incorporated in the National Housing Policy.

5.2.1 Regulation and Controls

- a) The process of regularization and up-gradation of the pre-1985 katchi abadis shall continue as per current policy. However, katchi abadis, which are hazardous by virtue of being close to railways tracks or located under high tension power lines, or are on or close to the riverbeds, or on lands needed for operational /security purposes, need to be relocated at appropriate places by LOAs.
- b) Formation of new kachi abadis shall not be allowed and shall be discouraged by exercising strict development controls in all urban areas.
- c) There shall be no eviction till katchi abadis residents are relocated as per resettlement plans.

5.2.2 Resettlement Plans

- a) The concerned land owning agencies shall inventories all katchi abadis which have come into existence after 1985 to have an up-to-date information/data for their rational treatment or resettlement at appropriate places.
- b) Resettlement plans shall be prepared by the concerned Land Owning Agencies (LOAs) in consultation with affected communities for shifting of katchi abadis dwellers who fall within hazardous or security/operational zones. These plans shall primarily be on a self financing basis. The internal infrastructure and services shall be provided on incremental basis depending on the needs and priorities of the residents to make them affordable and cost effective. Trunk infrastructure and services shall be provided by public sector organizations and the cost shall be met from Government exchequer.

5.2.3 Planning and Regulations

- a) In all Government housing schemes, adequate plots for low income people shall be reserved to offer them at affordable prices. In addition private developers will also be encouraged to develop low cost housing schemes.
- b) City and District Government shall prepare housing plans to cater for the current and future housing needs for low income groups on incremental basis at affordable, cost. Katchi abadis resettlement plans and up-gradation plans shall be an integral part of these housing plans.
- c) Building regulations, building by laws, and planning standards shall be revised to permit incremental development and lowering of planning standards to make it cost effective for low income groups.

5.2.4 Long Term Measures

In the long term perspective, the problems of katchi abadis shall be dealt with through:

- a) Forward planning for incremental population;
- b) Initiation of low cost housing schemes and provision of cross subsidy to the poor through auction of commercial plots;
- c) Effective punitive and preventive laws; and
- d) Regular patrolling of police watch and ward.

5.3 ADDITIONAL MEASURES

Besides the measures, already approved, the following additional measures are recommended for implementation:

5.3.1 Mixed Development

To minimize relocation and resettlement, the concept of mixed development, as internationally practiced, shall be promoted and encouraged by Provincial Government and development agencies, with incentive packages, to ensure effective integrator low income groups and dwellers of katchi abadies and slums in the community and city structures.

5.3.2 Incentive Packages

Provincial Government shall develop packages in which prime state land within urban centers, occupied by the katchi abadis, shall be offered to the private developers for commercial use provided they arrange and finance up-gradation or relocation of katchi abadis and squatter settlements and slum up gradation.

6. PLANNING, ZONING AND BUILDING REGULATIONS

6.1 INTRODUCTION

6.1.1 One of our major weaknesses reflective in the rudderless growth of our urban and rural areas is lack of planning on a long term basis around the world, once the plans are developed, and consensus achieved, these plans are implemented in letter and spirit. With proper plans and implementation, housing moves in a systematic manner which is cost effective and provides quality environment.

6.1.2 As there were no approved plans to guide the city planners and other professionals, the building and zoning regulations which were outdated could not be updated and brought in line with the realities on the ground.

6.1.4 The development of slums, katchi abadis and squatter settlements is also directly linked with the lack of plans and their implementation. The beneficiaries of this lack of planning and building and zoning regulations are the land and building mafias.

6.2 POLICY MEASURES

Keeping in view the importance of preparations of master plans, structural plans and outline development plans and the need for updating building and zoning regulations in order to ensure that in the 21st century our cities and rural areas are given a positive direction or growth, the following policy measures are recommended for implementations:

6.2.1 Master Plans/Structural Plans/Outline Development/Plans

- a) Development of master plans/structural plans/outline development/plans shall be a mandatory requirement for all urban and rural areas.
- b) The provincial governments, development agencies and other bodies shall ensure that the master, structural and outline development plans are completed by:
 - Towns and Union Councils within one year
 - City and district level within 2 years
 - Metropolitan and major cities within 3 years.
- c) City and District Government shall ensure that the master/structural/outline development plans cater for the current and future housing needs for low income groups on incremental basis.
- d) The katchi abadis resettlement, relocation, up gradation, redevelopment plans shall be an integral part of master plans/structural plans and outline development plan.
- e) The concept of integrated development shall be promoted for optimizing the land use.
- f) Deconcentration of metropolitan and major centers shall be encouraged.
- g) Federal and provincial funding and assistance shall be available for infrastructure development, amenities and other developments only in planned areas.

6.2.2 Building and Zoning Regulations

- a) The provincial Governments, development agencies and other bodies shall ensure that the building bye-laws and codal formalities are streamlined and simplified to facilitate the developers/builders and constructors and the common man.
- b) National Building Code shall not only provide guidelines for formulation and revision of Provincial and local geographic and environmental conditions but shall be incorporated in letter and spirit.
- c) For relocations, resettlement, redevelopment and up-gradations of katchi abadis, slums and squatter settlements, building regulations, building bye-laws and planning standards shall be revised to permit incremental development and lowering of planning standards to make it cost effective for low income groups.
- d) The Federal Government, in coordination with the Provincial Government, shall undertake updating of the National Building Code and National Reference Manual on Planning and infrastructure standards and this task shall be completed within

one year. (Note_ Originally, these manuals were developed by the Ministry of Housing, Environment and Urban Affairs in 1986).

7. BUILDING MATERIALS, CONSTRUCTION TECHNOLOGY AND RESEARCH AND DEVELOPMENT

7.1 INTRODUCTION

7.1.1 Besides housing finance and land, the third most important input is the building materials. Building materials form nearly 60% to 70% of the overall cost of a housing unit in addition to the cost of land and infrastructure. Unfortunately, very little progress has been made in this area and today, after nearly 50 years of independence, we are still using the same building materials. Rather, it is unfortunate that the quality of our building materials has deteriorated over the years.

7.1.2 Like building materials, there has been no advancement or improvement in our construction techniques. It would not be wrong to say that over the years, there has been deterioration in skills and quality of the end product. The world has moved ahead and has developed not only building materials which are more cost effective and cheaper but have also developed ways and means and technology of mass production which gives better quality control and is more cost effective and cheaper than conventional construction.

7.1.3 In the area of research and development, the situation is equally discouraging. It is understood that there are nearly 44 research institutions including individuals, specialists, professionals, experts and NGOs in public and private sectors which are in one way or the other working on building materials research and development. However, nothing substantial has come out from these research institutions over the last nearly 40 years which is cost effective and commercially viable. It is obvious that the research work is neither market oriented nor does it cater to the needs and demands of the people. No effort has been made to coordinate the research work which is scattered all over the country.

7.2 POLICY MEASURES

Keeping in view the importance of building materials, constructions technology and appropriate research to bring down the overall cost of constructions within the reach of the common man, the following policy measures are recommended for implementation.

7.2.1 Standardizations of Building Components

- a) The principal building components and allied specifications such as doors, windows, fittings and fixtures, roof system, etc. shall be standardized to facilitate their maximum production making it cost effective and affordable for the people.

- b) Use of locally produced low cost building materials and components using agricultural, industrial and other wastes etc. shall be encouraged.

7.2.2 Cost Effective Materials

Building materials already developed internationally such as compressed mud brick (adobe) and Ferro cement roofing system which is extensively being used all over the world, shall be introduced in Pakistan. Special concessions in terms of taxes and concessionary finance shall be offered to builders, developers, constructors and other organizations who import these technologies into Pakistan on commercial basis.

7.2.3 Current Constructions Techniques

Systematic efforts shall be made to modernize and update the current techniques of housing constructions through training, research and development and skill up gradation programmes.

7.2.4 Integrated Construction Approach

Integrated construction approach shall be encouraged and promoted through a combination of design orientation, use of traditional and indigenous building materials and adoptions of new construction techniques, making housing construction cost effective and ensuring up gradation of quality.

- 7.2.5 It shall be a mandatory requirement to follow the national building code to ensure that all building design and construction work is in line with the current building practices and level of standardization and better quality control is achieved.

7.2.6 Technology Based Housing

Technology based housing which guarantees cost effective construction as compared to conventional techniques shall be encouraged and promoted through fiscal and other incentives.

7.2.7 Research and Development

- a) Institutional arrangements shall be made to ensure effective coordination and application of all research institutions in the public and private sectors.
- b) Housing and construction material research and development through special tax concessions and concessionary finance shall be encouraged and promoted.
- c) Use of indigenous materials, development of local talent for housing construction through coordinated research and development, training and management approaches shall be enhanced and encouraged.

8. LOW INCOME, LOW COST AND RURAL HOUSING

8.1 INTRODUCTION

- 8.1.1 Of the total housing stock in Pakistan 67.7% is in rural areas and 32.3% in urban areas, of which 39% is kachha, 40% semi-pucca and only 21% is pucca housing. The condition of the living environment is reflected in the fact that out of the

13.451 million rural household in Pakistan, 41.5% live in one room units in which the predominant roofing material is mud, wood and bamboos with straw and thatch.

8.1.2 The inadequate quality of housing for the low income groups and for the poor and needy is clearly reflective in the katchi abadis, squatter settlements, shanty towns and slums in the urban areas and are now very visible as 50% of the population of the urban centers lives in them.

8.1.3 Unfortunately, the situation, as far as rural housing is concerned is the worst. Historically, rural housing has received scant attention partly due to the lack of an adequate institutional set up for dealing with rural housing problems and partly because of diversity of land tenurial arrangements and non-saleable nature of the land on which houses are built in rural areas.

8.2 POLICY MEASURES

8.2.1 Land Identification and Allocation

- a) The provincial departments in collaboration with other departments and bodies shall identify and provide land to development agencies and the private sector builders and developers on concessionary rates subject to the condition that proportionate subsidy is passed on to the "target groups" *i.e.* the low income group. Poor and needy and the rural population.
- b) The Provincial departments and allied departments and bodies shall identify state land (Shamlat Deh) for rural housing in and around the existing villages, settlements and towns preferably towards the growth patterns of the existing settlements which is free from reburial encumbrances.
- c) Part of the sale proceeds of valuable public land shall be set aside to provide plots for low income housing and housing for the poor and needy at concessionary rates.

8.2.2 Exemption from all Types of Taxes

All new construction of housing on plots measuring up to 150 sq.yds and flats/apartments having an area of 1000 sft, shall be exempt from all types of taxes for a period of 5 years.

8.2.3 Designing and Construction

Housing loaning agencies and companies and developers shall provide standard and cost effective designs and plans to the prospective home builders.

8.2.4 Special Measures for the Rural Poor

Realizing the urgency and gravity of the situation of the rural poor special measures are identified below for implementation.

- a) To promote rural housing, the provincial Governments shall examine the possibility of granting proprietary rights to individuals and families residing in houses constructed on "Shamlat Deh" and state land.

- b) Subsidized micro loaning facilities shall be extended for rural housing construction and improvements through micro-financing system and institutions like Khushhali Ban, Zakat funds, etc.
- c) The role of local bodies in planning, determining needs and preparing action plans to mitigate the housing shortages shall be effectively defined including resource mobilization at the local level.
- d) Construction clinics shall be established in rural areas to provide guidance and advice for cost effective, durable and environment friendly construction.

9. INFRASTRUCTURE DEVELOPMENT

9.1 INTRODUCTION

- 9.1.1 Availability of infrastructure for the development of any housing scheme, and its success, is a must. A number of failures of well planned and well organized housing projects and schemes, in the past, such as surjani Town in Karachi and dormant housing schemes in other major urban centres have been due to non-availability of infrastructure facilities to such schemes.
- 9.1.2 The quality of infrastructure itself determines the quality of living environment in any planned housing schemes or areas. Essentially, the quality of life in slums, squatter settlements in katchi abadis is poor and unhealthy due to non-availability of adequate infrastructure.
- 9.1.3 In order to ensure creation of a healthy and live able environment, it is absolutely necessary that trunk infrastructure is timely available and also the quality of infrastructure within the areas planned for housing is adequate.

9.2 POLICY MEASURES

- 9.2.1 Keeping in view the importance of availability of infrastructure within the housing areas, as well as the adequacy of trunk infrastructure, the following policy measures are recommended for implementation:
 - a) Federal and Provincial funding and assistance shall be available for infrastructure, amenities and other developments only in the planned areas.
 - b) Provision of trunk infrastructure shall be the responsibility of utility agencies like WAPDA, PTCL, SNGPL, SSGCL, KESC, etc. The cost of trunk infrastructure shall not be an additional charge to the public or private housing development schemes within the planned area.
 - c) The Provincial Government and development agencies shall ensure that any approvals for implementation are only given after assessment of both technical and environment adequacy of the infrastructure planned in the area.
 - d) Public and private housing development schemes, within planned areas, shall only be undertaken/ approved when the availability of trunk infrastructure is ensured for such development.

- e) Planning and design of all infrastructure and amenities shall be in harmony with the "National Reference Manual on Planning and Infrastructure Standards" and the "National Building Code of Pakistan."

10. DEVELOPMENT OF INTERMEDIATE AND SECONDARY TOWNS

10.1 INTRODUCTION

- 10.1.1 One of the most critical problems of different major urban centers is the migration from the rural and suburban centers. The growth rates range from 3.5% to 4.5% per annum putting very substantial burden on the amenities and the infrastructure. The city Governments have not been able to cope with the ever increasing demands of amenities, utilities and services due to a combination of reason including resource constraints. The net result is obvious from the ever deteriorating environment and non-availability of adequate amenities in our major urban centers like Karachi, Lahore and Peshawar, etc.
- 10.1.2 In order to ensure that the development activity spreads throughout the country, employment opportunities are available to the rural and suburban population close to home and to reduce pressures on the urban centres, it is absolutely necessary that steps are taken by the Provincial Government to develop satellite, intermediate, secondary and industrial towns.

10.2 POLICY MEASURES

- 10.2.1 A countrywide programme shall be undertaken for development of satellite, intermediate, secondary and industrial towns as employment centers of the future, specially, for the rural population and to further reduce migration to urban centers.
- 10.2.2 Incentive packages shall be prepared by the provincial Governments, development agencies and other bodies concerned for local and international investors, developers and constructors to undertake development of intermediate, secondary, satellite and industrial towns.

11. WOMEN IN HOUSING AND COMMUNITY PARTICIPATION

11.1 INTRODUCTION

- 11.1.1 More than 50% of the population of Pakistan comprises of women. There is a growing awareness that the role of women in all arenas of life including housing must be recognized and participation made effective. It is critical as it is women who spend a major part of their life in converting the house into a home.
- 11.1.2 The UN Commission on Habitat, through a number of resolutions, latest at Beijing in 1995, emphasized on all the Governments to give women full and equal access to economic, natural resources, appropriate technologies and

decision making process. The constitution of Pakistan amply guarantees their participation in all spheres of life.

- 11.1.3 The role of the community is also very important and critical in development of housing and ensuring that a healthy livable environment is created. Failures in the past, especially development of low cost housing schemes and similar other projects, is due to lack of participation of the communities who did not find the new developments amenable in meeting their requirements. If new settlements, relocation of katchi abadis, up-gradation of slums and squatter settlements is to be made a success then it is absolutely necessary that the communities are involved in the entire process of relocation, resettlement and development of new housing programmes and projects.

- 11.1.4 NGOs , CBOs and other similar organizations could play an effective role in creating a bridge between the Government agencies, developers and constructors, planning departments and the women and community at large.

11.2 POLICY MEASURES

In order to ensure effective participation of women and communities in the housing development and delivery process, the following policy measures are recommended for implementation:

- 11.2.1 The Government, at all levels, shall ensure equality and empowerment of women in all housing activities and shall develop enabling policies for women to obtain affordable housing.
- 11.2.2 Awareness campaign shall be launched to mobilize communities and to encourage women to participate in housing development and delivery process.
- 11.2.3 Way and means shall be evolved to ensure community participations in decision making at all levels of planning of settlements, housing development and delivery.
- 11.2.4 All institutions *i.e.* regional, inter regional, NGOs and CBOs shall be geared and strengthened to create awareness among women and the communities to ensure their effective role in the housing development and delivery process.

12. INSTITUTIONAL AND LEGAL FRAMWORK

12.1 INTRODUCTION

- 12.1.1 The present institutional set up in the housing sector is fragmented, overlapping, inconsistently funded and lacks clearly defined roles and lines of accountability. It is in dire need of professionally trained housing experts. The rationalization of the existing institutional capacity within a coherent long term strategic policy framework can significantly contribute towards initiating enhanced and sustainable housing delivery at the levels required to deal with backlogs and

recurring demand and to improve the quality of life in the burgeoning problems of slums and katchi abadis.

- 12.1.2 In order to implement the housing policy and measures effectively, in a planned and coherent manner, it is absolutely necessary that the role of the Federal and Provincial Governments, Development Agencies, City and District Governments are well defined within an institutional framework.

12.2 **ROLE OF THE FEDERAL AND PROVINCIAL GOVERNMENTS, CITY AND DISTRICT GOVERNMENTS:**

In accordance with the constitutional provisions, the Federal as well as Provincial legislatures have concurrent competency to legislate inter alia in respect of housing, regional planning, urban and rural development. In addition, devolution of power to the grass root level clearly establishes the intent that the appropriate authority and expertise in planning and development of housing should be devolved to the maximum extent to the provincial and local levels. Against this background, the following responsibilities and obligations are identified at various strata of the Government.

12.2.1 **Role of the Federal Government**

- a) Set up broad national housing delivery goals incorporating provincial goals.
- b) Formulate and implement National Housing Policy with Federal and Provincial agencies collaboration.
- c) Initiate and promote legislation and active programmes for effective policy implementation so far as it relates to Federal agencies.
- d) Establish a national institutional, resource mobilization and funding framework for the housing sector including affordable housing finance.
- e) Monitor national and, in liaison with the Provincial Governments, Provincial performance against housing delivery and budgetary goals.
- f) Promote monitor and coordinate research and development and transfer of technology for construction of low cost.

12.2.2. **Role of the Provincial Government**

It is recognized that housing is a provincial subject and as such, the lead role is envisaged for the Provincial Governments in creating and enabling sustained delivery of housing to all. It is the provincial Government who has to develop mechanisms and institutional framework and the following key elements as identified.

- a) Set up provincial housing delivery goals and performance parameters in support of national delivery goals;
- b) Formulate and implement provincial housing policy specifying minimum norms, standards, priority, programmes and housing inputs;
- c) Liaise and negotiate with the Federal Ministry of Housing and Works and other federal agencies for fiscal allocations, seeking provincial priority status in national housing programmes.

- d) Coordinate housing activities province wide in provincial departments, local Government agencies and other stakeholders;
- e) Promote and regulate effectively private sector and developers for housing construction for all segments of society;
- f) Develop innovative and progressive ways and means for easy access to land by both public and private sectors. Paper land information system will be instituted by the respective development agencies;
- g) Promote enhanced usage of locally produced building materials by ensuring appropriate quality and price structure;
- h) Initiate preparation of master plans of all urban and rural area along with enforcement of building and zoning regulations; and
- i) Prepare and annual report on the state of housing in the province.

12.2.2 Role of the local Governments, Metropolitan, City, District and Union Councils

In the analysis, housing is a local community affair where end users are both the contributors and stakeholders for all types of housing activities. The role of the local Government in urban and rural areas is paramount in enabling, promoting and facilitating the provision of housing to all segments of the population within their respective jurisdictions. The following functions are envisaged to be attended at this level.

- a) Set up metropolitan/district/local housing delivery goals;
- b) Identify and designate land for housing purposes;
- c) Initiate, plan, coordinate, promote and facilitate appropriate housing delivery system;
- d) Regulate safety and health standards levels and modes of services, utilities and infrastructure;
- e) Identify specific housing shortages and prepare District Housing Actions Plan;
- f) Undertake urban renewal, slum improvement, slum clearance and conservation projects;
- g) Initiate comprehensive indigenously based programmes, strategies and approaches for enhancing quality of life in regularized katchi abadis and slums and to take measures to discourage their recurrence;
- h) Formulate and implement master plans for streamlined growth of districts; and
- i) Encourage private sector participation in housing and monitor, supervise and check vigilantly private housing schemes for development, service delivery and end users protection.

12.3 POLICY MEASURES

Keeping in view the role of the Government on various strata, starting from the Federal Government to the Union Councils, the following policy measures are recommended for implementation:

- 12.3.1 The Federal Government shall ensure that a proper coordinating and monitoring mechanism is set up at the Federal level within the Ministry of Housing and Works.
- 12.3.2 The Provincial Government shall initiate all necessary legislative/regulatory measures for the effective implementation of the housing policy in the province.
- 12.3.3 The Provincial Governments shall review the present institutional arrangements and ensure that the same are professionally manned and become effective to play their role in achieving the objectives of the National Housing Policy.
- 12.3.4 The Provincial Governments shall ensure that institutional arrangements are established at the District and Union Council level for effective implementation of delivery of housing to all.
- 12.3.5 Keeping in view the role of the Government at various strata, and to achieve the objectives of the National Housing Policy, the present legal framework will be reviewed and suitably amended to facilitate the entire process of housing construction and delivery.