

APPRAISAL OF NATIONAL HOUSING POLICY-A CASE OF PAKISTAN

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ABSTRACT

Housing backlog, being a global commonality, is the biggest outcome of continued urbanization. Land, infrastructure, finance, administrative bodies, real estate markets and most importantly role of government are most significant factors in this regard, and the tool through which the Governments intervene is usually known as housing guideline or housing policy. Through a critical study of housing policies of many countries, this paper emphasize the importance of a concrete housing policy and will develop the basis on which housing guidelines can be worked out. In case of Pakistan, National Housing Policy 2001 is analyzed. The factors that hindered the proper implementation are also highlighted. This paper attempts to put forward some recommendations that can be a part of Pakistan's housing policy. Hence, this research tries to shape up the housing guidelines in order to make housing more affordable.

Keywords: Housing Policy, Affordable Housing, Governance, Supply and Demand, Guidelines.

INTRODUCTION

Housing is a multi-faceted term usually defined as a shelter for the human beings, however it can be defined in numerous ways depending upon the perspective of the analysis. As defined by Oxford Dictionary, "house" is a building for human abode and "housing" is for dwelling houses mutually. United Nation, however, has different take on the definition of housing, under its view; housing is not only a shelter but also a mean to create communities [i]. Moreover, according to UN definition, housing should play two roles, the interior should provide space where a household having people of different age, sex and occupation can live comfortably. On the other hand, the exterior should provide grounds for the healthy meeting and fruitful interaction of different households living in community [ii]. In the world, housing conditions remained fairly satisfactory until the rapid urbanization and massive migration towards urban areas took place, resulting in exponential growth of cities, which led to increased demand for housing against the minimal supply causing land scarcity and augmented land values [iii]. Above stated scenario compelled the people to live in dwellings, which were either too small or in very bad condition. It is estimated that 25% to 33% urban dwellers of the developing countries are living in poverty and cannot afford adequate housing and it is the need of the hour to adopt some social and economic strategies to make a nice housing affordable for masses [iv].

The effect of this urbanization has been greater in developing countries. This is where the planners, the architects and the policymaker possess a key role to play, all of them, together, have been putting forward some integrated and practical recommendations to control the constantly worsening situation of housing sector. These guidelines are usually known as Housing Policy and every country develops its own housing policy in accordance with the urban context and the needs of urban poor [v]. Development and implementation of the housing policy has been practiced widely throughout the world. However only a few countries considered the low-income groups of society in true spirit while devising the policy. Likewise Pakistan also developed its first National Housing Policy in 2001 but the implementation and success of this policy is still debatable [vi]. This paper aims to deliberate the housing policy in a detailed manner ranging from the definition of the housing policy to the importance and impacts of the housing policy. It also tries to study the housing policy in the context of Pakistan and evaluate the performance of the National Housing Policy of Pakistan by comparing it with the housing policies of some other countries. Later on, it discusses on what should be the constituents of the National Housing Policy of Pakistan and eventually it puts forward the recommendations, so that it would influence affordability of urban poor towards attaining adequate housing.

PROBLEM STATEMENT

Like stated earlier, housing can be defined as the shelter provided to households which combine together to form a community. Likewise policy can be defined as a certain course or action plan chosen by an individual or a group in

order to form a set of alternatives, in accordance with the present scenario, as a base for making decision for the present and future [vii]. Thus, Housing Policy can be defined briefly as a course adopted by government in order to achieve certain objectives such as improvement of housing stock or elimination of homelessness [viii]. More comprehensively, it may be defined as policy shaped by the government outlining the vision, goals and particular details of how government will work in coming years to provide a diverse stock of affordable housing meeting the present and future needs. It also comprises the details of financial support, where needed, and an impartial criteria for picking eligible stakeholders to work within the particular situation [ix]. As evident from the above stated definitions, formation of a concrete housing policy is one inevitable step that needs to be taken if a government aspires to improve the housing conditions in the country. A good housing policy orients the scattered efforts of government towards a pre-determined target and ensures optimum output. Land supply, infrastructure, housing norms, rural housing, urban poor, slums and squatters, housing finance, role of government, private sector and community, management of housing stock, disadvantaged groups and fiscal and legal framework are the most important elements which must be considered while developing a housing policy [x]. A policy can affect masses only if above-mentioned factors are considered in true sense.

OVERVIEW OF EXISTING HOUSING POLICIES

Since the World War II different kinds of housing policies have been employed and practiced throughout the world, all those policies can be categorized into four basic types: policies related to *demand* and *supply* and policies promoting *home ownership* and *rental housing*. Table 1 shows some characteristic of policies developed throughout the world falling among four major types [iii].

TABLE 1
OUTLINE OF HOUSING POLICIES BASED ON FOUR DIMENSIONS

Dimension	Owned Housing	Rental Housing
Demand Side	<ul style="list-style-type: none"> -Cash reimbursements for housing -Subsidies for housing sector -Drop in interest rate of mortgage plans -Mortgage interest subtraction from income tax -Improved quality standards -Property levy on housing procurements -Regulations in loan-to-value and debt-to-income ratios -Constraint of new purchases 	<ul style="list-style-type: none"> -Fixed volume cash grants -Rental grants -Rent records -Housing receipts -Slum deterrence -Controlling the rents
Supply Side	<ul style="list-style-type: none"> -Municipal housing -Subsidies to contractors -Raising quality standards 	<ul style="list-style-type: none"> -Public housing -Subsidy to suppliers -Slum upgrading

Source: Asian Development Bank Institute

Housing Policy of England:

To start with, England is a country where political system as well as the fiscal sector, both are highly centralized, so the housing sector is also administrated by central institutes. Housing sector, along with the finance sector and the department of works, addresses the housing matters. To materialize the policies, government also invites the housing developers, building contractors, housing associations, mortgage lenders and landlords to come forward and collaborate with the government institutions. Additionally, planning regulations, grant funding and loan programs are the interventions that government makes as per demand [xi]. But in all these policies, the government focused on increasing the home ownership by enhancing the purchasing power of the community, unfortunately the supply did not increase accordingly. This resulted in increased demand against the shortage of units and led to affordability crisis.

After realizing the core flaw, the government now aims to deliver 1 Million units in five years (2015-2020). Through this program the government wants to ensure not only the increased ownership but also increased housing supply. If delivered within time, these 1 Million units will be a great addition to the housing stock of country and will be affordable for homeless to get a house.

TABLE 2
PHASES OF HOUSING POLICY OF ENGLAND

1919-1970s	1980-2010	2013	2015-2020
Social Housing	Right to buy	Help to buy	Increased supply
Provision of decent housing to army recruits. After WWII 0.8M units built to replace those destroyed during war.	Idea was to increase ownership, social tenants allowed to buy social rented houses.	Different programs launched to enhance buying power of people to stimulate housing demand.	Production of 1M houses in 5 years to ensure the increased supply and affordable prices.

Housing policy of United States:

In United States of America, after food and medical expenses, housing is the third largest consumer expenditure. According to the housing act of 1949, congress announced its goal to provide decent and affordable housing to every American family. To achieve this goal, central authorities has helped in funding of building and restoration of over 5 million housing units for low income families and provide rental vouchers to almost 2 million more households but the country’s housing issues remains the same [xii].

The housing policies of USA are usually outlined as per following objectives:

- Ensuring a minimal quality of housing.
- Increase in housing supply, encouraging new construction and maintaining existing housing.
- Stabilizing rents and asset prices.
- Reducing crowding.
- Encouraging homeownership.
- Fostering community development.

Public housing program originated in 1937 resulted in increased job opportunities and slum clearance as it has ability to meet the state’s need for low cost housing. The housing division of public works announced 58 projects containing more than 25000 dwelling units [xiii]. Since the program started, an increase in housing production was recorded after 1980, and peak production of 1.4 Million units was recorded in 1994, by 2012 it had declined by 18% with the loss of more than 25000 housing units. Only 9% of all public housing of 2012 was built after 1989. On the other hand 44% of all public housing had been built before 1970. In 2012, 3,095 housing authorities owned and operate public housing in the United States [xii].

Housing Policy of Pakistan

Unlike many other countries, authorities of Pakistan took almost 55 years in publishing its housing policy which was proposed in year 2001. Till then Pakistan has not put forward any new or revised policy in 16 years. There is a general opinion in Pakistan that, though housing is basic need of citizens, the government is not effectively managing the issues related to housing sector. The magnitude of housing shortfall is on high increase rate in comparison to growth of population [xiv]. The configuration of country's housing stock based on index of 'average number of persons per room' clarifies a loud rise in the percentage of housing units with a steady surge in the average number of persons per room on state and regional scale [xv]. As per the results of census 1998, there are total 19.3 Million housing units in country, among them, 32.3% are located in urban areas and 67.7% of houses fall in category of rural housing. The results of census pointed out housing backlog of 4.3 million units. The country needs addition of 300,000 housing units per year, however, owing to less housing production, housing shortfall is increasing by 270,000 every year [xvi]. As per 2017 census, the existing housing stock of country consists of 19,211,738 units. Currently, there is housing backlog of 9 Million units and an annual shortfall of 270,000 housing units. By 2050, Pakistan will be the fifth most populated country with its current growth rate [xvii].

The National Housing Policy 2001

Currently, Pakistan holds National Housing Policy (NHP) 2001, which focuses on basic requirements of producing a constructive environment in order to stimulate and expedite housing sector. The policy intends to back the new ideas and their implementation in order to guarantee liveable and acceptable housing for all its citizens [xviii]. This policy aims to recognize chunks of land, be it state land or private land, in rural and urban areas to develop it for housing purposes. Therefore, the routine holdup laws in the procurements practice will be removed and amended in order to minimize litigation [xix]. The main proposals are:

- Land record correction and up-to-date information system shall be developed using digital, remote sensing methods, GIS mapping, satellite imageries, etc.
- House financing organizations shall be encouraged to stimulate savings and start micro financing for low-income people using community organization such as NGOs and CBOs.
- Subsidized loans will be provided for development and construction of rural housing as well [xix].

The key accomplishments of National Housing Policy 2001, were regularization of Katchi Abadis, provisions for low incoming housing, development of new towns and regularization of housing taxes. On 29th March 2008, a special program started for housing sector which aimed to construct one million housing units annually to deliver housing facility to the public. The policy, however, was deferred to be reviewed in 2015, which was not held uptill today [xx]. Housing policy proposed in 2001 focuses on aspects such as katchi abadis, urban regeneration and slum up-gradation and puts forward a set of policy actions referring to planning rules, regulatory authorities and resettlement plans. However, there are a number of factors which led to ineffective and unproductive execution of the measures advised by the said housing policy [xx]. The main obstacle which hampered the just implementation of housing policy are:

1. The low-income group was not even able to afford the cheapest housing unit built by any public or private developer.
2. Failure to collect revenue is another main hurdle.
3. Gap between supply and demand curves is constantly increasing.
4. The housing programs lacked community participation and delivered units turned out to be not only expensive but against the needs and desires of the people.
5. Due to high maintenance and other costs of housing, the owners fulfil their need by selling homes.

Owing to the above-mentioned factors and due to improper implementation of this housing policy, it was unable to deliver up to the expectations and the housing conditions in country got worse with passage of time.

RECOMMENDATIONS

Housing policy of Pakistan 2001, contrary to the expectations, failed to cope the housing issues of country and it resulted in increased homelessness and housing backlog. Even after the failure of said policy, the government or the housing ministry has not developed any new guidelines for the housing sector. Currently, the housing policy of Pakistan needs to be redeveloped on immediate basis and following alterations are proposed to be incorporated in the existing housing policy:

A. Increased Supply

Nothing beats the supply. In order to improve the housing conditions, the basic and most imperative measure is the escalation of the housing supply. The government and housing authorities need to increase the annual production of housing units to cut short the gap between demand and supply.

B. Direct Government Role

Supply of housing must increase, having said that, the government should drive the housing sector itself. Instead of just facilitating the builders and private sector, the government must play a direct role and should get in the driving seat. This way the government authorities can ensure transparent and clear housing transactions.

C. Increased Ownership

Along with the increased supply, the government should focus to increase the demand ability of housing, among the citizens. Government should introduce opportunities such as mortgage programs, equity loans and shared ownership to ensure maximum people are able to get hold of a housing unit.

D. Increased Land Supply

Housing authorities should utilize more land situated on the peripheries of the urban areas for development of new urban neighborhoods. However, government should prefer non-agricultural and barren land, especially those underutilized land chunks within the cities, for such activities.

E. New Sub-Urban Towns

In addition to use more land for development, the authorities should try to develop new cities and towns in sub-urban land located between cities. These new towns, having affordable land prices will house more households and this practice will reduce the pressure on the existing urban areas.

F. Mixed Use and Increased Density

In development of new towns and cities, focus must be laid on to vertical expansion and horizontal sprawl must be discouraged. Mixed-use development must be ensured in these new neighborhoods. These measures will result in increased density, so more households can be accommodated using less horizontal space.

G. Planning Rules

Planning rules and regulations set by the development authorities need to be revisited, building byelaws should encourage such spaces which are livable. Open areas must be restricted to a reasonable limit and commercial style of construction adopted by developers and builders must be discouraged. Planning and design must be on human scale. Pedestrian's oriented development should be encouraged whereas extra wide roads and boulevards must be discouraged.

H. Tax Relaxation on Housing

Government should revise the taxation system for real estate and housing. On small houses, the government should reduce the tax rate to the possible extent and also provide subsidy on building material for such houses. For large houses, villas and commercial projects the government should levy comparatively higher tax rate. Earning from these projects should be used to subsidize small-scale projects. Moreover heavy taxes should be imposed on multiple selling and purchasing of houses to discourage the business aspect in real estate.

I. Upgradation of Existing Housing

Along with development of new neighborhoods, the ministry of housing should also upgrade existing housing stock, such as slums, squatters and katchi abadis. In this way, government can produce more livable housing units by utilizing less funds.

J. Incremental Housing and Micro Finance

Government should also facilitate the incremental housing and start the microfinance programs for low income groups who cannot afford to borrow bigger loans from banks and other corporate sources. Through these micro loans the low income group can construct and improve their housing conditions in increments.

K. Rental Housing

Government should also start to subsidize the rental housing and instead of supporting home owners only the government should also develop policies to support and help the tenants. Social housing program of England is a good example in this parameter.

L. Implementation and Monitoring

Above all the government needs to have a cell which makes sure unbiased, non-political and timely implementation of policies set by ministry. This cell should also be responsible for eradicating the corruption and discrepancies in the housing sector. This cell should also monitor and evaluate the performance of housing policy and should advise steps for future.

M. Discourage Speculations and Investors

Government needs to eliminate the aspect of business and investment and should ensure that housing is a basic need. Heavy taxes should be levied on continuous selling of the plots. Immediate possession of plots should be ensured instead of filing system. Delivery of constructed houses instead of plots can also be helpful in discouraging the speculations.

CONCLUSIONS

There is a dire need to redo the housing policy of Pakistan on the above mentioned parameters and the revised policy must be implemented in a neutral way keeping aside all political, regional and cultural differences. This true implementation of this policy can go a long way in ensuring adequate and cheap housing for all the sectors of the

society. Through strict monitoring and periodic assessments the government can easily shape up the policies in future as per the conditions and the needs of its people.

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