

The State of Urban Living: A Review of Housing Laws and Financing Instruments in Urban Pakistan

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Introduction

- Pakistan has experienced the fastest urbanization in South Asia.
- By 2025, urban population share will be 60% with 15% living in 17 mega cities.
- Urban population is underestimated due to definitional issues and exclusion of per-urban.
- There is shortage of housing units in urban areas and every year the gap between demand and supply is rising by more than 300,000 units.

Objectives of the study

- To review and evaluate the existing legal and regulatory frameworks of housing financing at the national, provincial and local levels
- To examine the state of urban living including the share of slum population at district level
- To estimate the quality and quantity of urban housing including the shortage of houses

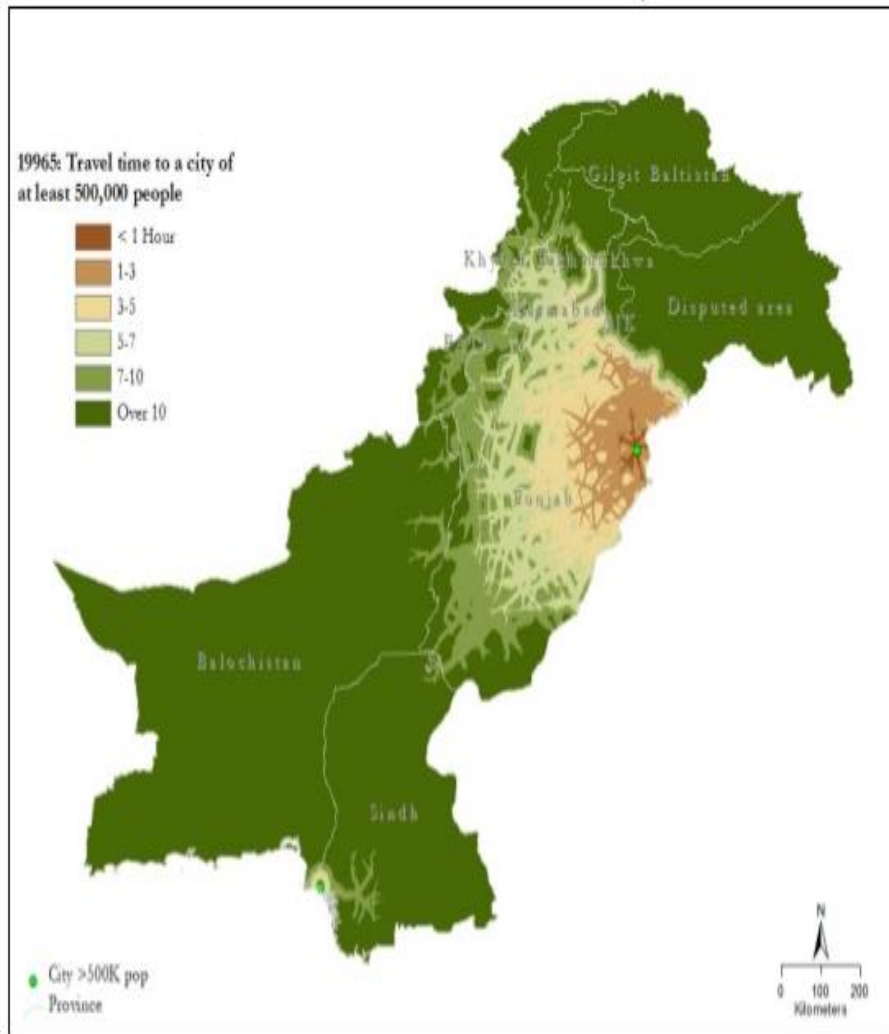
Pakistan: Demographic Snapshot

Population:	200 million
Urban population:	50%
Urban population growth rate:	4.3%
Poverty rates (2010):	12.4% overall, 7.1% urban
Urban housing stock:	23.6 million
Access to formal finance:	14%
Urban Housing Backlog:	8-9 million
Candidate for micro-housing:	22%
Rise in rent annually:	10%
Urban Household size:	5.9 (in number)
Urban Slum:	38%

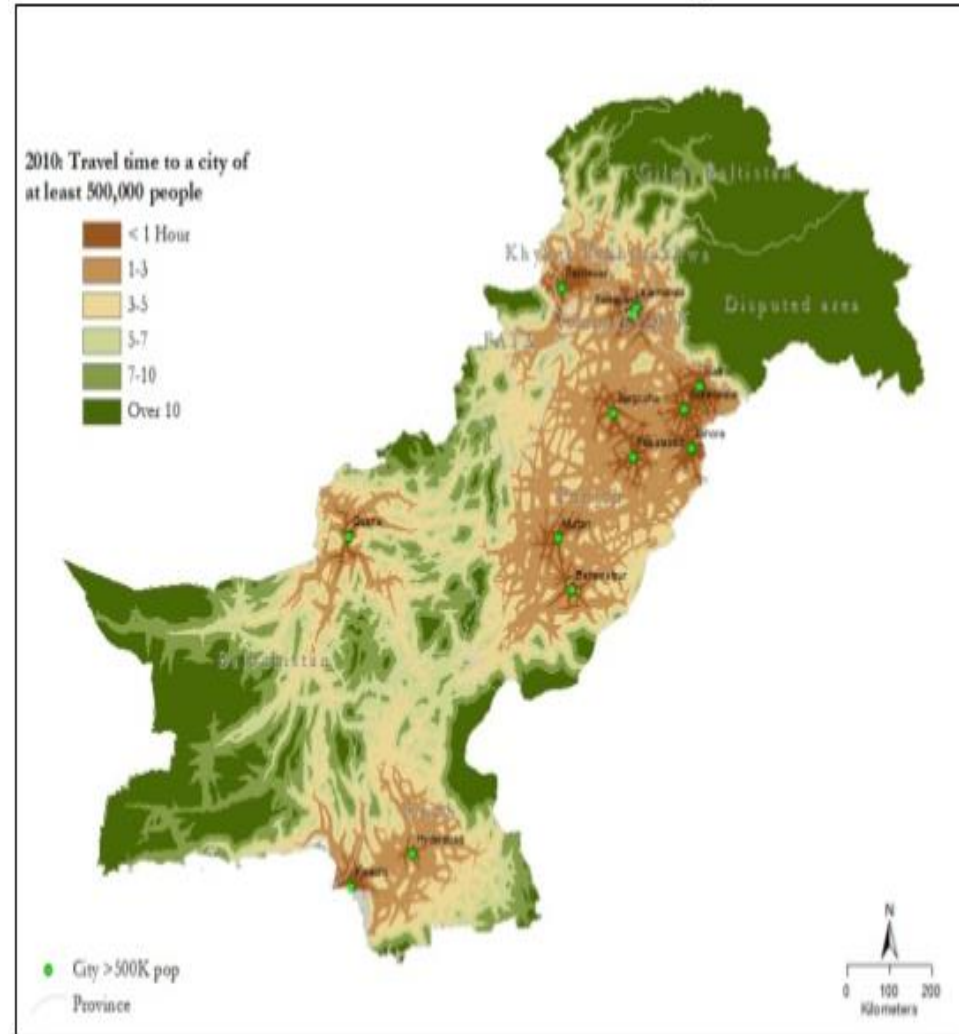
Features of Urbanization

- Because of the *laissez-faire* policy, urbanization in Pakistan is largely considered as haphazard.
- Urbanization contributed in socio-economic development as well as poverty reduction.
- Contribution of urban economy in GDP is above 78% and cities are gradually moving to steer the economic growth through industry and services sector.
- Urbanization has contributed in expansion of middle class.
- Socio-economic condition of migrants' living in urban slums is much better than their earlier conditions back in rural communities.

1965: Travel time to a City of 500K



2010: Travel time to a City of 500K



Repercussions of Urbanization

Welfare issues

- Housing deficit
- Service delivery issues
- Infrastructure
- Slum, poverty and unemployment

Environmental issues

- Water contamination
- Waste management and sanitation
- Various forms of pollution

Repercussions of Urbanization [Cont...]

Administrative issues

- Inconsistent initiatives of local government
- Multiple government agencies in municipal affairs

Financing urban development

- Reliance on provincial government
- Poor attempt to mobilize resources and private investment
- Gaps in legal framework

Urban Housing Management

- Most of the cities are designed to be single family homes with limited space for commercial activities.
- Housing development is mostly by the private sector:
 - Mostly without approval from urban authorities
 - Planned development is fewer and limited only to big cities.
- Urban development is a provincial issue and urban planning and housing management is a local one subject .
- Inconsistency in local government system remained a major hurdle to develop their capacity for effective planning .
- Various housing policies/laws exists with fine-tune solutions but implementation is imprecise

Urban Housing Management [cont...]

Housing Development Laws

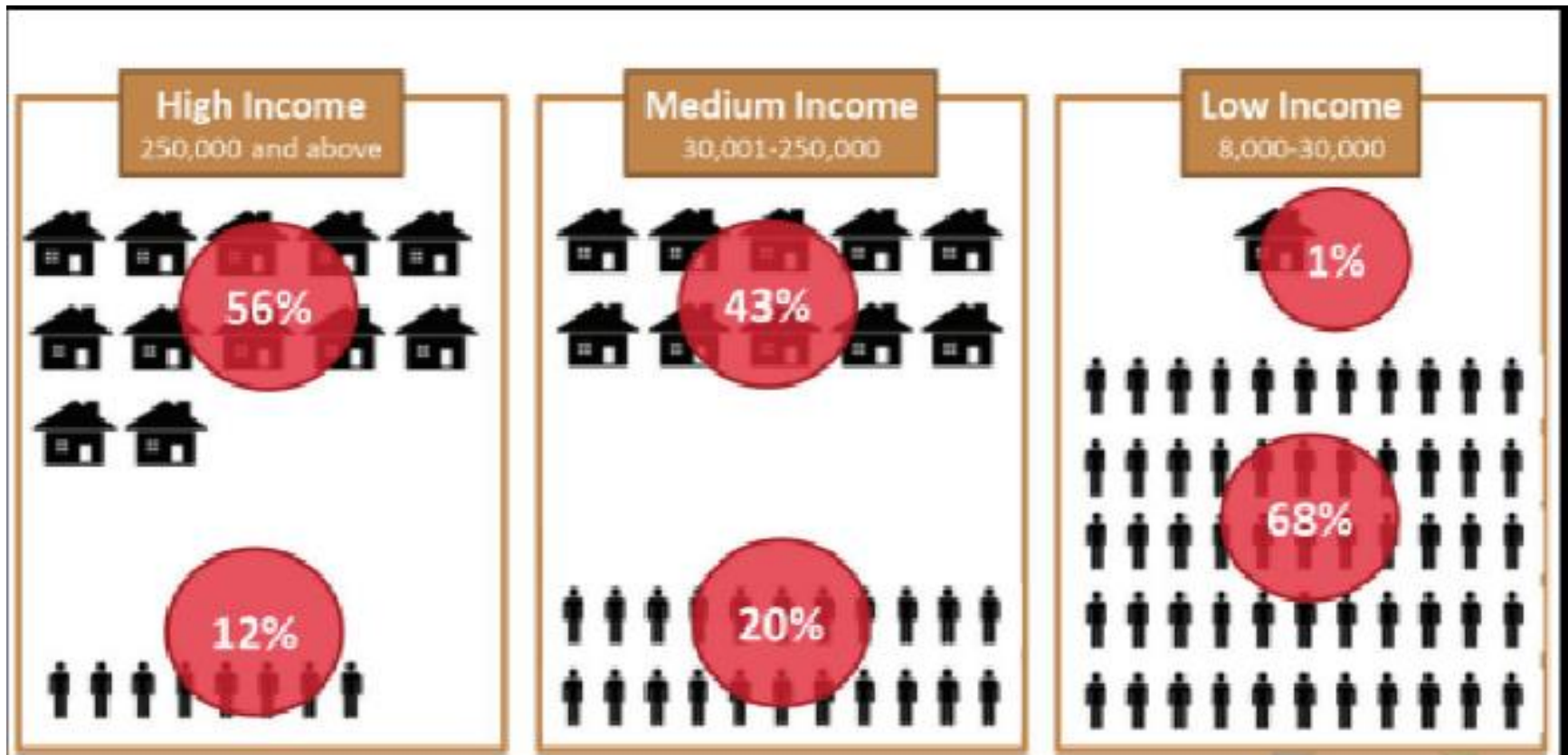
- National Environment Policy (2005)
- National Energy Conservation Policy 2005
- National Framework for Disaster Risk Management (NDMRF) 2007
- Task Force on Urban Development Report 2011
- National Climate Change Policy 2012

Urban Housing Financing Instruments

- National Housing Policy 2001
- House Building Finance Company Limited (HBFCL)
- Commercial banks

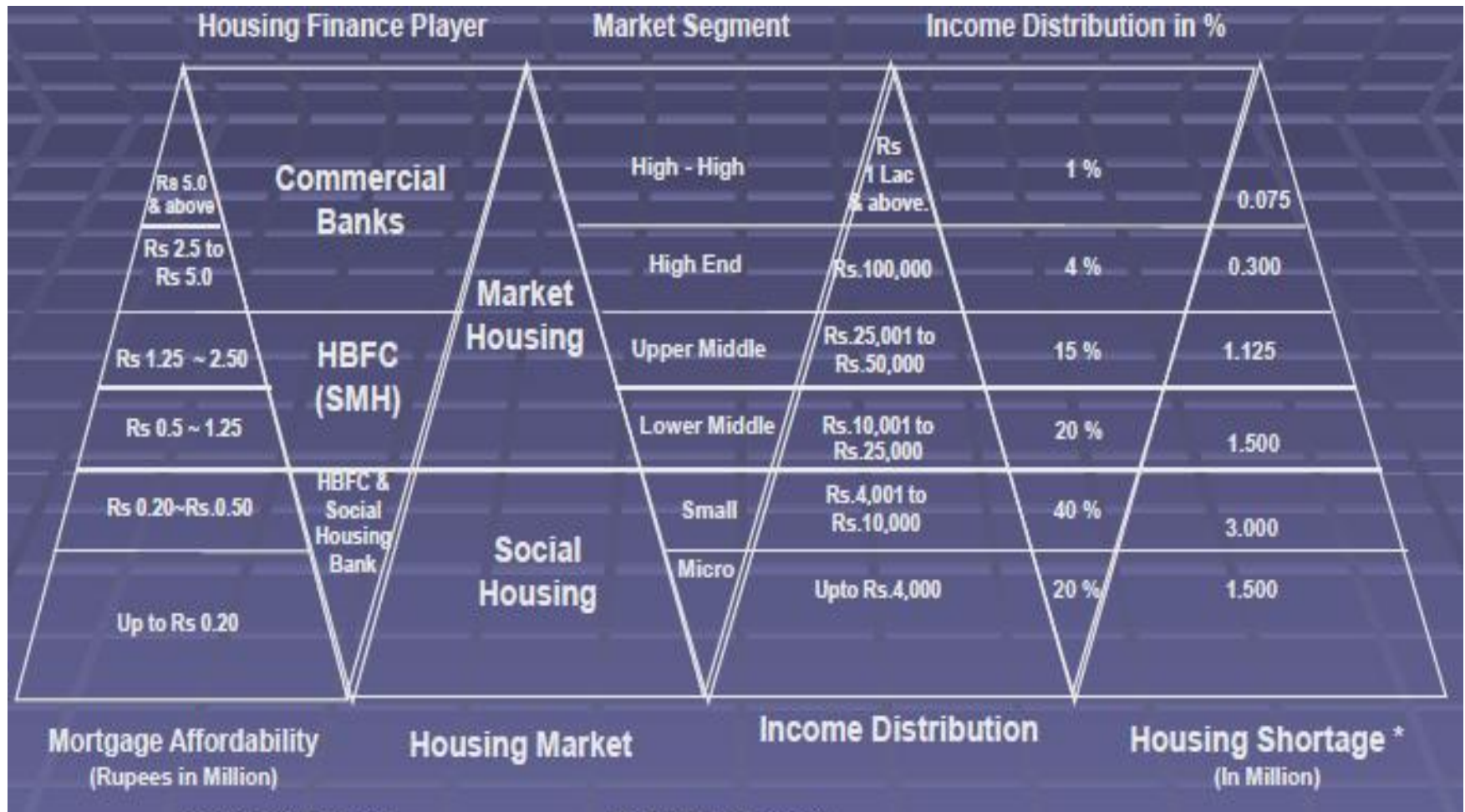
Note: Housing financing is only 1 percent of GDP

Accessibility of Housing Units among Different Income Groups in Pakistan



68% of the population (lowest income) has only 1% of total housing units within their buying reach

Key Financial Players of Urban Housing



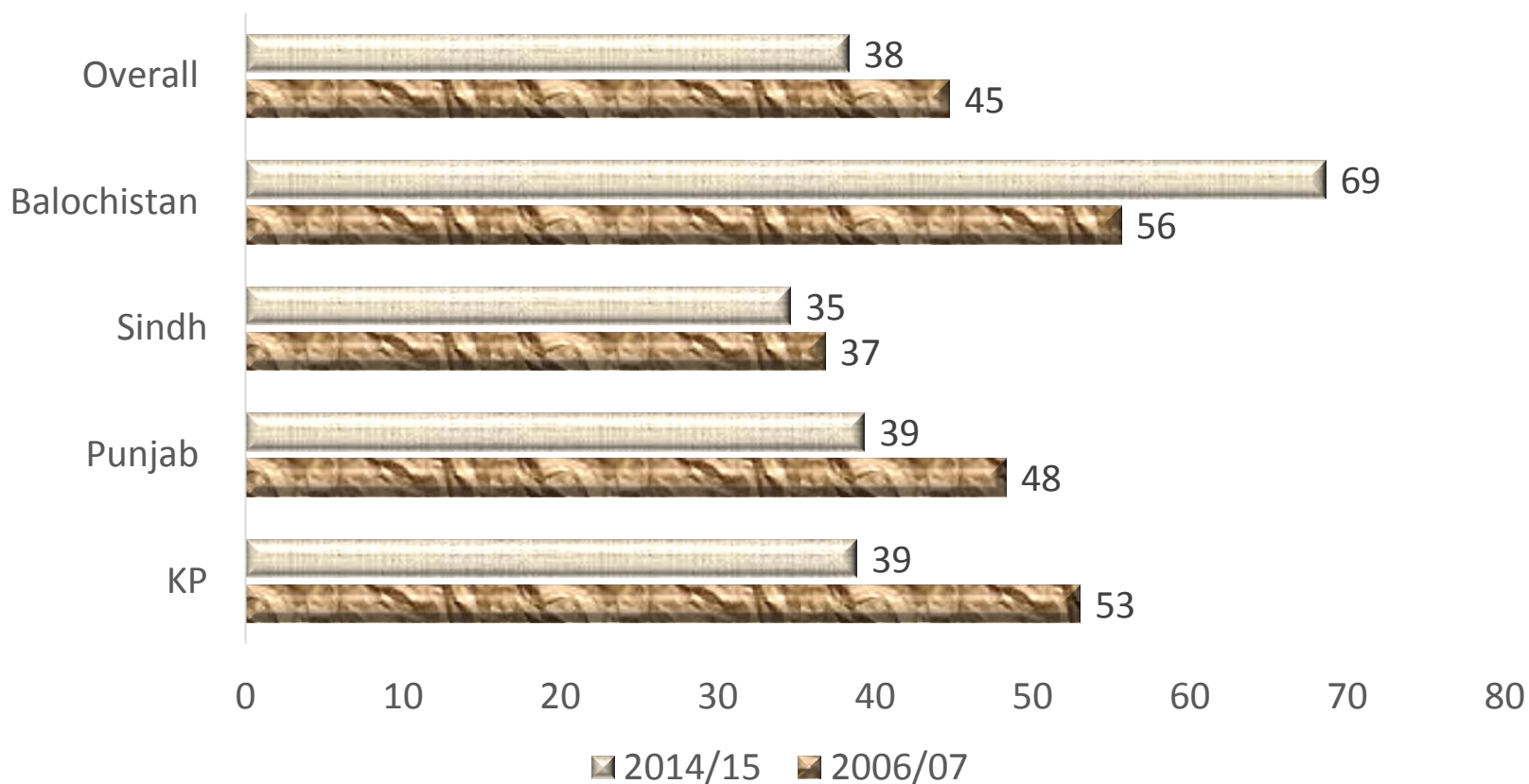
Measurement of Slum

- Urban slum is defined if it lacks any of the 5 indicators:
 - Lack of access to improved water as defined in MDGs
 - Lack of toilet facility
 - Insufficient-living area/ overcrowding (four and above persons per habitable room)
 - Lack of durability of dwellings (wall or roof of house is not of brick/stone/iron/cement)
 - Lack of electricity
- Urban Housing Deficiency is measured through:
 - *Estimating Housing Deficit*
 - *The Habitation Density Index*
 - *The Extent of Crowding*
 - *The Intensity of Crowding*
 - *The Magnitude of the Housing Shortage*

Occupancy Snapshot in Urban Pakistan

Provinces	Occupancy Status (%)		Occupancy Rate per Dwelling (in numbers)		Average Room per Housing Unit	
	2006/07	2014/15	2006/07	2014/15	2006/07	2014/15
KP	71.5	73.3	7.3	7.0	2.8	2.9
Punjab	78.2	76.8	6.3	6.0	2.6	2.5
Sindh	77.6	82.0	6.2	5.4	2.6	2.3
Balochista	79.9			7.7	3.0	
n		80.7	7.4			2.9
Overall	77.4	78.5	6.4	5.9	2.6	2.4

Share of Slum Population in Urban Pakistan (%)



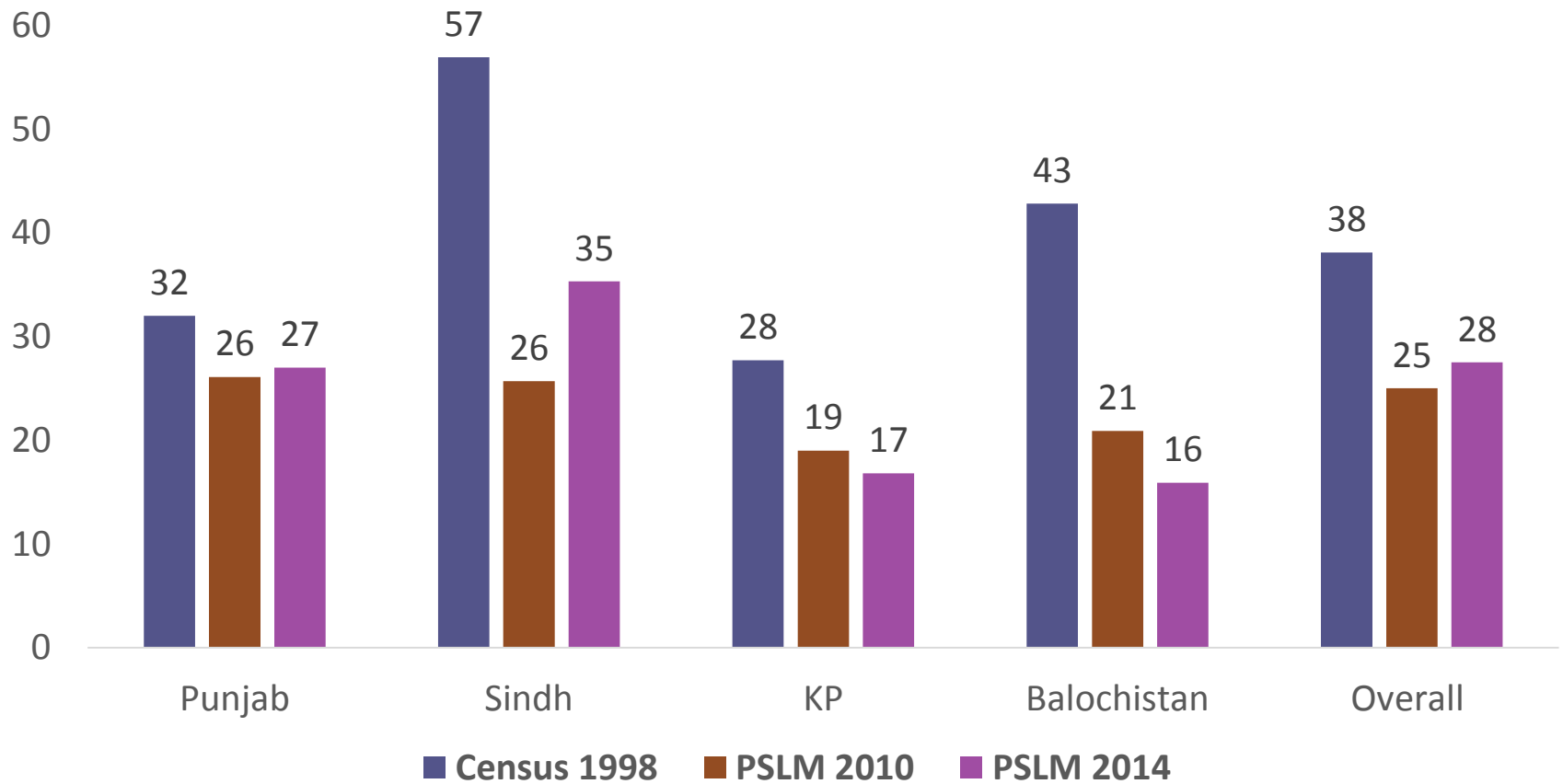
Type of Urban Slum in 2014/15 (in %)

Type of Slum	KP	Punjab	Sindh	Balochista n	Overall
Lack of durability of dwellings	22.2	10.2	6.0	45.4	10.4
Lack of improved water	3.9	5.8	8.6	17.3	7.1
Overcrowding	21.3	27.9	25.8	22.3	26.5
Lack of toilet facility	2.0	1.6	2.1	16.3	2.3
Lack of electricity	0.8	1.5	1.1	2.4	1.3
Slum households	38.8	39.3	34.6	68.6	38.3

Housing Deficiency in Pakistan

Provinces	Average Habitation Density index			Extent of Crowding (%)		
	Rural	Urban	Overall	Rural	Urban	Overall
KP	3.1	2.9	3.1	46.6	38.8	45.2
Punjab	3.3	3	3.2	48.7	43.5	47.0
Sindh	4.3	2.9	3.5	72.4	40.4	56.3
Balochist an	3.2	3.1	3.2	46.0	41.5	44.7
Overall	3.4	3.0	3.3	52.7	42.0	49.0

% of Housing Units Having Single Room



Indicators of Housing Deficiency in Pakistan

Provinces	The Intensity of Crowding (%)			Magnitude of the Housing Shortage (%)		
	Rural	Urban	Overall	Rural	Urban	Overall
KP	146.2	142.5	145.6	41.4	31.7	39.5
Punjab	157.6	155.1	156.8	43.4	35.7	40.7
Sindh	168.8	157.5	164.5	91.1	32.1	54.7
Balochistan	145.1	146.8	145.5	43.5	36.9	41.5
Overall	157.8	154.6	156.8	49.9	34.1	43.8

Proposed Urban Reforms

- Focus of policy, research and thinking on the role of cities as engines of growth
- Encourage medium-size cities as hubs of commercial and industrial activities
- Promote Cluster Development
- Empowerment of city government in public service delivery and financial matters
- Identify and address political issues arising out of the 18th Amendment.
- Require innovative financial instruments to target lower segments

Thank You