

KARACHI CASE STUDY

THIRD INTERNATIONAL HOUSING TRAINING SEMINAR

Reviewing and Strengthening the Performance of
Metropolitan Housing Policies and Programmes

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IMPROVING METROPOLITAN LIVING ENVIRONMENTS
THROUGH STRENGTHENING HOUSING SECTOR ACTIVITIES

by

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ABBREVIATIONS / LOCAL TERMS

ABAD	:	Association of Builders and Developers
ACE	:	Associated Consulting Engineers
AERC	:	Applied Economic Research Centre
AKU	:	Aga Khan University
CBR	:	Central Board of Revenue
DDH	:	Dangerous and Dilapidated Housing
GOP	:	Government of Pakistan
HA	:	Hectare
HBFC	:	House Building Finance Corporation
HDA	:	Hyderabad Development Authority
HIG	:	Higher Income Group
HMIG	:	Higher-Middle Income Group
KDA	:	Karachi Development Authority
KDP	:	Karachi Development Plan
KESC	:	Karachi Electric Supply Corporation
KGC	:	Karachi Gas Company
KMC	:	Karachi Metropolitan Corporation
KWSB	:	Karachi Water & Sewerage Board
LIG	:	Low Income Group
LLIG	:	Lower-Low Income Group
LMIG	:	Lower-Middle Income Group
M2	:	Square Meters
MIG	:	Middle Income Group

NA	:	Not Available
NWFP	:	North-West Frontier Province
OPP	:	Orangi Pilot Project
PBR	:	Provincial Board of Revenue
RC	:	Reinforced Concrete
RTI	:	Research and Training Institute for the Development of <u>Katchi Abadis</u>
SBCO	:	Sindh Building Control Ordinance
SLBO	:	Sindh Local Bodies Ordinance
URC	:	Urban Resource Centre

LOCAL TERMS

barani	:	arid-rain-fed-agricultural areas
chai-khana	:	tea shop
dada	:	neighbourhood tough
katcha	:	temporary
katchi abadis	:	squatter settlements
mohallah	:	neighbourhood
thalla	:	building component manufacturing yard
thallawala	:	owner of building component manufacturing yard
pucca	:	permanent
shahgird	:	apprentice

A. GENERAL METROPOLITAN CONTEXT

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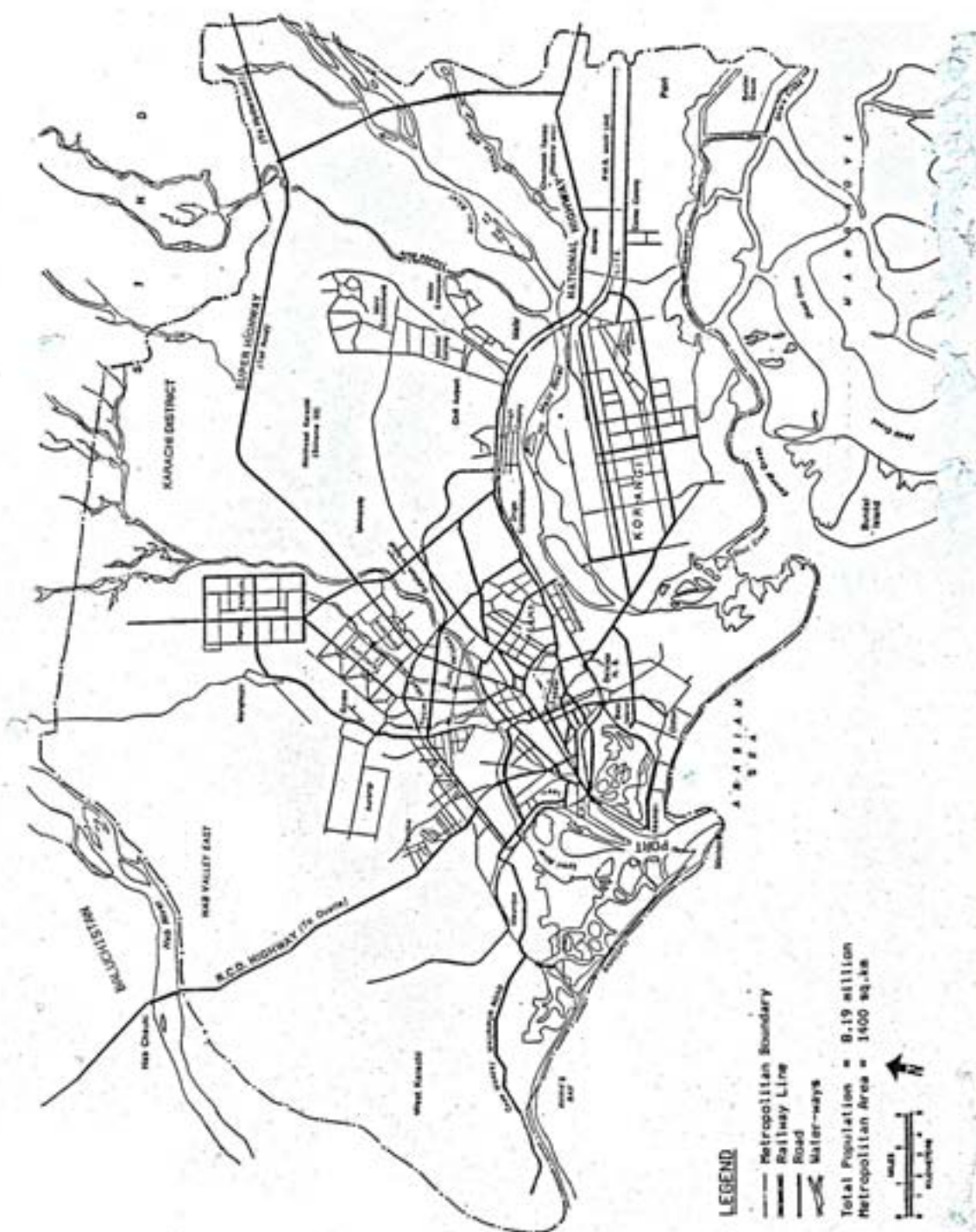
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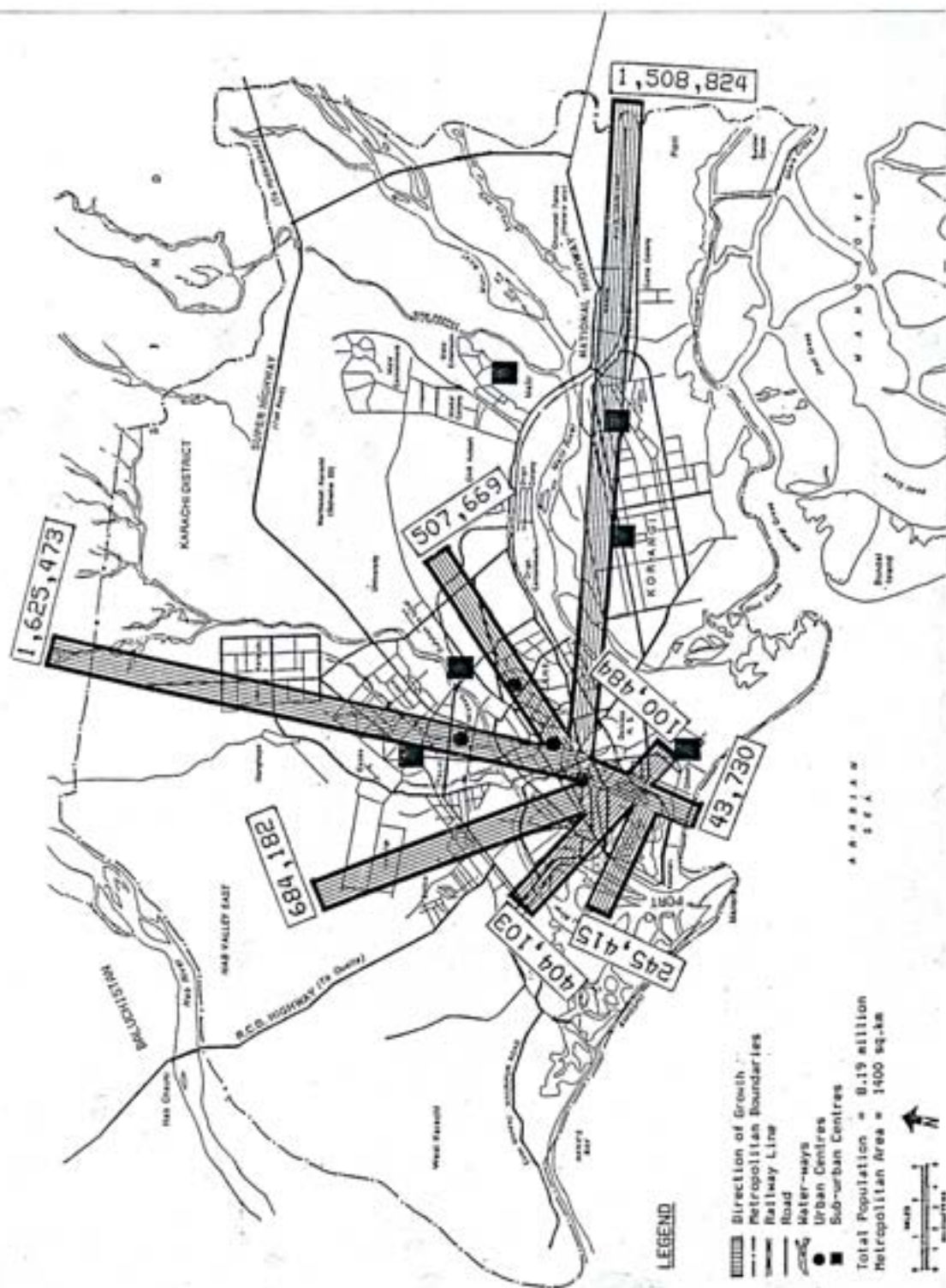
A. GENERAL METROPOLITAN CONTEXT

1. METROPOLITAN BASE MAPS

1.1 Metropolitan Boundaries



1.2 Directions of Metropolitan Growth



2. POPULATION COMPOSITION AND GROWTH2.1 Age-Sex Composition

(x thousand persons)

Age	Sex	'70 (1974)	'80 (1981)	Most recent (1985)
0 - 9	Male	597	796	960
	Female	540	755	850
10 - 19	Male	486	696	753
	Female	413	611	615
20 - 29	Male	391	536	686
	Female	308	416	493
30 - 39	Male	375	361	576
	Female	246	291	445
40 - 49	Male	248	266	426
	Female	148	204	266
50 - 59	Male	151	157	288
	Female	91	105	172
60 -	Male	98	195	186
	Female	77	77	123
Total	Male	2338	2954	3875
	Female	1832	2483	2964
Total		4161	5437	6839

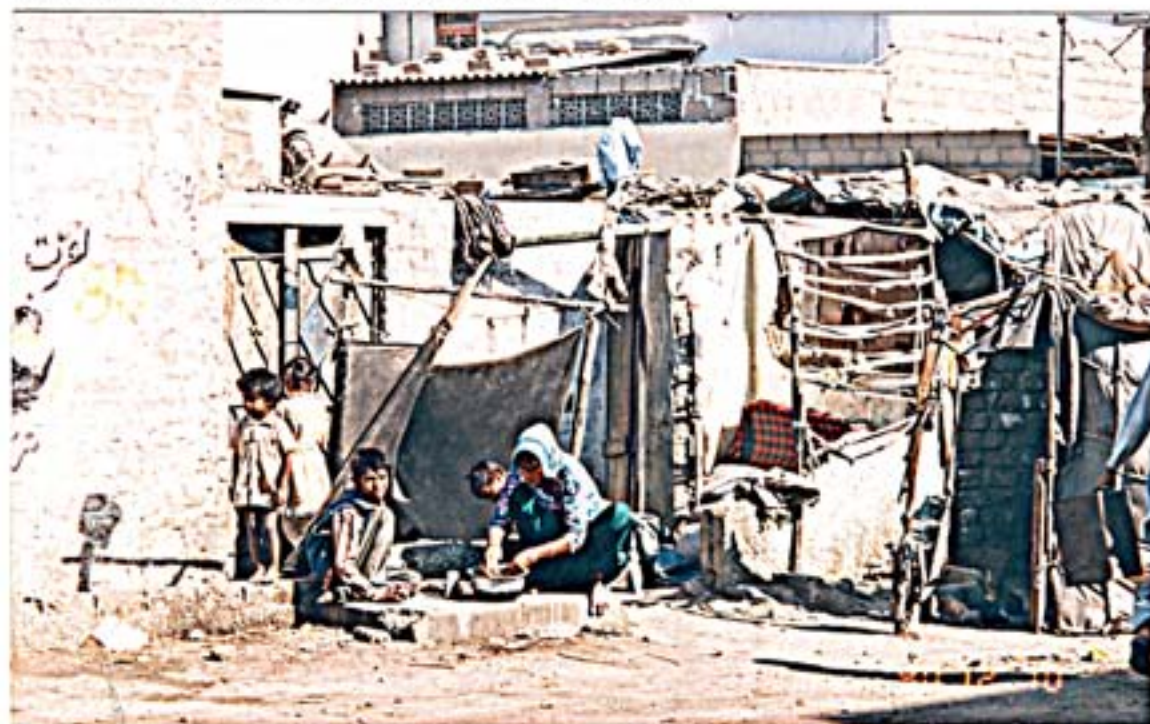
Source: 1. for '70s and '85: National Pilot Project No. 3
 2. for '80s: Population Census Reports: GOP, 1981

2.2 Metropolitan Households

	'70 (1970)	'80 (1980)	Most recent (1988)
Average household size	6.21	5.75	7.2
Number of households	534,000	1,047,000	1,618,000

Sources: 1. Housing West Pakistan 1970-2000 : ACE, Karachi
 2. Karachi Master Plan 1974: KDA
 3. Karachi Land and Housing Study: Dr. Dowall/KDA-MPD, 1989

The figures given above for different periods are from three different official sources. However, if the number of households for 1988 is multiplied by the average household size, one gets a figure of 11.65 million whereas the 1991 population of Karachi, according to the same sources is 8.19 million. There is evidence to show that the present population of Karachi is over 10 million and many political and academic organisations have refused to accept the government's figure of 8.19 million. Hopefully the 1991 census, which is being carried out currently, will resolve this dispute.



2.3 Population Growth Trends

(Thousands)

	Period 1 (1972-81)	Period 2 (1981-91)	2000 (Projection)
Base population	3,500,000	5,200,000	8,190,000
Natural increase	1,120,000	NA	NA
Migration increase	1,015,000	NA	NA
Total population	5,200,000	8,190,000	10,600,000
Annual growth rate (%)	4.9	5.2	3.3

- Sources:
1. Population Census Reports: GDP, 1981
 2. Karachi Development Plan 2000: KDA-MPD, 1990
 3. Population Dynamics of Karachi: KDA-MPD, 1989
 4. Urban Land Management Study: KMC/World Bank, 1990

2.4 Metropolitan Migration

Census data shows that during the 1970s Karachi's population grew at an average rate of 4.5 percent per year. According to estimates prepared by the Karachi Master Plan the growth rate increased to an average of 5.3 percent per year in the 1980s. It is estimated that 50 percent of this increase was due to rural-urban migration. The forecast for the 1990s, prepared by the MPD of the KDA, suggests that the growth rate will fall to 3.3 percent per year of which growth through migration will be about 1 percent. Although no figures related to migration are available for the last decade, migration between the 1972 and 1981 census period can be quantified and is given in the table below. The figures are different from what planning agencies in Karachi strongly believe.

Karachi National 1972	Population Net 1981	Difference	Proportionate difference	Difference from average	Migration
3,498,614	5,208,132	1,709,518	48.86%	18.32%	640,946

In the 1980s Karachi received a large number of refugees from Afghanistan and Iran. There are no definite figures available but newspaper reports suggest a figure of over 400,000. Most of the Afghans belonged to the lower-middle-income group and settled in West Karachi's Baldia township. The poorer Afghans settled in extensions to West Karachi's existing squatter settlements. In both cases their demand for land raised real estate prices in these areas by well over 20 to 25 percent. The Iranis belonged to the middle and upper-middle-income groups and have settled mostly in the old city centre where Iranis have lived for many generations. Since their migration was small, no major change in real estate prices took place though rents in the city centre, for residential accommodation, increased as a result. (1)

Contrary to official belief, it is felt that migration could not have decreased to Karachi and nor is it likely to do so in the future. The reason is that in the rural areas land and produce per capita is falling rapidly and the share of the services sector in profits from agricultural production is increasing at the expense of the producer. This trend is not only likely to continue but increase in the future (2). In addition, Karachi remains the main centre of commercial and industrial activity in the country and the country's only port. Other urban job markets of the country are in the Punjab and cater exclusively to local needs.

Surveys of recently developed katchi abadis on the city fringe show that over 90 percent of the residents have moved from the city centre to these settlements. The rest are recent migrants (3). Investigations in the city centre also show that old residential areas are being converted on the ground floor into warehousing (which caters to port activity and wholesale markets), or sweat shops. The floors above are developing into rentals for day wage labour. This labour is almost entirely migrant, without families and male. Similarly, congested inner-city katchi abadis are also being taken over by migrant day wage labour and their original residents are shifting to informal subdivisions on the fringe (4). Once a migrant to the city has a fixed job and has generated some savings he purchases a plot in a katchi abadi on the fringe and calls his family over. It takes him

about 3 to 5 years to do this. Those who cannot do this continue to live in these new slums as social outcasts.

The results of these trends are:

a) The density of the city centre is increasingly rapidly and the existing services cannot cope with this increase. Breakdowns of water supply, garbage collection and sewerage systems is common. Coupled with a 10.6 percent per year increase in traffic volume the city centre is suffering from massive environmental degradation.

b) Community feelings have ceased to exist in the city centre or its katchi abadis. The entertainment needs of the all male population are increasingly being met by prostitution, drugs and gambling dens, all supported by a corrupt police force. Together with the physical degradation that has taken place, these trends are turning large areas of the city into slums. With the increase of social outcasts in the city centre, crime and violence is also increasing.

c) Much of the historic architecture of the city has been destroyed, including institutional buildings, and for all practical purposes the city has no cultural or civic centre anymore.

d) The movement to the fringe katchi abadis is increasing and it is estimated that they are growing at a rate of 9 percent per year (5) as opposed to a total Karachi growth rate of 5.3 percent. With this movement the transport needs of the city are also increasing. These needs are taken care of by an expanding informal sector, which in the absence of state controls, operates as a mafia.

There is a major difference between the rural migrants of the 1970s and those of the 80s. The earlier migrants usually put up with their relatives and friends who had come to the city earlier and were under the control of their clan elders. Almost all of them retained their rural links and kept their families in their villages. Most of the more recent migrants are independent and establish links with the urban mafia that provides jobs, shelter and protection. Many do not plan to go back at all and an increasing number marry out of their clan. The reasons for this is the break-up of clan and tribal ties in the rural areas and the emergence of a "services sector" that caters to migrant needs in the urban centres.

Migration of artisans, white-collar workers and professionals to the city, which was fairly common in the 1970s, has now stopped. There is evidence to suggest that many migrant artisans have gone back to the Punjab from where they had come. The reason is not only economic recession, but also the fact that a very large number of Karachi locals now possess these skills and the local nationalism of recent years discriminates heavily against outsiders.

There are no surveys that deal with migration into Karachi and as such it is difficult to quantify the socio-economic impact of migration on the city or to draw up a socio-economic profile of the migrants. However, most migrants to Karachi come from the NWFP or Punjab. The vast majority are unskilled and illiterate. A small percentage of them are artisans but their number is decreasing. Initially most of the migrants work at the port or wholesale markets as loaders, as unskilled workers in the transport sector, or as building site labour. With the passage of time a small percentage become taxi and bus drivers or conductors on public transport vehicles. Others take to small-scale trade, vending, or manage to get jobs as guards in the formal services sector. Initially the migrants prefer to live in the city centre in bachelor's quarters where often a room is shared between 6 to 10 persons. Alternatively they live in small open air 'hotels' around the transport terminals in the city. Later, when they have a fixed job they aspire to a 100 M2 plot in an informal settlement. A plot of a size smaller than this is considered insufficient.

A very small percentage of the yearly migration, about 15 percent, is cyclical. There are however, no surveys to back this contention and it is based entirely on intuition and personal observations. A number of migrants go back to their villages for the wheat harvesting season. Those from the Punjab and Sindh go back because they are guaranteed work nearer to their homes and those from the NWFP and the barani areas go back to collect their share of the produce from their relatives.

2.5 Population Living in Marginal Environments

(a) Dangerous/Dilapidated Houses (DDH):

	'70s (1978)	'80 (1985)	Most recent (1988)	2000 (Projection)
Population in DDH	420,000	650,000	1,200,000	1,900,000
No. of households in DDH	80,650	90,300	165,000	253,000

Source: An approximate estimate worked out from data given in

1) Low-Income Housing Markets: KDA-MPD/ Van der Linden, 1988

2) Socio-Economic Profiles of Planned Areas and Katchi Abadis:
KDA-MPD/AERC, 1989.

There are no surveys that indicate the number of households living in DDH. Similarly, there are no fixed definitions as to what is considered as DDH in the metropolis. However, housing along the Lyari river bed, along railway tracks and under high tension wires is not being regularised by the authorities because it is considered dangerous. Housing on equally dangerous hill formations, on the other hand, is being regularised. In addition, the old city has a large number of buildings that are dilapidated but there is no survey of them. The figures given in the table are estimates which have been worked out from figures given in official reports regarding katchi abadis (6), socio-economic data on the old city where dilapidated housing exists (7), and from the authors own observations. They cover people living along the river below the flood line, along railway tracks, under high tension wires, on unstable hill sides and in dilapidated structures in the old city.

Almost all residents living in ecologically dangerous zones are from the lowest income groups. Families living in dilapidated buildings in the old city centre belong to the lower-middle or middle-income groups. The reasons for the dilapidation of houses in the old city are:

- a) The buildings are old and maintenance costs cannot be afforded by the owners.
- b) The owners want the building to fall so that they can get rid of their tenants, pull down the building and construct a new one or sell the property at a premium.
- c) Due to the Islamic laws of inheritance many buildings now have a large number of owners who have disputes among them regarding the property.
- d) Salinity and waterlogging have set in due to a failure of the sewerage system and leakages from water-mains. This has damaged buildings in many areas of old Karachi.

(b) Squatter Areas (SQT):

	'70s (1978)	'80 (1985)	Most recent (1988)	2000 (Pro- jection)
SQT Population	2,000,000	2,600,000	3,400,000	7,070,000
No. of SQT households	227,000	356,000	465,000	960,000

Sources:

1. Karachi Land and Housing Study: Dr. D. Dowall/KDA-MPD, 1989
2. Shelter for Low-Income Communities: Inception Report on Sindh: World Bank, October, 1990

In the Karachi context a squatter is someone who has illegally occupied and built a house or shelter on land over which he has no de jure tenure rights. A squatter settlement, or katchi abadi, is a settlement where land belongs to a party other than those living on it and has been illegally occupied and/or purchased. All katchi abadis developed on state land before March 1985 have been marked for regularisation and improvement. Katchi abadis on private land and those developed after 1985 are considered as illegal.

Earlier katchi abadis (1947 to the early 1960s) developed through unorganised invasions on vacant land and are now in the city centre. Later katchi abadis (mid 50s onwards) developed through illegal subdivisions of state land and most of them are on the city fringe where they continue to expand. The majority of them are located in West Karachi which has easier access to the port and SITE (the city's main industrial area) than other areas on the city fringe. Other katchi abadis are in dangerous zones and are found along railway tracks, under high tension wires and along the river beds below the flood line. These are both in the city centre and on the fringe. In addition, many of them are located near or in high-income settlements.

The residents of the inner-city unorganised-invasion-katchi abadis belong for the most part to the lowest-income groups and work at the port or wholesale markets. The residents of the fringe illegal-sub-division-katchi abadis are a mixed lot. The majority belong to the lower-income groups but a large number of informal sector entrepreneurs, traders, artisans, white-collar workers and lower-middle-income groups also live here. People living in ecologically dangerous areas (except for those under high tension wires) invariable

belong to the lowest-income groups. Residents of a number of such settlements, especially near or in higher-income areas, work as domestic help to the higher-income areas and are protected by them from demolition.

The main causes for the formation of katchi abadis are:

a) Land developed by the state and the formal sector for housing is far too expensive for the poor to afford mainly because of high standards, excessive overheads and an absence of credit facilities. In addition, the procedures for acquiring it are long and cumbersome and even if the poor do apply and manage to pay for it, delivery of the developed plot can take up to ten years after application and initial payment for it has been made.

b) The quantum of plots developed by the state and formal sector for low-income housing are not even a fraction of the city's requirement. In addition, building design and construction advice; materials of construction and loan facilities, financial or of building materials; are not provided by the formal sector and transport facilities are slow to develop in formal sector settlements.

c) The informal sector in the city provides the urban poor with the required number of unserviced plots at a price they can afford. In addition, it provides building advice and loans, both of materials and cash, for construction purposes. It also arranges for the operation of transport at an early stage in the settlement's development and provides immediate possession of land without any bureaucratic red-tapism. Subsequently, it helps the settlement in acquiring services over a period of time.

d) The informal sector's manner of operation and the class background of its entrepreneurs is something the lower-income groups can identify with culturally whereas the state bureaucracy is alien to them in every way.

e) The state cannot prevent the illegal occupation of its land by the informal sector because state officials and the police have a major financial interest in these illegal operations.

(c) Homelessness (HLS):

There is no official definition of homelessness for the Karachi region and nor are there any surveys related to it. It is officially believed that there are no homeless in the city. However, over the last decade, and especially over the last five years, the number of people sleeping on pavements and in parks in the city centre has increased visibly. In addition, the number of 'open air hotels' which

give a bed and/or bedding to be spread on the pavement or on public open spaces have also increased visibly. These 'hotels' are illegal but function because they purchase police protection. It is estimated that the number of people sleeping on the streets and open spaces in Karachi is around 10 to 15 thousand (8). In addition, also in recent years, a large number of temporary shacks have sprung up on public spaces and on service roads of newly developed KDA schemes and their number is increasing (9).

The homeless people belong to the lowest-income groups or consist of migrants, even educated ones, in search of a job. The location of homelessness is public spaces in or near the city centre, usually in non-residential neighbourhoods. In residential neighbourhoods residents object to people sleeping on the streets outside their homes. For similar reasons shacks are cropping up on open spaces and utilities of unoccupied or partly occupied KDA housing schemes and not in fully developed ones.

The reason for homelessness is poverty. The people who are homeless do not possess the means to have access to the formal or informal land and housing market. The latter has also developed to exclude the very poor.

(d) Slum Areas (SLM):

	'70s (1974)	'80 (1986)	Most recent	2000 (Pro- jection)
Population in Slums	709,000	1,036,000	NA	10 644 00
No. of Slum Households	109,077	164,000	NA	148,000

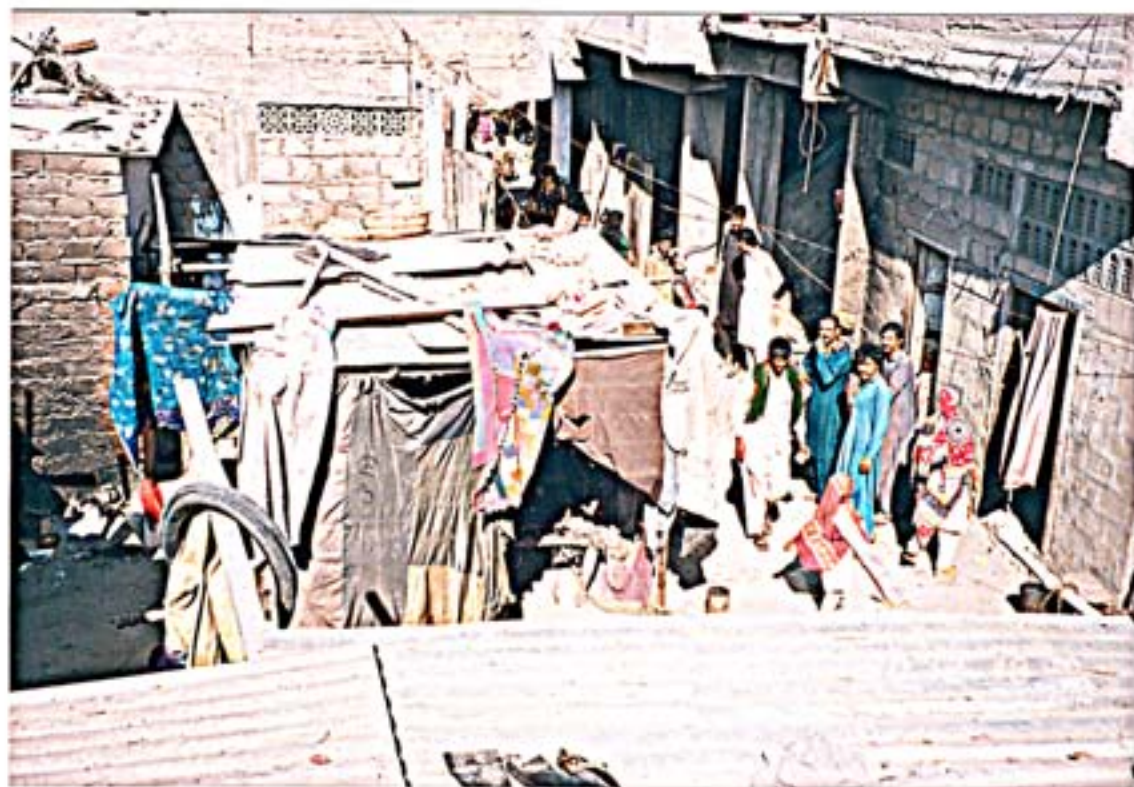
Source: Calculated by the author from
Socio-Economic Profile of Planned Areas and Katchi Abadis:
KDA-MPD/AERC, 1988

Katchi abadis in Karachi are considered to be the only slums. However, a large number of "planned" or "regularised" areas are as badly, if not worse, serviced than the katchi abadis. Most of these areas are in the old city and its peripheral settlements and fit the description of a slum, both in sociological and a physical sense, much more than do the fringe area katchi abadis.

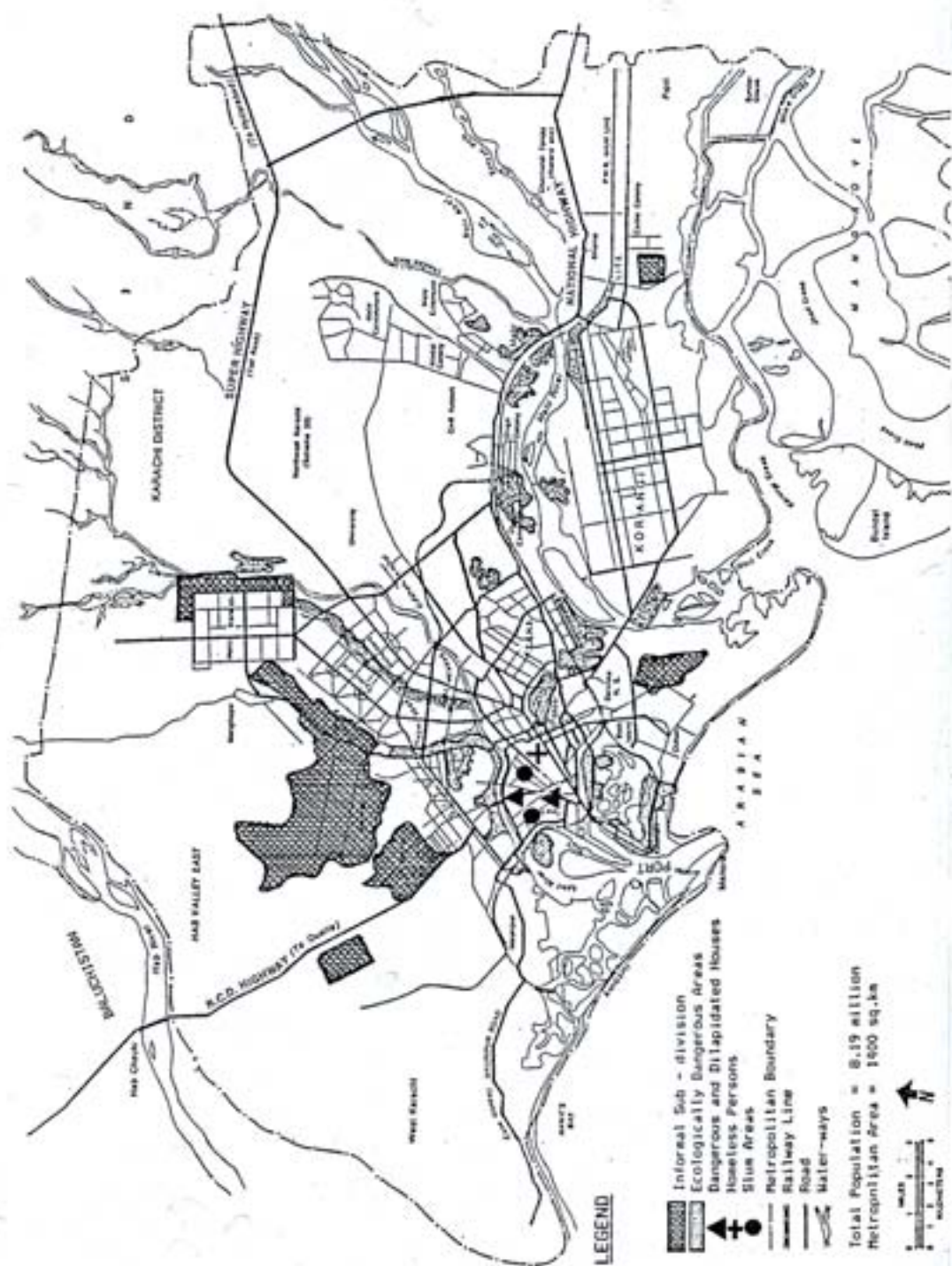
The figures given in the table above are for these areas and do not include the katchi abadis.

Slum areas in the city have been created through an increase in densities; massive environmental degradation; the migration of older residents and communities to planned suburban townships and fringe area katchi abadis; and a large unplanned influx of day wage labour into these areas. Many of these areas have above developed as warehouses and sweat shops for industrial production. In addition, pre-1947 wholesale markets in these areas, that once served the city as it was then, have expanded in a big way to service the present needs of the city. The city authorities have not planned or developed the infrastructure to cater to these developments, as a result of which entire areas have been turned into slums.

The old city and its peripheral areas are inhabited not only by day wage or port labour but also by middlemen; informal sector entrepreneurs; people engaged in the services sector to transport; small traders and shop keepers; and a large number of persons employed at the fish harbour and in the wholesale markets.



(e) Location of Marginal Environments:



3. INCOME AND EXPENDITURE3.1 Average Metropolitan Income per Capita

	'70 (1974) (Rs)	'80s (Rs)	Most recent (1989) (Rs)
Average metropolitan income per capita per month	1,700	NA	2,100

Sources: 1. Urban Land Management Study: KMC/World Bank, 1990
 2. Karachi Master Plan 1974-85: KDA-MPD, 1974

3.2 Metropolitan Income Distribution 1989

(Data for 1986)

Income percentile	Annual income/household (Rs)	No. of household	
0 - 20	0 - 14,400	161,021	14.8 %
20 - 40	14,401 - 22,799	350,300	32.2 %
40 - 60	22,800 - 32,400	181,600	16.7 %
60 - 80	32,401 - 48,000	127,300	11.7 %
80 - 100	48,000 upwards	261,000	24.0 %

Sources: Calculated from

1. Tabulation of AERC Survey for the Karachi Development Plan 2000: KDA-MPD/AERC, 1989
2. Karachi Development Plan 2000: KDA-MPD, 1990
3. Low-Income Housing Markets in Karachi: Van der Linden/KDA-MPD, 1988

3.3 Metropolitan Household Expenditure

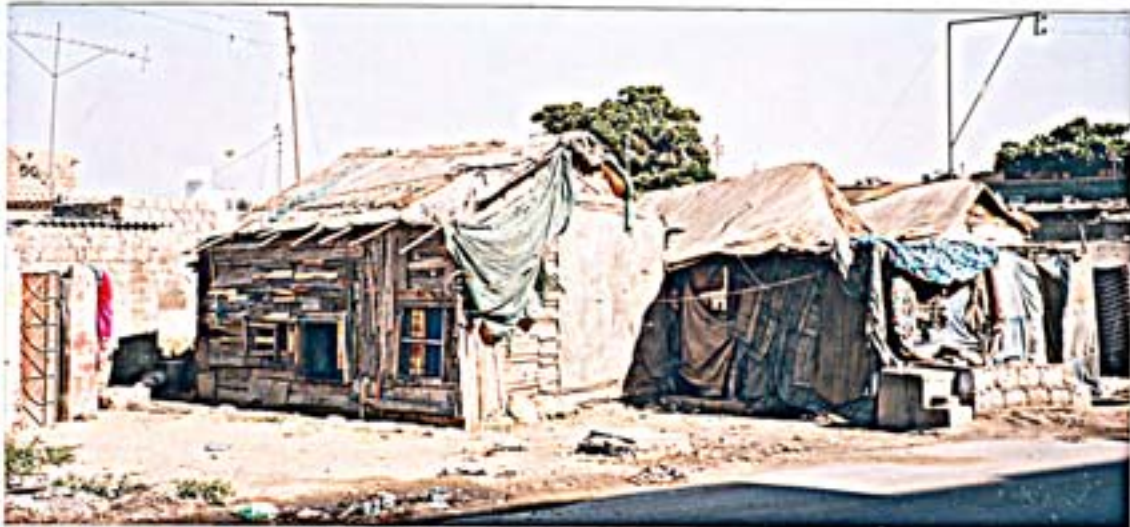
(Percentage: Total 100 %)

Income group	Food	Clothing	Housing	Transport	Education	Others
Planned Areas	52	7.3	17.8	9.8	2.1	11
Katchi Abadis	58	7.9	13.1	6.3	1.5	13.2
LLIG	66	1.0	NA	4.7	5.7	22.6

Sources:

1. Socio-Economic Profiles of Planned Areas: KDA-MPD/AERC, 1988
2. Socio-Economic Profile of katchi abadis: KDA-MPD/AERC, 1988
3. For the lowest-income group the figures have been taken from the case study of the Low-Cost Sanitation Programme of the OPP by Hasan, Rahman, Sultan, 1986, and pertains only to the Orangi Squatter Colonies.

There are no income and expenditure surveys covering different income groups in the city. The official division in Karachi is between planned areas and katchi abadis. The planned areas contain the HIG, MIG, LIG and in some rare cases even LLIG. However, the katchi abadi population overwhelmingly belongs to the LIG and LLIG with a small percentage of the MIG.



3.4 Composition of Major Income Groups

Income Group	'70s (1973)	'80 (1980)	Most recent (1989)	2000 (Projection)
High income group	11,628	29,421	255,644	NA
High-Middle income group	17,493	48,991	432,006	NA
Lower-Middle income group	73,542	217,252	508,052	NA
Lower group	180,285	404,142	249,172	NA
Poverty line and below	227,052	347,185	173,126	NA

Sources: Calculated from

1. Karachi Master Plan 1974-85: KDA-MPD, 1974
2. Housing West Pakistan 1970-2000: ACE, Karachi

The current Karachi Development Plan 2000 prepared by the KDA uses the following criteria for dividing income groups:

Income Group	Income (Rs)	Percent of House- holds by Income (%)
a) High income	10,000 and above	4.2
b) Middle High income	5,001 to 10,000	11.4
c) Lower Middle income	2,601 to 5,000	26.6
d) Lower income	1,601 to 2,600	23.5
e) Poverty line and below	1,600 and below	34.3

B. METROPOLITAN HOUSING PROFILE

4. HOUSING STOCK vs. BACKLOG

4.1 Housing Stock

(Number of housing units)

Type of houses	'70s (1969)	'80s (1981)	Most recent (1986)
Permanent or <u>pucca</u>	223,888	360,370	452,760
Semi-permanent or semi- <u>pucca</u>	179,730	360,370	534,688 +
Not permanent or <u>katcha</u>	86,382	137,285	90,552 +
Total	490,000	853,033	1,078,000

Sources: Calculated from

1. Housing Report: KDA-MPD, 1972
2. Housing Census Report: GOP, 1981
3. Housing Sector Study: Technical Note: KDA-MPD/AERC, 1988

Official figures for housing types in Karachi are given for pucca, semi-pucca and katcha houses. These terms are explained below:

- a) A pucca house consists of plastered masonry walls and an RC roof structure. All high and middle-high income housing is pucca and so is most of the lower-middle income housing.
- b) A semi-pucca house consists of masonry walls, which are unplastered in most cases, and roofs of either corrugated iron sheets or of concrete or brick tiles on steel T-channels or girders. Most low-income housing and some lower-middle-income housing is pucca.
- c) A katcha house is one whose walls or roof or both are of non-permanent materials. For walls these may be dry stone rubble, mats, industrial waste materials such as cardboard and plastic, and for roofs thatch, polythene and mat. A lot of low-income housing and almost all lowest-income housing is of this nature.

4.2 Minimum Housing Standards

The minimum plot size requirement of the KDA is 50 M2. However, there can be exceptions to this rule in special cases and as a result in one redevelopment scheme in Karachis centre, plots of 37 M2 have been permitted (10).

The minimum covered areas permitted for a 50 M2 plot are

- 14 M2 for a 1 room dwelling
- 20 M2 for a 2 room dwelling
- and additional 10 M2 for every additional room with a minimum roof height of 2.8 metres.

Minimum size and dimensions of other areas in the house are

- | | | | | |
|---|-----------------|-------------|-----------|-------------------|
| - | Latrine or WC : | area 1.2 M2 | width 1 M | roof height 2.3 M |
| - | Bathroom : | 1.4 M2 | 1 M | 2.3 M |
| - | Kitchen : | 5 M2 | 1.5 M | 2.3 M |

Minimum window size per room must be 10 percent of its floor area. In the case of flats bathrooms, WCs and kitchens can be ventilated through a light well. Its minimum size for a 2 floor building is 5 M2; for upto 5 floors 10 M2; and 2 M2 extra for each additional floor.

Only those structures are considered permanent which have an RC roof and masonry walls. In special cases this condition can be waived for single storey buildings (11).

Every residential colony must have a minimum of 12 percent of its area for amenities, 5 percent for commercial requirements and 25 percent for circulation purposes.

Maximum density permitted for new low-income settlements (50 to 72 M2 plots) is 550 persons per acre. Minimum density aimed at is 500 persons per acre. A minimum of 70 cm open space has to be left at the rear of all plots.

There is no clear cut definition as to what type of dwelling unit is considered as part of the housing stock and in the previous housing census all units, irrespective of tenure status formed part of the census figures. However, all units constructed in katchi abadis on private land and on state land after March 1985 are considered as illegal.

4.3 Informal Shelter

It is estimated that the number of houses considered illegal according to the definition given above are just over 100,000 (12) and includes those houses which are located in ecologically dangerous zones.

However, about 40 percent of Karachi's population lives in informal settlements more of whose houses are constructed of unplastered concrete blocks walls and corrugated iron sheet roofs. The blocks are often made of a concrete mix of 1 cement : 24 aggregate and are seldom cured. The corrugated iron roofs are held down by large stones. The floors in most cases begin as compacted earth ones but improve to cement concrete within five years. Construction workmanship is poor. As a result of these factors erosion sets in the foundations and walls and due to poor workmanship cracks develop. During the rains water often pours in through the walls and many collapse as a result, and during storms the roofs fly away.

In katchi abadis 30 percent of the houses have only 1 room, 40 percent 2 rooms, and 17 percent 3 rooms. The number of rooms per person is 0.33. Over 32 percent plots are of up to 50 M², 27 percent between 50 and 66 M² and 25 percent between 66 M² and 99 M² (13).

47 percent of households have access to piped water, 73 to electricity (legally or illegally) and 32 percent to gas (14). There are no overall figures available for sewerage connections but sample surveys suggest that it is unlikely to exceed 10 percent. Sample surveys also show that about 50 percent of the residents use some form of septic tanks and an additional 24 percent pit latrines (15).

Housing in ecologically dangerous zones in katchi abadis is included in the category of informal shelter. However, dilapidated and dangerous housing and housing in slums in planned areas is not included in the category of informal housing.

4.4 Housing Demolition Trends

There are no figures available for demolition of houses in the '70s and '80s. However, whatever demolitions there have been in these 2 decades could not have exceeded 25,000 houses. There have been 2 major demolitions. One, between 1973 and 1985 in Lines Area for 2 redevelopment projects, and the other of Sohrab Goth, a Karachi fringe abadi in 1987. In Lines Area so far about 4,200 houses have been demolished and in Sohrab Goth just over 2,000. In both cases over 70 percent of the houses were semi-pucca. Of the remaining 30 percent the vast majority were katchi structures (16) and (17).

5. HOUSE PRICES: PURCHASE AND RENTAL5.1 Change in the Purchase Price of Houses

(Average in rupees)

Type of house purchased	'70s (1972) (Rs)	'80s (1985) (Rs)	Most recent (1991) (Rs)
Higher income	300,000	1,000,000	2,200,000
Higher Middle income	150,000	500,000	800,000
Lower Middle income	85,000	200,000	350,000
<u>Pucca</u> lower income in planned areas	25,000	85,000	200,000
<u>Semi-uccain atchi</u> <u>abadi</u>	8,500	35,000	66,000
<u>Katcha</u> in <u>katchi abadi</u>	1,500	4,000	8,500

Sources: Author's own estimates worked out with help of available KDA data.

The purchase price of a house in an old katchi abadi where services have been acquired by the people is the same as that in a new or even in an old planned area, depending on the location. Katcha houses are mostly found only in the newer katchi abadis. Katcha houses in older katchi abadis sell for a much higher price than indicated in the table.

5.2 Change in House Rents

(Average in rupees per month)

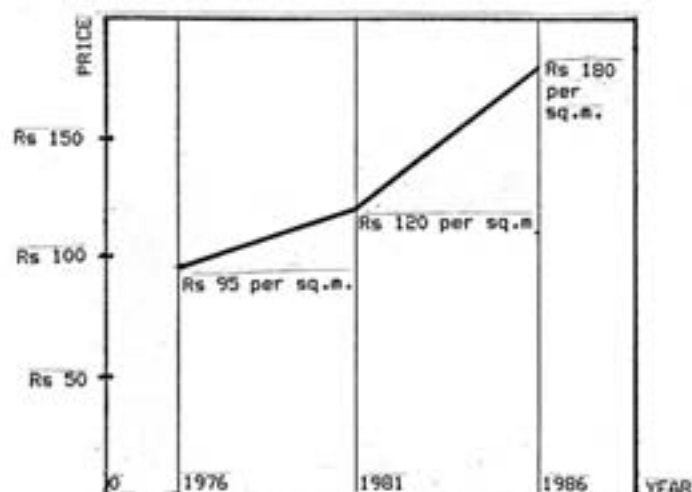
Type of Rental Houses	'70s (1972)	'80s (1985)	Most recent (1991)
Higher income	700	2,000	4,200
Higher Middle income	450	1,250	1,800
Lower Middle income	300	700	1,000
<u>Pucca</u> lower income in planned area	200	500	500
Semi-pucca in <u>katchi abadis</u>	1550	250	350
<u>Katcha</u> in <u>katchi abadis</u>	30	70	120

Sources: Author's own estimates worked out with help of available KDA data.

As in the case of purchase price of houses, in old developed katchi abadis rents are as high as in the low-income planned areas. They can even be more, depending on the location. The figures given here are approximate averages and more realistic than the official KDA-MPD estimates.

6. LAND PRICE AND CONSTRUCTION COSTS

6.1 Change in Average Metropolitan Land Price



Source:

1. Karachi Land and Housing Study: KDA-MPD/Dr. D. Dowall, 1989
2. Urban Land Management Study: KMC/World Bank, 1990

6.2 Residential Land Price Typical for Each Income Group

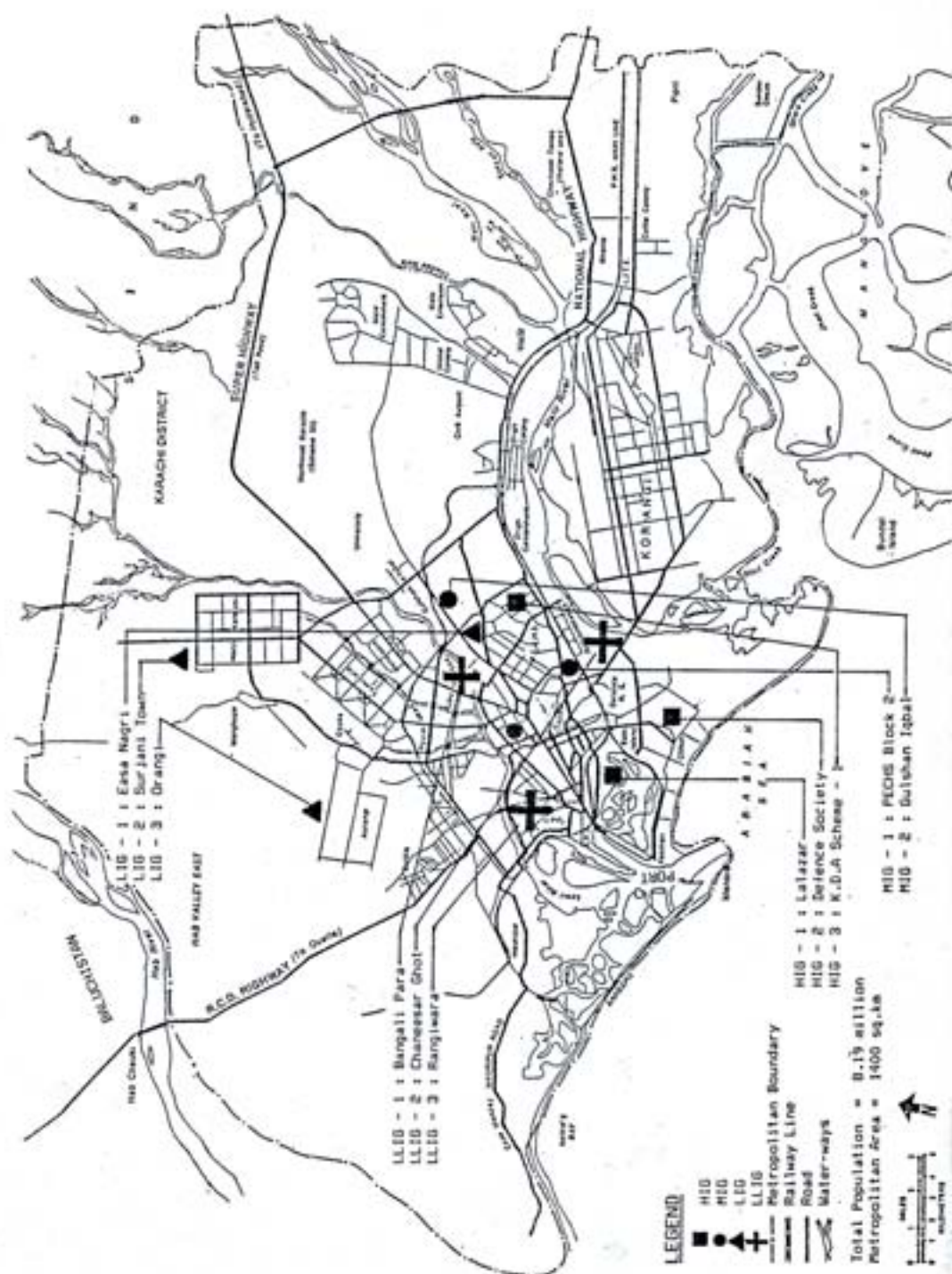
(Average in rupees per square metre)

Location	HIG	MIG	LIG	LLIG
(1)	3,300	2,000	220	66
(2)	7,700	3,000	300	45
(3)	5,500	1,200	350	176

Source: Author's own estimates.

Figures for the LLIG are for informal settlement only for this all that they can afford.

B. Metropolitan Housing Profile



6.3 Construction Cost Changes

(Rupees per square metre)

Type of House	'70s (1972)	'80s (1985)	Most recent (1991)
<u>Pucca</u> Higher income	990	1,980	3,603
<u>Pucca</u> Middle income	792	1,623	2,772
<u>Pucca</u> Lower income	396	990	1,584
<u>Semi-pucca</u>	148	346	660
<u>Katcha</u>	29	99	220

Sources: Authors own calculations from previous studies.

Katcha and semi-pucca houses are almost exclusively constructed in informal settlements.



C. TRUST OF METROPOLITAN HOUSING POLICY

7. METROPOLITAN HOUSING POLICY GOALS

7.1 Policy Goals and Targets

(a) Current Metropolitan Housing Goals

The Karachi Development Plan 2000, prepared by the KDA has developed a 4 pronged strategy to tackle the city's housing problems. The components of this strategy are described below.

i) Consolidation Strategy: Over 380,000 developed vacant plots are available in Karachi. These are being held by their owners for speculative purposes. Over 250,000 are of 100 M2 or less and can absorb a population of just over 2.7 million. The KDA objective is to have these plots occupied. This it intends to achieve by not developing any new fully serviced housing schemes till after year 2000. In addition, it intends to stimulate the occupation and densification process by making credit available for home mortgages and/or dwelling unit extensions and by enforcing a progressive tax on vacant land.

ii) Incremental Development of Low-Income Settlements: The KDP 2000 recognises the need for finding affordable housing solutions for low-income groups. It proposes the establishment of special land use, building and infrastructure standards for this purpose, both in new settlements and in the upgrading of existing katchi abadis.

The new settlements would be developed incrementally. Initially only water through community stand-posts is to be provided. Paved roads, sewerage systems and home water connections will follow, keeping pace with the paying capacity of the residents. The programme will be developed in zones where unplanned vacant land is available, services can be easily extended, and access to employment activities is possible. Through this process the KDP hopes to provide shelter to those households which would otherwise seek shelter in katchi abadis. As such the strategy also seeks to limit katchi abadi growth.

The process of the regularization and improvement of katchi abadis envisages a greater, though undefined, participation of the communities in the upgrading process.

iii) Planned Development for the Future: Development schemes are planned for the post 2000 period. Their scale, or even their initiation, will depend on the success or failure of the consolidation strategy. However, if consolidation is successful before the year 2000, these development can be commenced at the end of the decade.

iv) Controlled Development in the City Core: The KDP 2000 aims at moving warehousing and related wholesale activity out of the city core

and developing high-rise flats in its place. It is also planned to replace slum areas by planned residential development. It is thought that through this strategy the current density of over 5,000 persons per hectare in the city centre can be considerably reduced.

The KDP 2000 seeks to fulfill its objectives through major legislative controls and institutional changes. These include the transformation of the KDA into an active and efficient planning agency that can fulfill the set objectives; integration of the physical planning process with the national economic planning and budgeting process; the development of additional instruments of land control; increasing cost recovery of public services; creating local credit financing mechanisms; and maximizing the role of the private sector.

(b) Targets Set by the KMP 2000 and the KSDP of the KMC:

i) Number of housing units/households

- Current: housing units : well over 1 million
households : 1.6 million
- Short-term targets: Development of housing for a population of 5.75 million by year 2000. At the current household size this means for 798,611 households.
- Long-term targets: These targets have not been set and depend entirely on the success of the housing policies of the KMP 2000. The KDA intends to develop a proper monitoring and feedback system for progress on the implementation of the plan and the general situation in Karachi, which will help it to take decisions.

ii) Living space standards (18):

- Current : minimum size house : 14 M2
minimum size room : 10 M2
maximum density permitted: 550 persons per hectare
- Short-term : New standards are to be developed for the implementation of the KMP 2000 strategies. So far no work has been initiated on them.
- Long-term: No long-term needs have been taken into consideration.

iii) Amenity Standards: The major infrastructure targets of the KDP 2000 and the current situation are given in the table below.

Item	Period I (1990)	Period II (1995)	Period III (2000)
Total Population	7,836,231	9,520,403	11,776,410
Served by:			
- Water supply	5,164,076	7,283,109	11,755,788
- Human waste	2,861,329	6,626,501	11,412,766
- Electrical power	7,104,653	9,030,099	11,763,390
- Solid waste	2,948,788	3,855,711	8,347,252
- Natural gas	4,205,008	5,227,156	7,384,633
Percent served by:			
- Water supply	65.9 %	76.5 %	99.8 %
- Human waste	36.5 %	69.6 %	96.9 %
- Electrical power	90.7 %	94.8 %	99.9 %
- Solid waste	37.6 %	40.5 %	70.9 %
- Natural gas	53.7 %	54.9 %	62.7 %

Source: Karachi Master Plan 2000: KDA-MPD, 1988

iv) Home ownership ratio (percent) to metropolitan stock

- Current situation (19):

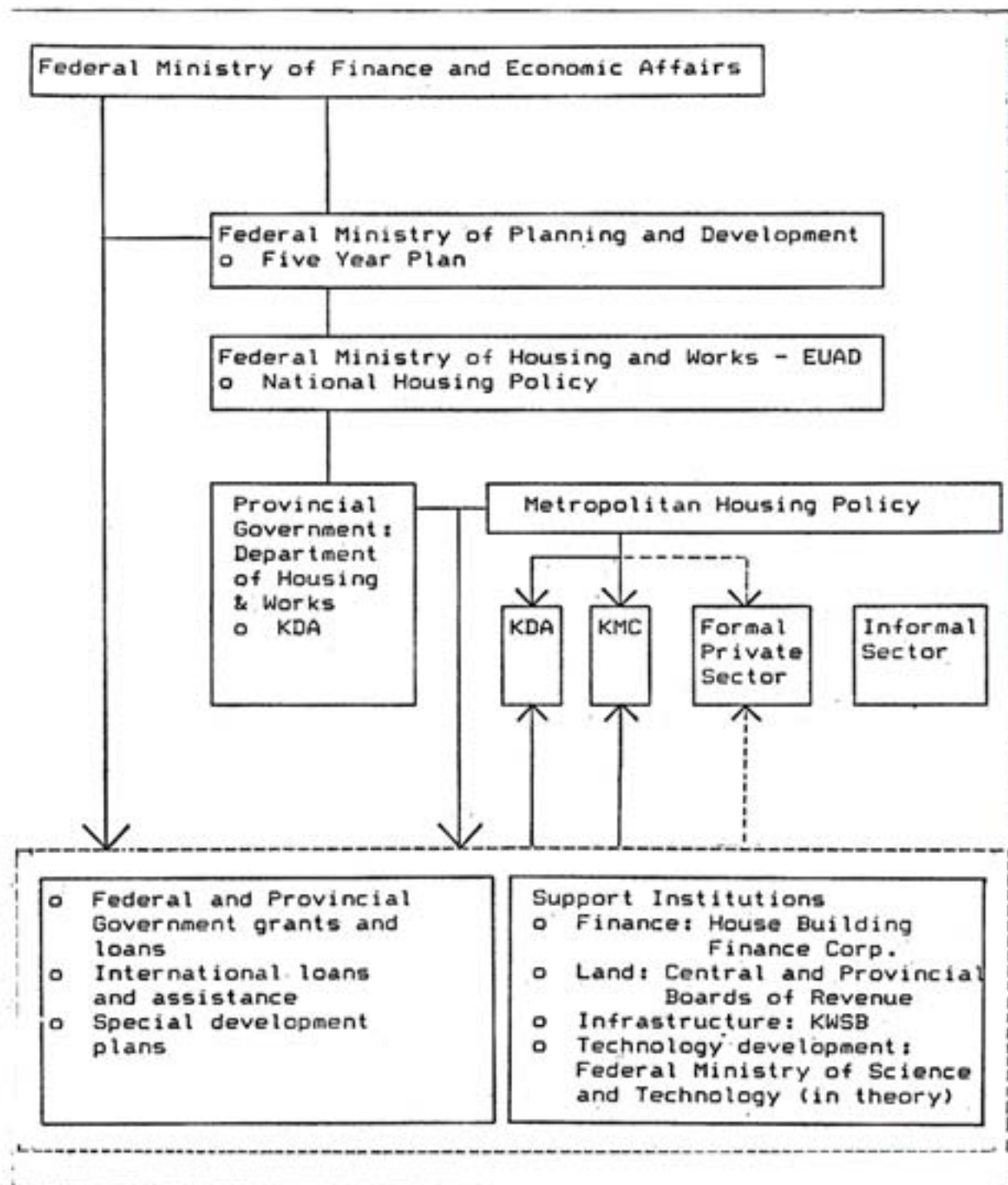
o planned areas : 88 percent own their homes

o katchi abadis : 87 percent own their homes

- Short-term targets : none have been set but the KDP 2000 does propose to undertake a study for a Rental Housing Programme. Its scale and operational structure will be determined by the results of the study.
- Long-term targets : non have been set.
- v) Slum and squatter housing ratio
- Current situation : 40 percent of all households live in katchi abadis
- Short-term targets (year 2000): none have been set but it is estimated that the squatter population will be about 70 percent if the present trend continues. If KDA incremental development schemes for low-income groups are successful in serving the target groups then it can be contained to 46 percent. In addition, if the katchi abadi regularisation programme meets its targets it can be further reduced to 21 percent (20). There are no targets for the slum areas.
- Long-term targets: none

8. METROPOLITAN HOUSING PLAN/PROGRAMME

8.1 Plan Formulation Process and Major Actors



8.2 Major Components of Supply and Improvement

The major emphasis of the current metropolitan housing programme which has been recently formulated, is on:

- i) Occupation of vacant developed land in the metropolitan region. This land consists of over 382,000 plots which can house a population of upto 2.7 million. Incentives for occupying these plots will be provided through availability of mortgage financing for building purposes and a heavy non-utilisation charge on vacant land.
- ii) Development of incremental housing schemes for low-income groups in areas where services can be easily extended, and in locations where access to job markets is available. Services in these schemes will be provided according to the paying capacity of the communities.
- iii) Making the Katchi Abadi Improvement and Regularisation Programme more effective by promoting community participation, larger funding, international technical and financial assistance and NGO support.
- iv) Developing a rental housing programme for both middle and low-income groups.
- v) Developing a more effective role for the private sector and NGOs in the development of housing by providing them with technical and financial assistance.
- vi) Looking into and promoting the privatization of services, especially solid waste management.
- vii) Pricing land developed by the KDA in the future at market values as far as possible.

These policies are a major departure from the policies of the previous two decades whose emphasis was on:

- i) Promoting the development of fully serviced site and services projects for sale on the open market through a computer ballot. The small plots carried a cross subsidy through higher pricing of larger plots and thus their price was well below the market price. However, they still remained unaffordable to low-income groups. Larger plots were also valued at lower than market prices. The result has been massive land speculation.
- ii) Facilitating the construction of high-rise housing through land allocations at concessional prices to private developers. The HBFC also gave loans to such construction on a priority basis.

iii) The Katchi Abadi Improvement and Regularisation Programme was operative in the last decade but the emphasis on community involvement and NGO support for the programme was missing.

The change in policy directions therefore reflects the lessons the state has learnt through its past failures and successes. These lessons are:

i) Housing strategies for low-income groups have to be compatible with their economics and sociology.

ii) Given the technical, managerial and financial constraints of the state, support and involvement of NGOs and communities is necessary.

iii) Land pricing has to be realistic to prevent massive speculation, and new legal instruments are required to deal with it including mechanisms of negative and positive controls.

iv) A plan is as good as the organisation that implements it. Thus only that which a more effective KDA can manage should be promoted.

8.3 Metropolitan Housing Budget

The metropolitan housing budget is about Rs 4,126 million (US\$ 187.55 million). The total metropolitan budget is about Rs 986.6 million (US\$ 44.85 million). That means the metropolitan housing budget is 23.92 percent of the total metropolitan budget. Details are given below (21).

KDA	1989-90	Rs 1,728,075,000 US\$ 78,548,863	Rs 917,617,000 US\$ 41,709,863	plot development, re-development and built units
KMC	1989-90	Rs 2,398,100,100 US\$ 109,000,000	Rs 68,940,000 US\$ 3,133,636	Katchi Abadi Improvement and Development Programme
TOTAL		Rs 4,126,175,000 US\$ 187,553,000	Rs 986,557,000 US\$ 44,843,500	

The above figures do not include the house building loans given by the federal HBFC to individuals for house construction. During 1986-87 the HBFC disbursed 11,705 loans (22) totalling Rs 655.386 million (US\$ 29.9 million) for the Karachi region.

Under the Seventh Five Year Plan (1988-93) the projected government allocation for housing is Rs 32.8 billion (US\$ 1.5 billion) which works out to Rs 6.56 billion (US\$ 0.3 billion) per year. Thus the metropolitan housing budget is about 15 percent of the projected government allocation for housing.



D. AFFORDABILITY AND HOUSING NEEDS

9. AFFORDABLE HOUSING COSTS AND TENURE ARRANGEMENTS

9.1 Range of Affordability by Income Group

Income Group by Income Quintile	Mean Monthly Income US\$	Purchase			Rental		
		Price US\$	% to Income	Down Payment	Rent US\$	% to Income	Down Payment
01-20 (LLIG)	43.18	859	19.7	8.5	13.2	30.6	79.2
21-40 (LIG)	70.50	1154	16.3	11.54	17.2	24.4	103.2
41-60 (HMLG)	100.77	1722	17.1	17.22	19.5	19.4	117
61-80 (LMIG)	116.36	2560	16.9	25.68	21.5	14.3	129
81-100 (HIG)	291.09	6404	20.3	64.04	41.6	13.2	247.2

Source: Worked out from

Karachi Land and Housing Study: KDA-MPD/Dr. D. Dowall, 1989

There are no special tenure arrangements for housing in Karachi apart from a lease as per existing government laws. However, in the informal sector, land belonging to the state is sold by land grabbers in the open market and a slip of purchase is issued. The "possession" of this land can be resold by the owner before or after he has built on it. Selling this "possession" before is seldom possible because of the controls exercised on selling vacant land at a premium by the informal developers.

10. AFFORDABLE HOUSING TYPES

10.1 Description of Affordable House Types

The houses described in the following pages are available for purchase and rent. For LLIG houses have been chosen in informal settlements while for the LIG they have been chosen both in formal and informal settlements. This is because the LLIG and most LIG members can only afford housing outside the formal market.



AFFORDABLE HOUSING TYPE (for Purchase): LLIG - Case 1 (No. P1)

i) House Type:

Shack in a katchi abadi not marked for regularisation.
Number of floors : 1
Age of house : 6 years

ii) Structure:

Temporary shack
Walls: discarded timber planks, sacking and mats
Roof : mats
Floor: compacted earth

iii) Space:

One room 16.5 M2
This room is used for all purposes.
There is no toilet to the house.

iv) Amenities:

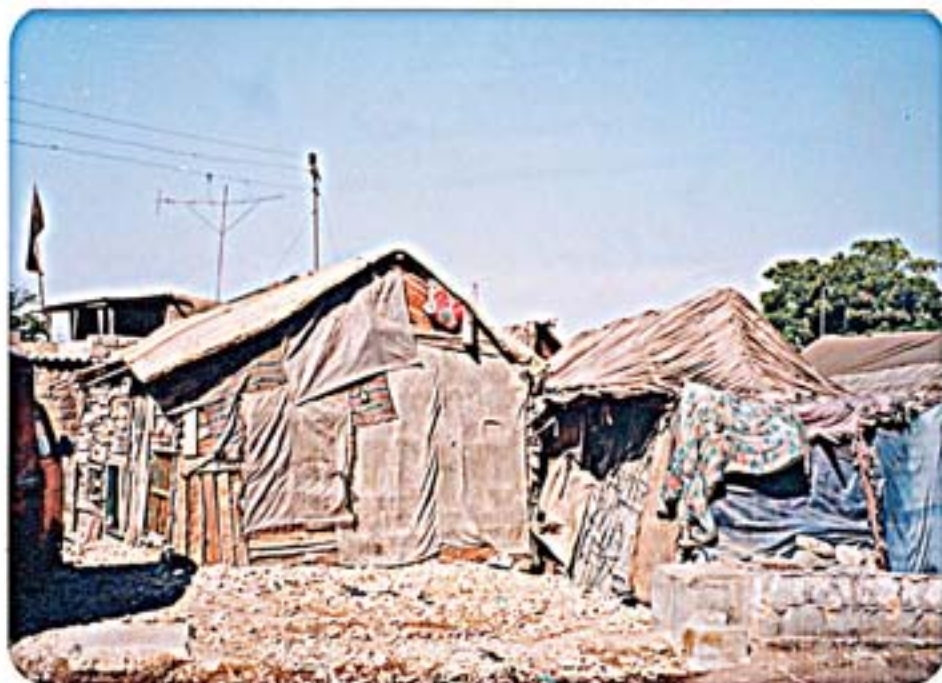
Toilet is shared by about 10 families and has piped water and sewerage. This water is used for cooking purposes in the room.
Electricity: available informally from neighbours on payment.
Transportation: within walking distance.
Garbage collection: KMC system does not operate in the settlement

v) Cost and Chances of Securing House:

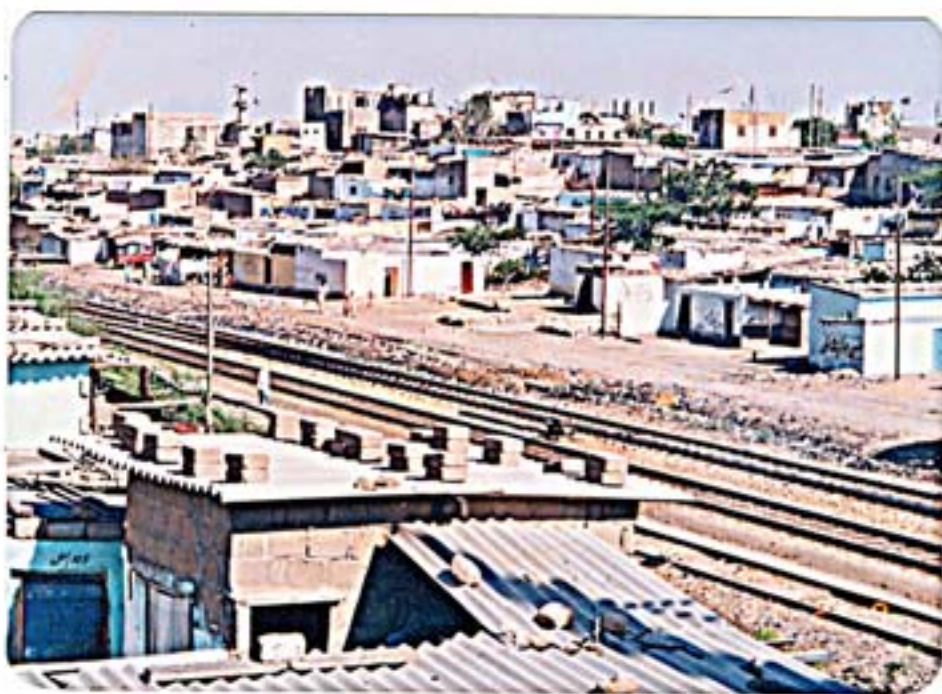
The house can be purchased on a down payment of Rs 4,000.
Electricity charges for the use of a 60 watt bulb are Rs 60 per month and have to be paid to a neighbour if this service is to be utilized.
There are no user charges to paid or any other services.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in the informal extension of an old village, Chanesar Goth, which has become a part of the Karachi urban sprawl. The informal extension to the village consists of about 250 huts almost all of them semi-permanent in nature. Most of the houses in the village and neighbouring settlements are also of a semi-permanent nature.



P1 - the house



P1 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): LLIG - Case 2 (No. P2)

i) House Type:

Detached house in a katchi abadi marked for regularisation.

Number of floors : 1

Age of house : the owners have lived here for the last 18 years.

The present structure replaced a temporary hut 6 years ago.

ii) Structure:

Semi-permanent house

Walls: concrete block masonry.

Roof : corrugated iron sheeting on timber supports.

Floor: cement concrete.

iii) Space:

Plot size : 46.5 M2

Accommodation: 1 room of 16 M2, toilet 1.12 M2, bathroom 1.5 M2

iv) Amenities:

Water: municipal standposts in the street for the neighbourhood

Sewerage: KMC sewerage line

Electricity: legal connection

Garbage collection: KMC system does not operate in the settlement

Transportation: within easy walking distance

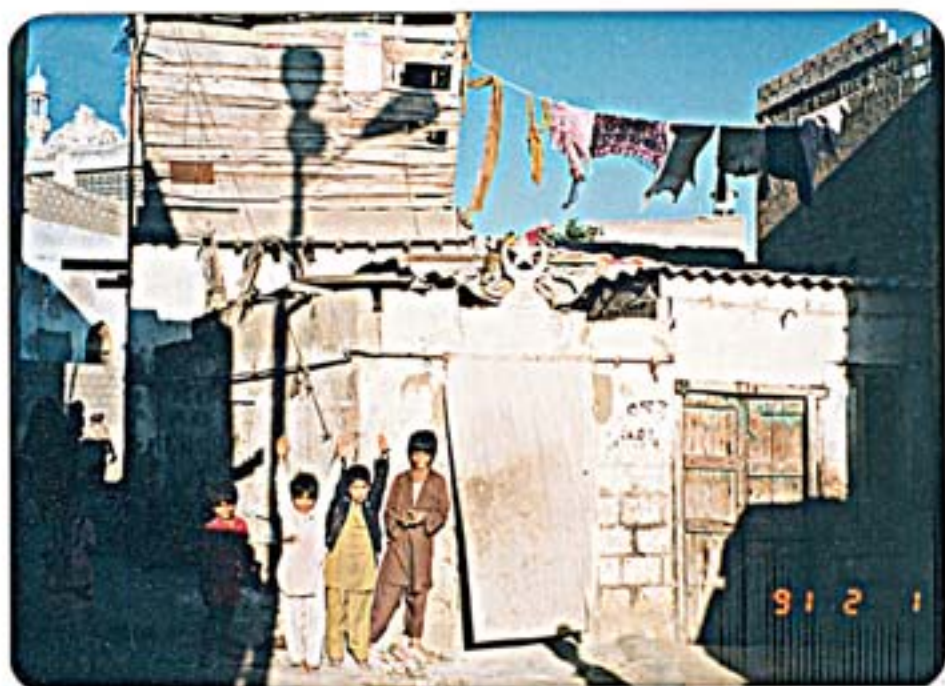
v) Cost and Chances of Securing House:

House can be purchased for Rs 40,000. Rs 20,000 is the required down payment and the rest can be paid in negotiated instalments, within a year.

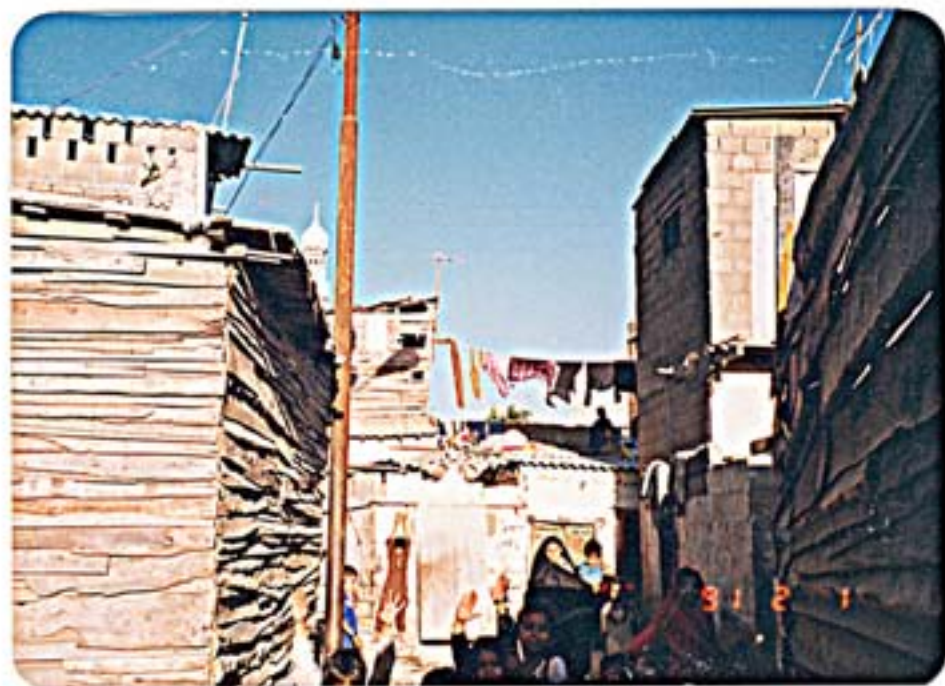
User charges for electricity have to be paid to the KESC.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in the Rangi Wara of Lyari quarter, one of the oldest inner city katchi abadis. Although the settlement is marked for regularisation, this house has so far not acquired a lease. The density of the area is increasing and permanent and semi-permanent structures are replacing temporary shacks.



P2 - the house and its surroundings



P2 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): LIG - Case 1 (No. P3)

i) House Type:

Semi-detached house in a katchi abadi marked for regularisation.
Number of floors : 1
Age of house : 10 years

ii) Structure:

Semi-permanent
Walls: concrete block masonry.
Roof : corrugated iron sheets
Floor: cement concrete.

iii) Space:

Plot size : 65 M2
Accommodation: 1 room of 18 M2, toilet 1.15 M2, bathroom 1.5 M2,
Kitchen 2.2 M2

iv) Amenities:

Water: piped water house connection
Sewerage: Soakpit for excreta disposal. The area is served by open drains for waste water but most residents connect their sewerage to the system as well.
Electricity: legal KESC connection
Garbage collection: there is a KMC collection point in the neighbourhood.
Transportation: the area is near SITE, Karachi's main industrial area and job market.

v) Cost and Chances of Securing House:

House is available on a down payment of Rs 50,000. It can also be acquired for Rs 60,000 against 6 bi-monthly payments of Rs 10,000 each.

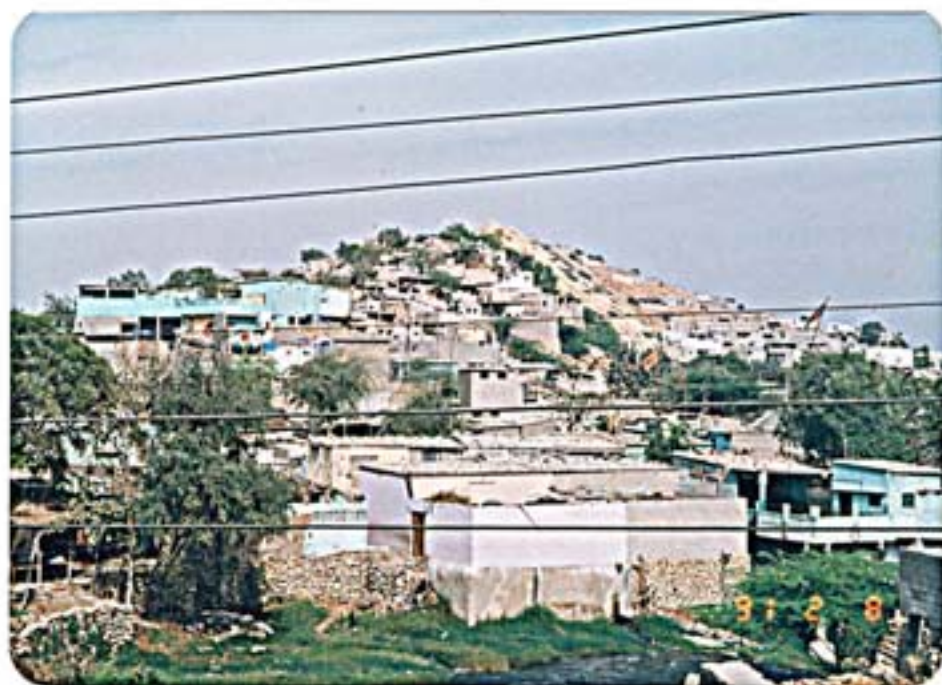
User charges for electricity to the KESC and Rs 144 per year for water to the KMC have to be paid.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in the Pathan Colony, a katchi abadis in West Karachi marked for regularisation. However, the regularisation process has not begun. Most of the houses in the area are of a semi-permanent nature and have water and electricity connection.



P3 - the house and its surroundings



P3 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): LIG - Case 2 (No. P4)

i) House Type:

Row house in a formal developer built settlement

Number of floors : 1

Age of house : 2 years

ii) Structure:

Permanent

Walls: concrete block masonry.

Roof : pre-cast concrete battens and tiles

Floor: cement concrete.

iii) Space:

Plot size : 70 M2

Accommodation: 2 rooms of about 9 M2 each, toilet 1.34 M2, bath-room 1.34 M2, Kitchen 3.75 M2, lounge 6.12 M2

iv) Amenities:

Water, sewerage and electricity are legally available.

Transportation to the city is insufficient and erratic.

Garbage collection: KMC system functions erratically.

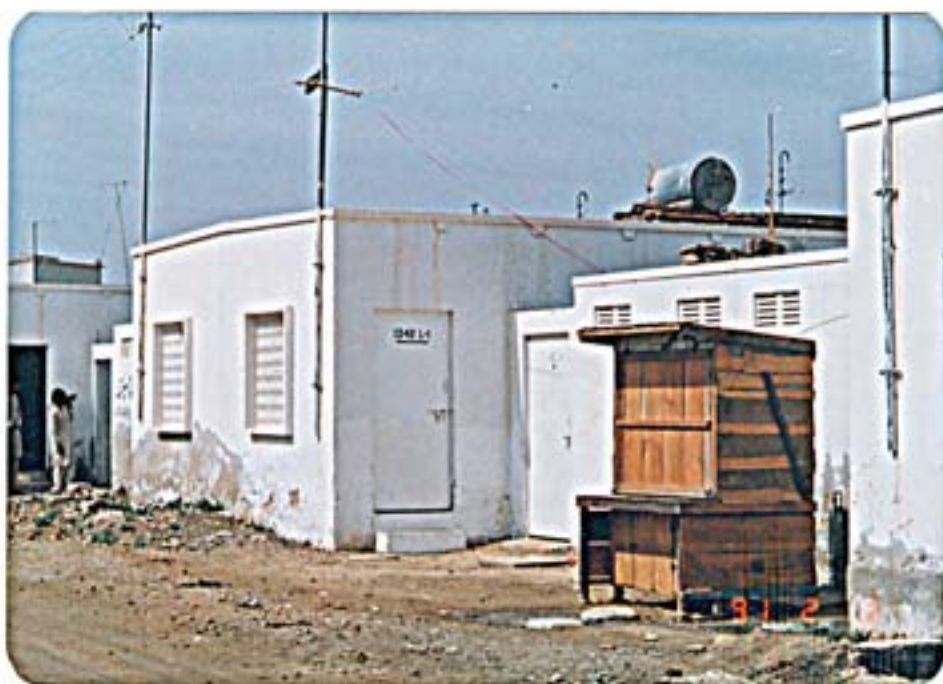
v) Cost and Chances of Securing House:

Market price of house is Rs 80,000. The cost carries with it an HBFC loan of Rs 31,000 which can be transferred to the purchaser. Owners give possession only on complete payment.

User charges for water and electricity have to be paid to the KMC and KESC respectively and property tax to the provincial government.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in Surjani Town, a low-income formal sector development in North Karachi about 18 kilometres from the city centre and a considerable distance from most job markets of the city. The township is planned for 44,758 housing units of which about 20,000 have been built and not more than 250 occupied. Commercial activity and social sector facilities have still to be developed.



P4 - the house and its surroundings



P4 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): MIG - Case 1 (No. P5)

i) House Type:

Owner built row house in a KDA redevelopment project in the city centre
Number of floors : 2
Age of house : 9 months

ii) Structure:

Permanent
Walls: concrete block masonry.
Roof : reinforced concrete
Floor: terrazzo finish

iii) Space:

Plot size : 37.5 M2
Accommodation: 3 rooms, kitchen, toilet, bathroom, staircase
covered area 56.43 M2

iv) Amenities:

Water, sewerage, electricity, garbage collection and gas available.
Transportation: available within walking distance.

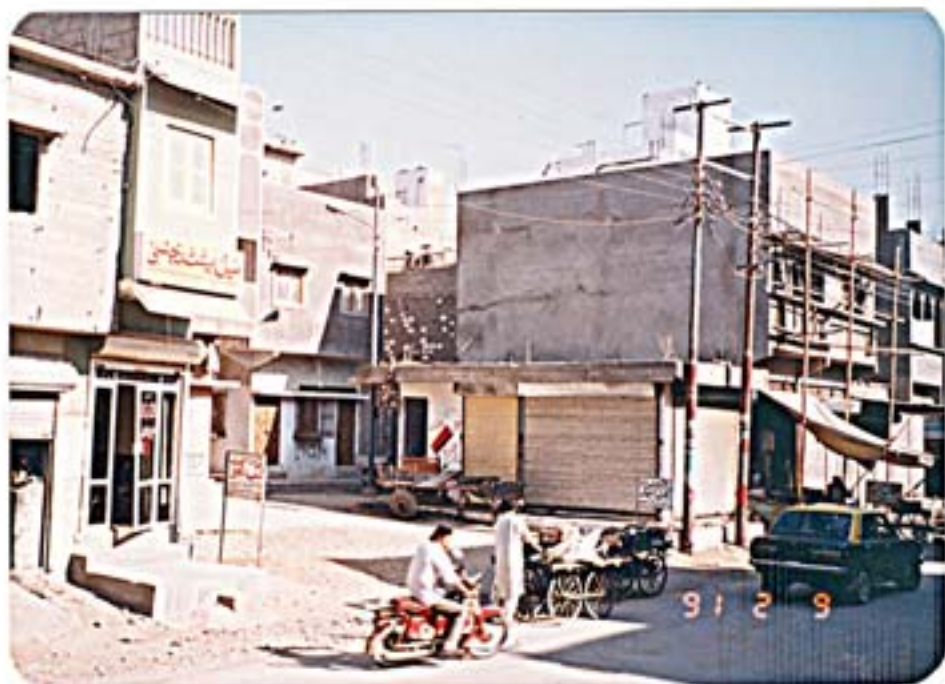
v) Cost and Chances of Securing House:

The price of the house is Rs 275,000. A down payment of Rs 150,000 and the balance within 2 months.

User charges for gas, electricity and water are to be paid to KGC, KESC, KWSB respectively along with property tax to the provincial government.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in Lines Area, a major redevelopment project of the KDA planned for 12,000 housing units on 37.5 M2 plots. Lines Area is in the heart of the city and is surrounded by high-rise commercial and residential buildings. Initially it was meant to rehouse the squatters living in Lines Area but now it has developed as a major MIG settlement.



P5 - the house and its surroundings



P5 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): MIG - Case 2 (No. P6)

i) House Type:

Flat

Number of floors in building: 5

Age of flats : 5 years

ii) Structure:

Permanent

Walls: precast concrete block

Roofs and floor structure: reinforced concrete

Floor finish: terrazzo

iii) Space:

Accommodation: 3 bedrooms, drawing room, living room, 3 bathrooms, 1 kitchen

Floor area: 119.5 M²

iv) Amenities:

Water, sewerage, electricity, garbage collection, gas, telephone and public transport within walking distance.

v) Cost and Chances of Securing Flat:

Flat can be purchased at a price of Rs 600,000. 50 percent will be paid on signing the sale agreement and the rest within 3 months.

User charges for the amenities will have to be paid and property tax to the provincial government.

vi) Nature of Settlement/Surrounding and Photographs:

Flats are located near the city centre in the Soldier Bazaar area. The ground floor consists of shops. There are about 40 flats in the building. There is no open space in the complex. Cars are parked on the road and the children play in the streets.



P6 - the apartment building



P6 - the road on which it is located

AFFORDABLE HOUSING TYPE (for Rental): LLIG - Case 1 (No. R1)

i) House Type:

Shack in a katchi abadi not marked for regularisation

Number of floors : 1

Age of house : 4 years

ii) Structure:

Temporary shack

Walls: timber planks

Roof : thatch

Floor: compacted earth

iii) Space:

Accommodation: 1 room 13.2 M²

Bathroom, toilet and a small cul-de-sac is shared with 6 other families

iv) Amenities:

Water: available through a community tap.

Sewerage: flows through open drains to a natural gully.

Electricity: informally acquired from a neighbour.

Gas: not available in the settlement.

Transportation: within walking distance.

Garbage collection: KMC system does not operate in the settlement

v) Cost and Chances of Securing House:

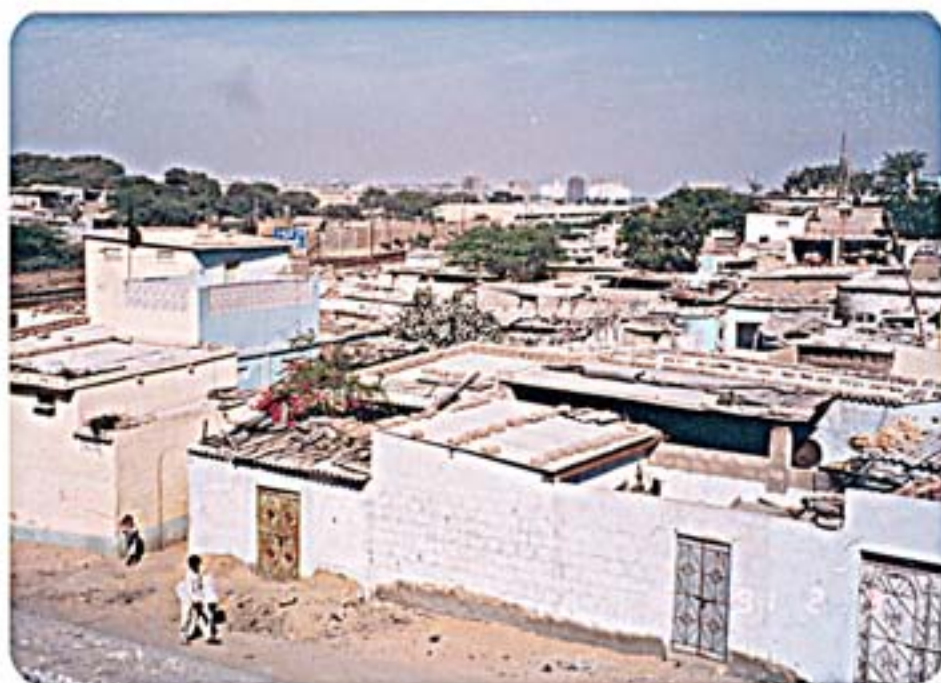
Rent is Rs 50 per month payable in advance. There are no other terms. The verbal contract can be terminated whenever the owner wishes. The tenant will have to pay electricity charges of Rs 40 per month for a 60 watt bulb if he wishes to keep the connection.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in the informal extension to an old village, Chanesar Goth, which has become a part of the urban sprawl. The informal extension to the village consists of about 250 huts most of them semi-permanent in nature. Most of the houses in the village and neighbouring settlements are also of a semi-permanent nature.



R1 - the house



R1 - the settlement

AFFORDABLE HOUSING TYPE (for Rental): LLIG - Case 2 (No. R2)

i) House Type:

House in a cluster in a katchi abadi marked for regularisation

Number of floors : 1

Age of house : 5 years

ii) Structure:

Semi-permanent

Walls: concrete block masonry

Roof : corrugated iron sheets

Floor: cement concrete (unfinished)

iii) Space:

Accommodation: 1 room 14 M2, small court 3.5 M2 which is used for bathing.

Toilet is in the lane and is shared by 6 families.

iv) Amenities:

Water: acquired through a community standpost and is shared by 20 families.

Electricity: acquired informally from a neighbour. The tenant will have to pay electricity charges of Rs 60 per month for a 60 watt bulb if he wishes to keep the connection.

Sewerage: taken care of by a soakpit and waste water by an open drain.

Transportation is within walking distance.

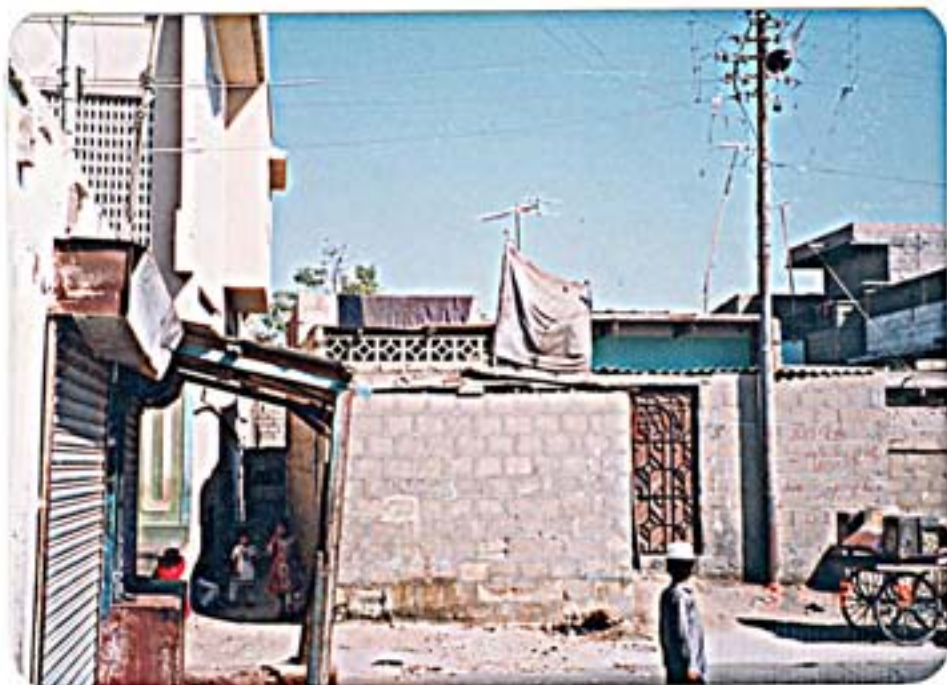
Garbage system: KMC system does not operate in the settlement.

v) Cost and Chances of Securing House:

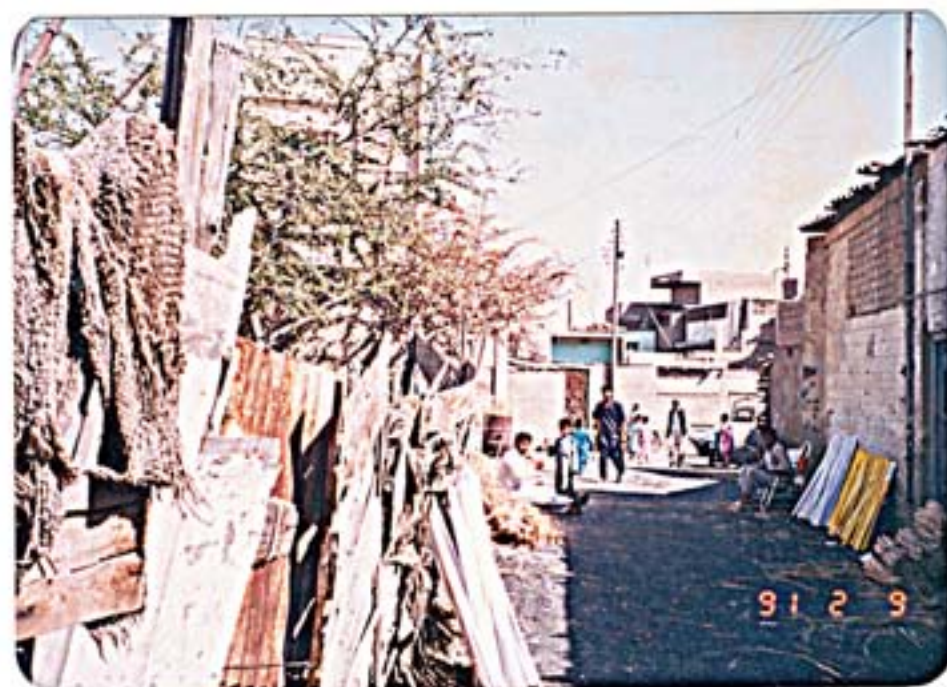
House can be rented for Rs 100 per month payable in advance. The verbal contract can be terminated whenever the owner or the renter wish.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in the Rangi Wara of Lyari quarter, one of the oldest inner city katchi abadis. Although the settlement is marked for regularisation, this house has so far not acquired a lease. The density of the area is increasing and permanent and semi-permanent structures are replacing temporary shacks.



R2 - the house and its surroundings



R2 - the settlement

AFFORDABLE HOUSING TYPE (for Rental): LIG - Case 1 (No. R3)

i) House Type:

Semi-detached house in a katchi abadi marked for regularisation
Number of floors : 1
Age of house : 8 years

ii) Structure:

Semi-permanent
Walls: concrete block masonry
Roof : corrugated iron sheets
Floor: cement concrete

iii) Space:

Plot size : 60 M2
Accommodation: 1 room 16.2 M2, kitchen 2.5 M2, bath 1.2 M2,
toilet 1.2 M2 and courtyard.

iv) Amenities:

Water : piped water house connection.
Electricity: legal KESC connection.
Sewerage: septic tank and open drain for waste water.
Transportation: easily available.
Garbage collection: KMC system does not operate in this part of
the settlement.

v) Cost and Chances of Securing House:

Rent is Rs 300 per month payable in advance. The contract is
verbal and can be terminated by either party through a months
notice.

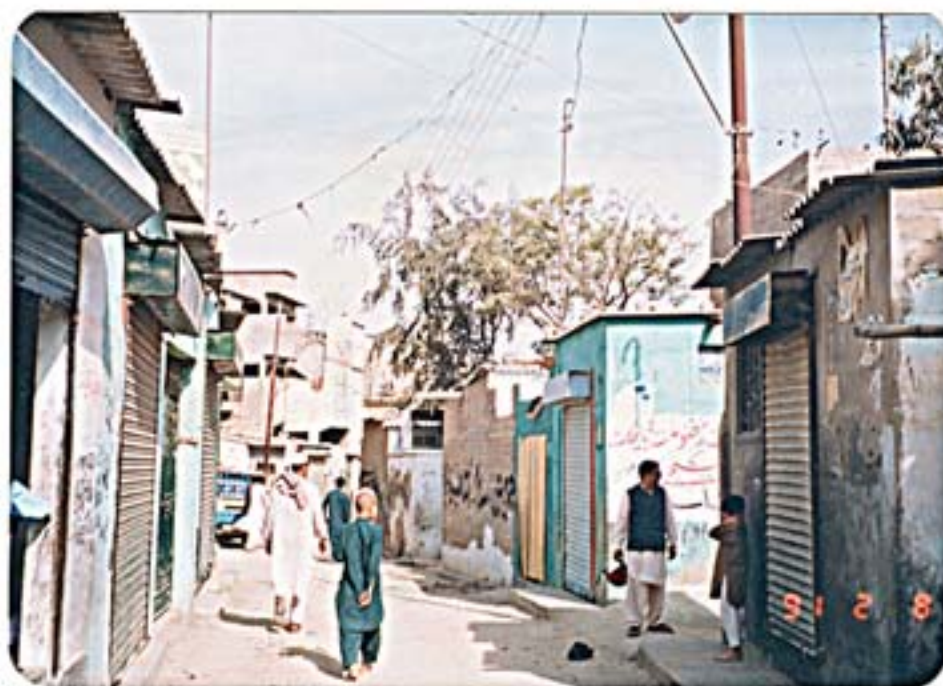
User charges for water at Rs 144 per year to the KWSB and
electricity charges to the KESC will have to be paid by the
tenant.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in Pathan Colony, a katchi abadi in West
Karachi marked for regularisation but where the regularisation
process has not begun. Most of the houses in the area are of a
semi-permanent nature and have water and electricity connections.
This area is served by open drains for waste water but most
residents connect their sewerage to the system as well. The area
is near the SITE industrial area, the major job market of the
city.



R3 - the house and its surroundings



R3 - the settlement

AFFORDABLE HOUSING TYPE (for Rental): LIG - Case 2 (No. R4)

i) House Type:

Row house in a formal developer built settlement

Number of floors : 1

Age of house : 2 years

ii) Structure:

Permanent

Walls: concrete block masonry.

Roof : pre-cast concrete battens and tiles

Floor: cement concrete.

iii) Space:

Plot size : 70 M2

Accommodation: 2 rooms of about 9 M2 each, toilet 1.34 M2, bath-room 1.34 M2, Kitchen 3.75 M2, lounge 6.12 M2

iv) Amenities:

Water, sewerage and electricity are available.

Transportation to the city is insufficient and erratic.

Garbage collection: KMC system functions erratically.

v) Cost and Chances of Securing House:

The rent is Rs 400 per month with an advance payment of Rs 2,400 and a security deposit of an addition Rs 2,400. Estate agent's charges are Rs 400.

A proper written contract will have to be entered into and a notice period of 3 months for termination of contract is required. The tenant will have to pay all user charges except property tax.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in Surjani Town, a low-income formal sector development in North Karachi about 18 kilometres from the city centre and a considerable distance from most job markets of the city. The township is planned for 44,758 housing units of which about 20,000 have been built and not more than 250 occupied. Commercial activity and social sector facilities have still to be developed.



R4 - the house and its surroundings



R4 - the settlement

AFFORDABLE HOUSING TYPE (for Rental): MIG - Case 1 (No. R5)

i) House Type:

Owner built row house in a KDA redevelopment project in the city centre

Number of floors : 2

Age of house : 2 years

ii) Structure:

Permanent

Walls: concrete block masonry.

Roof : reinforced concrete

Floor: terrazzo finish

iii) Space:

Plot size : 37.5 M2

Accommodation: 2 rooms, kitchen, toilet, bathroom, staircase
covered area 55 M2

iv) Amenities:

Water, sewerage, electricity, garbage collection and gas are available.

Transportation: available within walking distance.

v) Cost and Chances of Securing House:

The rent is Rs 750 per month with an advance payment for 6 months of Rs 9,000. The minimum contract period is of 11 months, after which the contract can be terminated by a 3 months notice by either side.

User charges for gas, electricity and water are to be paid to KGC, KESC, KWSB respectively by the tenant.

vi) Nature of Settlement/Surrounding and Photographs:

The house is located in Lines Area, a major redevelopment project of the KDA planned for 12,000 housing units on 37.5 M2 plots. Lines Area is in the heart of the city and is surrounded by high-rise commercial and residential buildings. Initially it was meant to rehouse the squatters living in Lines Area but now it has developed as a major MIG settlement.



R5 - the house and its surroundings



R5 - the settlement

AFFORDABLE HOUSING TYPE (for Purchase): MIG - Case 2 (No. R6)

i) House Type:

Flat
Number of floors : 5
Age of flats : 10 years

ii) Structure:

Permanent
Walls: precast concrete block masonry.
Roofs and floors: reinforced concrete
Floor: terrazzo finish

iii) Space:

Accommodation: 3 bedrooms, living room, 3 bathrooms, kitchen
Floor area: 122.6 M²

iv) Amenities:

Water, sewerage, electricity, garbage collection, gas and phone
Transportation: easily available

v) Cost and Chances of Securing House:

The flat can be had for a monthly rent of Rs 2,500. The tenant will have to pay a 6 months advance and an additional 6 months rent as security. The estate agent will charge a months rent for his services.

The tenant will have to pay the actual user for the amenities.

vi) Nature of Settlement/Surrounding and Photographs:

The Cosy Homes Complex is located near the Civic Centre in the Gulshan-i-Iqbal area of Karachi. This is a HMIG area. The Complex is purely residential, has car parking for the residents and ample open space for children to play in.

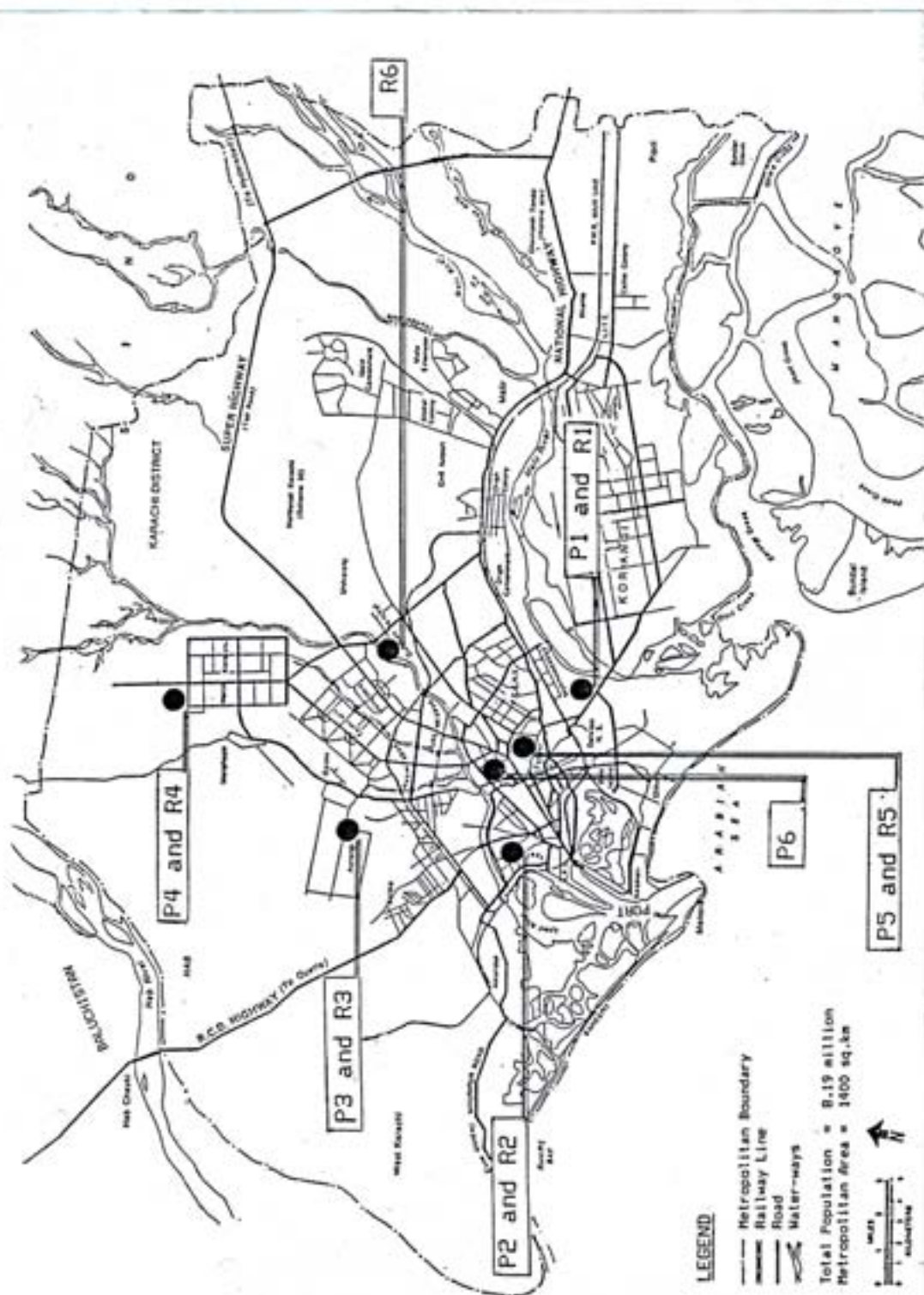


R6 - the apartment building



R6 - the surrounding area

10.2 Location of Affordable House Types



11. PROCESS OF SECURING A HOUSE: PURCHASE AND RENTAL

11.1 Process of Purchasing a House

(a) Sources of information:

The MIG in Karachi relies mostly on estate agents and newspapers for identifying a house for purchase. However, information from friends and relative is not uncommon. An estate agent is often used even after a house has been identified through other sources so that he may prepare the legal documents and get the necessary procedures for mutation and transfers completed. His fee for this work is much less than that of a lawyer.

The LIG normally does not rely on newspapers and estate agents for identifying a house for purchase. This is because newspapers do not carry advertisements for houses for sale in low-income settlements and the LIG cannot easily afford to pay the charges of estate agents. Low-income groups therefore invariably rely on information from friends, neighbours and relatives who put them in touch with middlemen or owners who wish to sell their houses. However, with the regularisation of katchi abadis legal formalities have to be fulfilled for transfers and registration of sale deeds. Due to this the estate agent is becoming an important actor in the purchase and sale drama for regularised katchi abadi residential housing.

The LLIG invariably lives in informal settlements and relies entirely on friends, relatives and neighbours for information. In addition, the chai khana, or tea house, in most informal settlements is not only a major source of information but also of arrangements regarding purchase and sale of real estate and of informal money lending. The chai khana owner often acts as the arbitrator and guarantor in real estate disputes and helps in settlement of prices.

The MIG, in spite of access to printed information and through estate agents has a bigger problem in locating and settling terms for the purchase of a house than the LIG or LLIG. This is because of a larger range of choice in locations and house types, less definite prices and a complex system of mutation, registration of sale and fees, both formal and informal, related to them.

(b) Securing of finance:

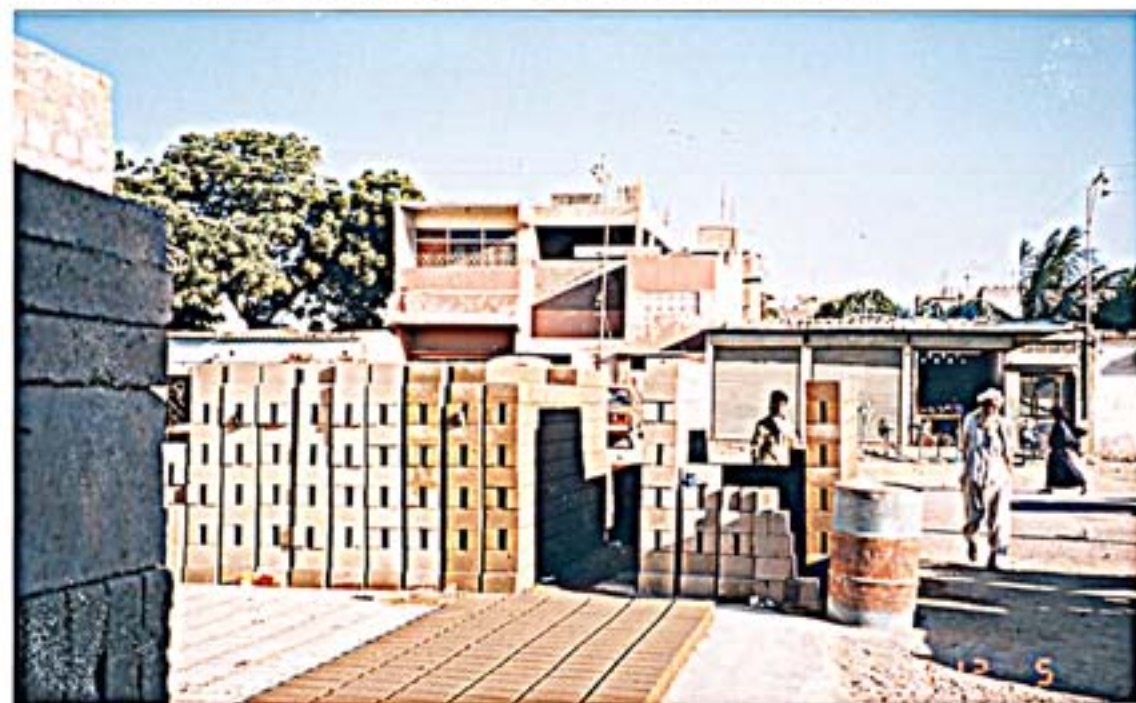
The MIG generally finances the purchase of a house through savings (these are usually in the form of government bonds); sale of other property; loans from employers; and in about 3 percent cases from the HBFC (23). Payment against the loans are made through saving by taking austerity measures or seeking supplementary sources of income.

Usually 50 percent of the sale price is paid on the execution of a sale deed against which possession is given to the purchaser. The balance 50 percent is paid within six months after which mutation and registration in the new owners' name takes place.

The LIG finances the purchase of a house mainly through loans from friends and relatives; savings, usually in the form of cash; neighbourhood bisi committees (lotteries); in a small percentage of cases (2 percent) through loans from money-lenders (24); and through selling the jewellery of the women of the household. Payment against the loans is made by adopting austerity measures, developing supplementary incomes, or selling whatever valuables are left with the family if enough finance for repayment is not generated.

Normally 50 percent of the sale price is paid at the time of agreement and the rest in equal monthly and/or bi-monthly instalments. Important community members and/or mutual friends stand guarantee that the instalments will be paid.

The LLIG seldom purchases a house. It buys land and builds one. Its source of finance is invariably loans from friends, relatives and employers. These loans are repaid by extra hours of work by all working members of the family or getting young children to work as well. In the case of the LLIG the possession of the house is handed over to the purchaser against a single full payment. If however, the seller is a powerful man with muscle power at his disposal, payment can also be made in instalments over a one year period.



Purchasing Houses

Finance Source		Name/Nature of Financing System	LLIG (%)	LIG (%)	MIG (%)
Financing Source (& share)	Saving	Govt. bonds/cash	10	20	20
	Public Loans	HBFC			20
	Private Loans	Commercial banks		-	10
	Lotteries				15
	Employer			-	20
	Family/Friends		90	50	10
	Others	Sale of valuables		15	20
Total (100%)			100%	100%	100%

11.2 Process of Renting a House

(a) Sources of information:

As for house purchase, the MIG relies mostly on estate agents, newspapers and friends and relatives (in that order) for information regarding houses available for rent. Estate agents normally get involved because they can draw up tenancy contracts and sort out differences regarding terms of contract between the tenant and owner.

The LIG invariably gets information from neighbours, friends and relatives. However, estate agents are playing an increasing role in the tenant market, especially in the katchi abadis that have been or are in the process of being regularised.

The LLIG seldom rents a house. However, when it does, its information source is friends, relatives and the local chai khana or dadas (muscle man) of the area.

Again, as in the case of purchasing a house, the MIG has to go through a greater hassle and effort than the LIG and LLIG to identify the house and to complete the formalities of renting it.

(b) The Process of Securing Finance:

The MIG generates finance for renting a house from its own savings, from borrowing from employers, friends and relatives, or by selling the valuables of the house. Normally the MIG has to pay a 6 month advance; a security deposit equal to 6 months rent; and if an estate agent is involved, an equal of one month's rent to him as his fees. The security deposit is returned at the end of the tenancy. The tenancy agreement is usually for a year and is renewable through mutual agreement.

The LIG generates finance for renting from its own savings or from friends and relatives. Normally one months advance is paid to the owner and the agreement can be terminated by mutual understanding through a months notice. Neighbours, community leaders or mutual friends are arbitrators in any dispute between the owner and the tenant. However, in the regularised areas, practises similar to one ones practised in MIG areas are surfacing fast.

Most rentals for the LLIG are owned by the toughs and musclemen of the area. A months advance is taken from the tenant. If he fails to pay the rent regularly he is often forced to pay in kind.



Purchasing Houses

Finance Source		Name/Nature of Financing System	LLIG (%)	LIG (%)	MIG (%)
Financing Source (& share)	Saving		90	70	60
	Public Loans				
	Private Loans				
	Informal Loans				
	Employer			-	20
	Family/Friends		10	30	20
	Others				
Total	(100%)		100%	100%	100%

12. CONSUMER SUPPORT SYSTEMS: PURCHASE AND RENTAL12.1 Consumer Support for House Purchase/Improvement

(a) Financial Support Systems:

Financial support systems for the MIG are from the HBFC, commercial banks and private developers. For the LIG and LLIG they are from small contractors or thallawalas, neighbourhood bisi committees and money-lenders.

i) The HBFC: The HBFC is the only state agency that gives long-term house building credit at comparatively low interest rates. Loans are not given for the purchase of plots but for construction of a house and additions to it, to individuals and for housing projects to housing cooperatives and government development authorities. The land and subsequent construction on it is used as a collateral for the loan.

The loan varies between Rs 60,000 and Rs 200,000 and seldom exceeds 50 percent of the cost of the house. The loan is repayable in a 15 year period, and depending on the income group to which the borrower belongs, interest varies between 8.59 to 17.15 percent per year. The definition of income group is not based on income but on the locality where the house is to be built. The details of the HBFC system described above are given in the table below (25).

Income Group	Investment Amount	Instalment Principal + Rent	Insurance Premium	Instalments	Implicit Interest Rate
Lower-income group	60,000	594	25	619	8.59
	100,000	1,060	43	1,103	9.76
	150,000	1,643	65	1,708	10.34
	200,000	2,337	88	2,425	11.50
Lower-middle-income group	60,000	604	25	629	8.87
	100,000	1,132	44	1,176	10.93
	150,000	1,808	68	1,876	12.08
	200,000	2,560	92	2,652	13.22
Middle-income group	60,000	657	26	683	10.33
	100,000	1,205	45	1,250	12.08
	150,000	1,920	69	1,989	13.22
	200,000	2,789	95	2,884	14.93
Upper-income group	60,000	883	30	913	16.04
	100,000	1,511	50	1,561	16.60
	150,000	2,325	75	2,400	17.15

The HBFC does not manage to serve the low-income groups. First, because low-income groups seldom possess a lease on the land on which they live and as such are illegible for a loan. Second, the process of acquiring a loan requires lobbying with government agencies, getting building plans prepared and approved by the local government, and the preparation of considerable legal material. The lower-income groups find it difficult and expensive to fulfil these formalities. Third, the LI6 and the LLIG require very small loans for house improvements and a minimum loan of Rs 20,000 ends up as a burden on

them.

A very small percentage of the MIG is served by the HBFC. This can be judged by the fact that less than 20 percent of the average annual increase in formal housing in Karachi involves an HBFC loan. Formal housing is almost all for higher and middle-income groups.

ii) Commercial banks: Commercial banks also provide short-term loans for housing but only to upper-middle-income groups at high rates of interest, about 18 percent per year. These loans range between Rs 150,000 to Rs 300,000.

iii) Private developers: Private developers building middle-income housing often accept monthly deposits for five years and over, prior to the sale of the units they are building.

iv) Thallawala loans: Thallawalas are building component manufacturing yard owners and contractors. They are found in almost all low-income settlements. They give loans of building materials, both manufactured and raw, and sometimes cash credit as well. These are soft loans and seldom exceed Rs 5,000. They are repaid within 6 months to a year. Almost all houses in the initial stages of the development of a katchi abadi are built with loans from a thallawala.

v) Bisi committee: Neighbourhood groups of upto 12 people normally form a bisi committee and each individual contributes upto Rs 100 per month to the bisi. At the end of 6 months, or even a year, this accumulated money is given to one of the members through a lottery or as decided through concensus by the group. A large number of houses of the LIG have been built through bisi finance.

vi) Other systems: Government and many formal sector agencies have what is known as a provident fund for their employees. This consists of a monthly deduction from their salary which is invested in long-term security bonds which carry a high rate of interest. The provident fund is given to the employees on retirement or when he leaves his job. After a period of employment, usually 12 years, finance for house building can be made available from this fund.

(b) Legislative Support Systems:

i) Tenure security: Over 95 percent of all land in Karachi legally belongs to the state. Ownership of this land is given through a 99 year transferable lease to the original purchaser. In high-rise buildings, a 99 years sub-lease is issued to the purchaser which gives him a share in the land on which the building is constructed.

ii) **Building control:** Construction in Karachi can legally only take place in formally developed areas and has to be planned by KDA licenced architects, town planners and engineers. This planning has to follow the KDA's Karachi Building and Town Planning Regulations and has to be approved by the Building Control Department of the KDA. The regulations are a part of the Sindh Building Control Ordinance (SBCO) which governs all building activity in the province. During various stages of construction KDA inspectors are supposed to monitor construction to see that it is in conformity with the approved plans. Exemptions to the regulations are at the discretion of the Director General of the KDA and can be granted for innovative low-cost projects or for social uplift schemes.

However, buildings are seldom built as per the approved plans. This is especially true of houses in LIG and LLIG settlements. In addition, plans are often drawn up, only for purposes of approval, by estate agents and draftsmen who get professionals to sign them for a set fee. Building inspectors seldom visit the sites and if they do they can be persuaded to overlook the discrepancies in construction and violation of regulations.

iii) **Katchi Abadi Improvement and Regularisation Programme:** 40 percent of Karachi's population lives in katchi abadis which are illegal as far as the provisions of the SBCO are concerned. However, according to the provisions of the various ordinances enacted under the martial law government between 1978 and 1981, and as per the Katchi Abadi Act 1987, they can be regularised and upgraded. The physical upgrading standards are considerably lower than those of the SBCO and temporary and semi-permanent houses can be granted a lease.

(c) Other Support Systems:

i) **Land provision and development:** Land is developed by the KDA complete with services. It is acquired from the CBR or PBR at a reserved price, which is well below the market price. The sale of the developed plots take place through computer ballots for individual plots and through public auctions for plots for housing complexes and schemes.

ii) **Infrastructure developed by the KMC:** Bulk infrastructure is developed by the KWSB, which is an autonomous body under the KMC. In addition, the KMC is responsible for providing infrastructure to the katchi abadis through the Katchi Abadi Improvement and Regularisation Programme and through funds for small scale councillor identified neighbourhood infrastructure.

iii) **Other support systems:** The government or the formal sector operates no other support systems. However, there are NGOs, such as

the Orangi Pilot Project, who do give technical and managerial support and training to communities for infrastructure and housing development. Other NGOs, such as the Catholic Social Services, operate revolving funds for housing credit.

12.2 Consumer Support for House Rental

(i) Financial Support Systems: There are no specific consumer support systems for house rentals. Government employees get a housing allowance. A housing allowance is also given by many formal sector agencies to their employees. These allowances normally constitute upto 20 percent of the salary of the employee. However, since a very small percentage of Karachi residents work in government or the formal sector they cannot benefit from this system.

(ii) Legislative Support Systems: Formally tenants have a strong legal status in Karachi. There are a number of provisions under the Tenancy and Rent Control Acts whereby rents are set and their yearly increase is prescribed at not more than 10 percent per year. Provided the tenants follow these laws, it is very difficult to evict them from the rented property, especially since legal procedures are long and expensive and as such few landlords would like initiate them.

However, methods to by-pass rent controls have been developed and since there is an unmet demand tenants do not normally challenge them. These controls apply only to the formal sector.

(iii) Other Support Systems: In informal settlements the security of the tenant is guaranteed by the community leader, the neighbourhood social activist or the local muscleman, one of whom is normally involved in arranging the deal between the tenant and the owner. The poor and usually uniform paying capacity of informal settlement residents also protects the tenant from the excesses of landlords.

13. HOUSING DEMAND ESTIMATION

13.1 Principal Components Method (PCM)

(a) Due to population increase (dp):

- Karachi's present population : 8,190,000
- Projected increase per year about 4.2 percent: 343,980
- Number of households added at 7.2 persons per household: 47,755
- Number of units required 47,755 or about 48,000 units

(b) Due to backlog (db):

- Total number of dwelling units (1986): 1,078,000
- Number of semi-pucca and katcha units: 625,240
- Number of units required $625,240 \div 20$ years = 31,262 or about 31,500 units

(c) Due to replacement required (dr):

- Number of pucca units (1986): 425,760
- Replacement required $425,760 \div 30$ years = 15,092 or about 15,000 units

(d) Total annual metropolitan demand (D):

- $dp + db + dr = 48,000 + 31,500 + 15,000 = 94,500$ units

Source: For (a) population figures given in 2.2 of this report. Growth percentage taken as an average of previous decade and projections for the next decade.

For (b) and (c) figures taken from Karachi Master Plan 2000: Technical Note:: KDA-MPD/AERC.

13.2 Cross-Check of 1990 Computations

(a) Dp: Demand to Population Growth (Dp-nat)+(Dp-mgr) 48,000

i) Demand due to natural population growth (dp-na)

- Karachi's present population 8,190,000
- 3 percent natural increase per year 245,700
- Households increased at 7.2 persons per household 34,125
- Number of units required (about) 34,500

ii) Demand due to migratory population growth (Dp-mgr)

- Karachi's present population 8,190,100
- 1.2 percent increase due to migration 98,280
- Households increased at 7.2 persons per household 13,650
- Number of units required 13,500

(b) Db: Demand due to backlog (Db-ddh+sqd+hls+slm) 34,200

i) Demand due to dangerous/dilapidated housing (Db-ddh)

- Number of households (1986) 165,000
- Annual replacement demand = $165,000 - 20$ years 8,250

ii) Squatter households (Db-sqt)	
- Number of households (1986)	465,000
- Annual upgrading/replacement = $300,000 \div 20$ years (squatter households are 465,000 minus those 165,000 living in dangerous areas)	15,000
iii) Homelessness (Db-hls)	
- Number of homeless	20,000
- Units required at 7.2 persons per household	2,750
iv) Slum housing (Db-slm)	
- Number of households	164,000
- Units required: $104,000 \div 20$ years	8,200
(c) DR: Demand due to replacement (worked out for 13.1 above)	13,000
(d) Total demand $D_p + D_B + D_R$	96,500

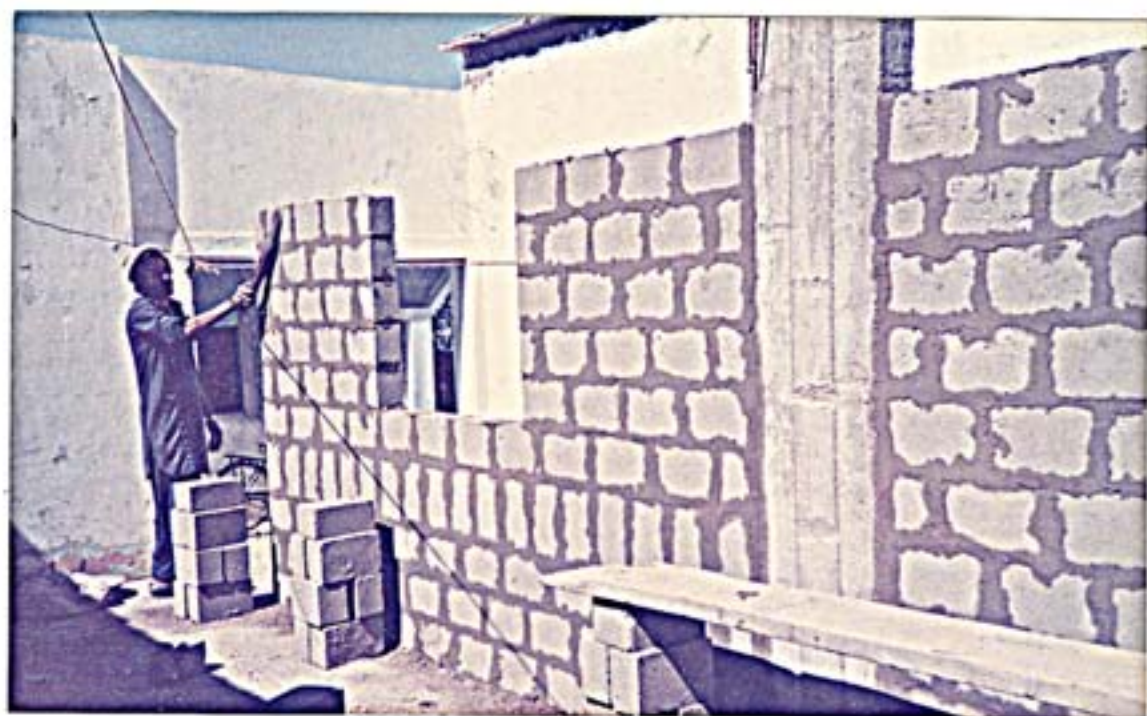


Detailed Breakdown of Annual Housing Demand Estimates by PCM

Year of estimate	BACKLOG (DB)					POPULATION INCREASE (DR)			REPLACE-MENT (DR)	
	DB-sqt	DB-slm	DB-hls	DM-ddt	Total	DP-nat	DP-mig	Total	DR-per	Total
1972	9820	5450	-	4050	19320	17000	10700	27700	7500	7500
1981	10500	7000	-	4500	22000	27000	19900	46900	12000	12000
1991	15000	8200	2750	8250	34200	34400	13500	48000	15000	15000

Sources: Worked out by the author from

1. KDA-PMD figures
2. Population Census Reports, GOP
3. Housing Census Reports, GOP



E. HOUSING SUPPLY/IMPROVEMENT ACTIVITIES

14. PERFORMANCE OF MAJOR HOUSING SUPPLIERS

14.1 The Major Sources of Formal Housing Supply

Housing Performance: Achievement Ratio to Target and Percentage of Performance Targeted at LIG & LLIG by Supplier

Supplier	Type of Programme		Performance in the latest Planning period (units)	Achievement Ratio (%)	% to LIG & LLIG
KDA 1974-'90	Housing Construction (Newly Dev.)	Rental	0	-	-
		For Sale	3522	35%	12%
	Housing Renewal (Re-Dev.)	Rental	0	-	-
		For Sale	app.2,000	15%	50%
		Demolition	app.4,000	30%	0%
	Standard Land Sub Division		N.A.	-	-
	Site and Service		55,799	27%	5%
	Site without Service		20,336	-	5%
	Upgrading (Katchi abadis)		46,000	15.33%	30%
	Others		-	-	-
Private Sector (Formal) 1981-'90	Housing Construction (Newly Dev.)	Rental	0	-	-
		For Sale	144,000	-	30%
	Housing Renewal (Re-Dev.)	Rental	N.A.	-	-
		For Sale	N.A.	-	-
		Demolition	N.A.	-	-
	Standard Land Sub Division		N.A.	-	-
	Site and Service		15,000	21%	2%
	Site without Service		55,000	-	-
	Upgrading (Katchi abadis)		0	-	-
	Others		-	-	-

Notes:

1. The above figures have been worked out from KDA-MPD surveys (1974-88) and the author's own information.
2. Site and services are taken as those plots which have been fully developed and have been or are ready for occupation.
3. Site without services are those plots which have been allotted but where services have yet to be developed.
4. Achievement ratio is the gap between what was planned and what was achieved. What was planned is in all cases much less than what was needed.

14.2 Informal Sources of Housing Supply

It is estimated that 63 percent of Karachi's annual housing needs are fulfilled by the informal sector (26). Which means that the informal sector must be providing about 30,000 plots per year to the LIG and the LLIG. However, in recent years there is every indication that this supply is not more than 22,000 and the deficit is being taken care of through densification of existing katchi abadis and city centre slums.

The informal developers are well established in Karachi since the 50s and have close links with government officials, politicians and the press, without whose cooperation this model of development cannot succeed. However, over the years they have become increasingly independent and in many cases can now dictate their terms to officials involved in the creation of katchi abadis. Most of them have been activists of political parties and/or involved in social uplift work. Almost all come from the LIG and in addition to development carry out some small scale trading or contracting work which is helped and aided by their involvement in development. Their shahqirds or apprentices are now taking over from them.

Most of the recent beneficiaries of the informal sector development are from the LIG who are living in the city centre slums and katchi abadis. Recent surveys show that over 80 percent of the residents on the new fringe area katchi abadis come from settlements in the city centre.

14.3 Supplier Support Systems

(a) **Financial Support:**

i) **Formal Sector: KDA Schemes:** Almost all KDA developed housing and land development is financed by the purchasers themselves. Schemes are developed on paper, announced through the media and plots are allotted through computer ballot against an initial payment, or first instalment as it is called. As development progresses, the second and third instalments are recovered. The KDA budget of 1989-90 shows an allocation of Rs 917.617 million (US\$ 41.709 million) for the development of housing schemes all of which comes from the payment of instalments from beneficiaries. Although 66 percent of all KDA schemes consist of small plots, ostensibly meant for the LIG, not even 6 percent of these go to the target group.

Formal Sector Developers: The formal sector developers received plots till the early 80s at "reserved" prices (well below their market value) from the KDA for the development of flats. After the mid 80s, these plots were available only on the open market or through public

auction of KDA developed land. However, their funds for development also come from the purchasers in instalments. Many purchasers are assisted by the developers in getting a HBFC loan. The average annual investment in developer built housing by the beneficiaries between 1981-87 is estimated at Rs 1,047.5 million (US\$ 47.61 million), for the development of an average of about 2,618 housing units (27). Only 12 percent of all developer built housing is targetted to the LIG (28).

Individual Housing: Between 1985 and 1987 building permits for an annual average of 16,500 housing units were issued by the KDA to individual builders (29). It is estimated that annually about Rs 4,300 million (US\$ 195.5 million) were invested in these houses (30). Approximately Rs 660 million (US\$ 30 million) of this amount were disbursed as HBFC loans (31). The majority of these building permits, about 88 percent, were issued for LMIG and the LIG houses.

Katchi Abadi Upgrading: The programme which in its present form began in 1978, has regularised over 46,000 housing units over a period of 8 years. Official figures for the improvement and infrastructure development of the abadis are available but do not in anyway reflect the real situation and hence should not be quoted. The current KMC budget for the katchi abadi programme is Rs 69.940 million (US\$ 3.2 million). This is supposed to be recovered as regularisation and development charges from the beneficiaries but so far not even 8 percent of what has been spent has been recovered. Almost all the beneficiaries are from the LIG and the LLIG.

ii) **Informal Sector:** No financial support is given to the informal sector from any quarter. However, that the informal developers are able to occupy large tracks of government land with informal help from government officials, is a form of financial help in itself. The proceeds from the subdivision and sale of this land is shared between relevant government officials and the developers and about 30 percent of all plots are set aside for speculation. Transactions of an average of about Rs 180 million (US\$ 8.2 million) per year take place through the informal sale of land alone. The 20,000 to 30,000 plots developed by this sector benefit the LIG and the LLIG.

(b) Legislative/Logistical Support:

i) **Legislative Support:** The HBFC under its rules and procedures gives a larger percentage of construction cost as a loan to smaller units. In addition, the interest (or mark up as it is called under the current Islamic system) is also lower for lower-income groups (for details see table on page 66). Developers building flats for the LIG and MIG can also get a loan cover for individuals who purchase plots in their projects.

Under the Cooperative Societies Act 1925, it is fairly simple to establish a housing society and get it funded through the cooperative banks. However, housing societies in Pakistan have been misused by formal sector developers for promoting land speculation and have a history of not paying back their loans and relaxing membership rules. Due to these reasons almost all land given to the societies between 1974 and 1986 for the development of about 70,000 plots is lying undeveloped and empty. In addition, the loan ceilings of the cooperative banks for housing are also bust.

ii) Logistical Support: There is no logistical support of any nature available to the major suppliers from the government or other formal sector agencies.

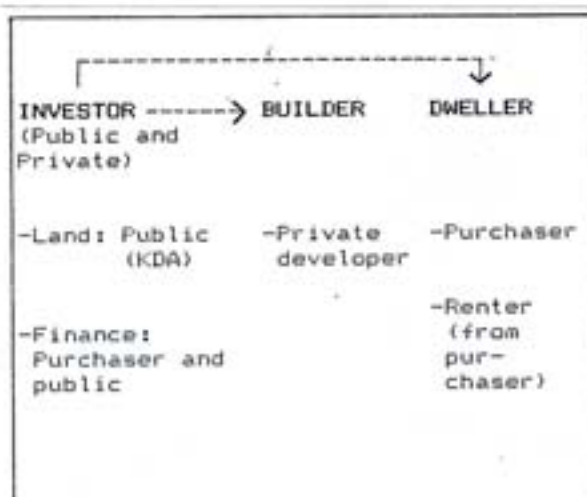
15. PATTERNS OF HOUSING SUPPLY/IMPROVEMENT

15.1 Public Sector Initiated Housing Supply/Improvement



PATTERN - 1: (Public sector oriented housing supply/improvement)

i) Standard Housing Supply:



- Average scale of project
 - o area: 1 hectare
 - o no. of units: 150
- Nature of beneficiary group: Middle-income groups although much of the housing has been targeted the to LIG.
- Type of housing and/or on-site services supplied
 - o apartments
 - o independent houses
 - o on-site services: water, sewerage, electricity and sometimes gas.

ii) Enabling Conditions:

- Land is provided by the KDA and planning is done by them as well.
- Sale of shops and other commercial accommodation covers KDA overheads.
- The purchasers pay for the units during their construction in instalments, thus financing the project.
- HBFC loans are arranged for the purchasers by the KDA.

iii) Special Efforts for LIG/LLIG:

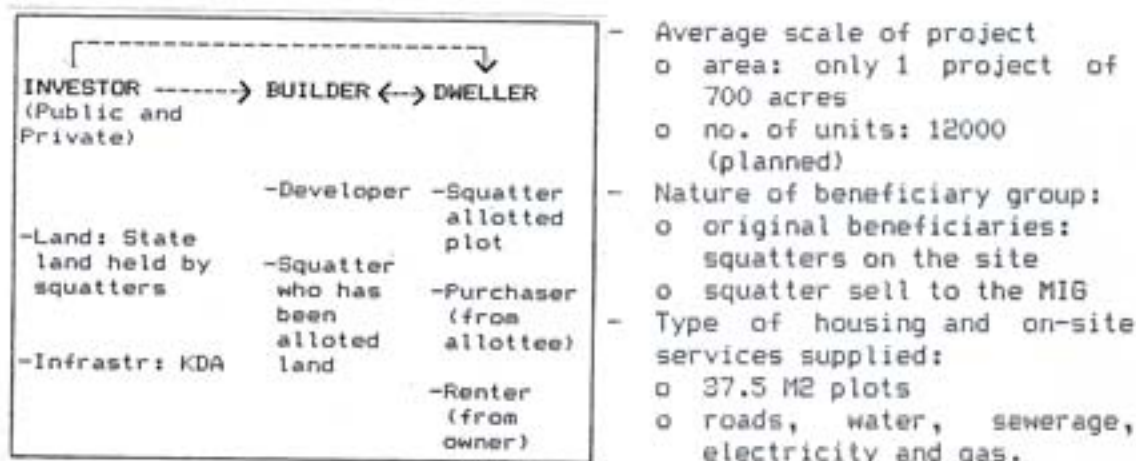
- The size of most units is kept small with the belief that the LIG will purchase them. However, they are invariably purchased by the MIG.
- No special effort are made to design allotment and development procedures that are compatible with the sociology and economics of the LIG and the LLIG.

iv) Annual Performance (since 1974):

- Annual housing supply : 220 units
- % share directed at LIG and LLIG : 66 %

PATTERN - 2: (Public sector oriented housing supply/improvement)

i) Housing Supply Through Redevelopment:



ii) Enabling Conditions:

- The plots are given at a subsidized rate to the squatters on the land with all infrastructure.
- The infrastructure development is 100 percent subsidized by the sale of valuable land in the squatter settlement to private developers for high rise construction.
- The project was made possible because of the personal interest of the provincial governor and local councillors. Most of the councillors have been involved in land speculation as a result of the redevelopment project.

iii) Special Efforts for LIG/LLIG:

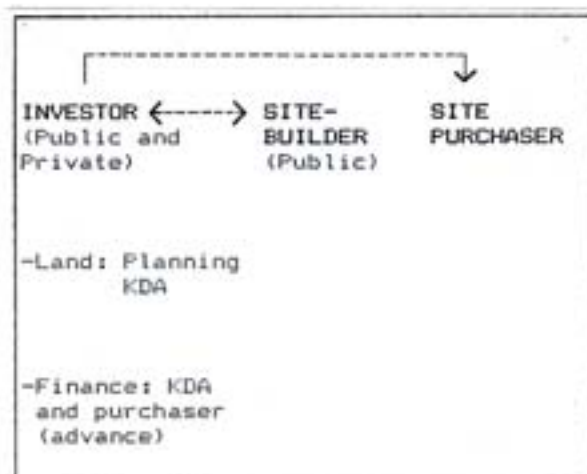
The redevelopment plots are allotted to the squatters on the site who are all from the LIG or LLIG. However, many of the squatters have sold these plots on the open market and moved to fringe area katchi abadis.

iv) Annual Performance (since 1984):

- Average annual land supply : 470 units
- % share directed at LIG and LLIG : 100 %

PATTERN - 3: (Public sector oriented housing supply/improvement)

i) Land Sub-Division/Sites and Services:



- Average scale of project:
 - o area: 100 hectares
 - o no. of units: 3500
- Nature of beneficiary group:
 - o targeted beneficiaries: MIG and LIG
 - o real beneficiaries: developers, speculators
- Type of on-site services supplied:
 - o roads, water, sewerage, electricity and gas.

ii) Enabling Conditions:

- Land is acquired by the KDA from the CBR or PBR at a "reserved price" well below its market value.
- The purchaser is allotted a plot before development has begun and pays for it while it is being developed. He thus finances its development.

iii) Special Efforts for LIG/LLIG:

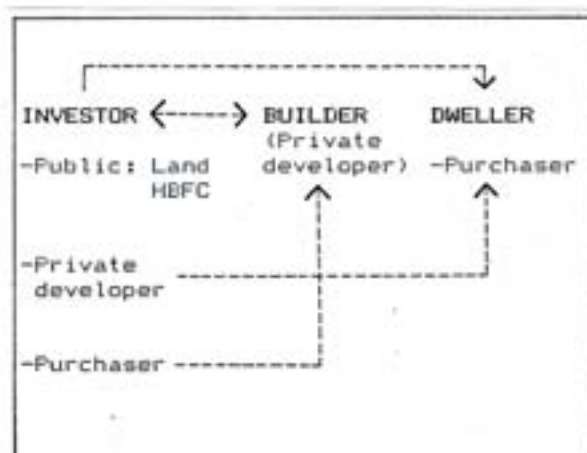
- 66 percent of the plots are kept at 100 M2 or below.
- The cost of the smaller plots is cross-subsidized by increasing the price of the larger plots.
- No other support systems have been developed to make the projects compatible with the needs and affordability of the LIG and LLIG.

iv) Annual Performance (1974 to 1990):

- Annual land supply : 4758 units (fully developed)
- % share directed at LIG and LLIG : 66 %

PATTERN - 4: (Public sector oriented housing supply/improvement)

i) Housing Supply by Public-Private Partnership:



- Average scale of project
 - o area: 10 hectares
 - o no. of units: 425
- Nature of beneficiary group:
 - o LI6 and MIG
- Type of housing and on-site services supplied
 - o small houses on 54 M2 to 334 M2 plots complete with all infrastructure

ii) Enabling Conditions:

- Land is supplied to the builders at subsidized rates by the KDA along with infrastructure.
- Loans for individuals purchasing houses in the schemes are given on a priority by the HBFC.
- The developers association ABAD has been interested in catering to the needs of the LI6 and LLIG and has developed the procedures of land subsidy and loans in coordination with the KDA and HBFC.

iii) Special Efforts for LI6/LLIG:

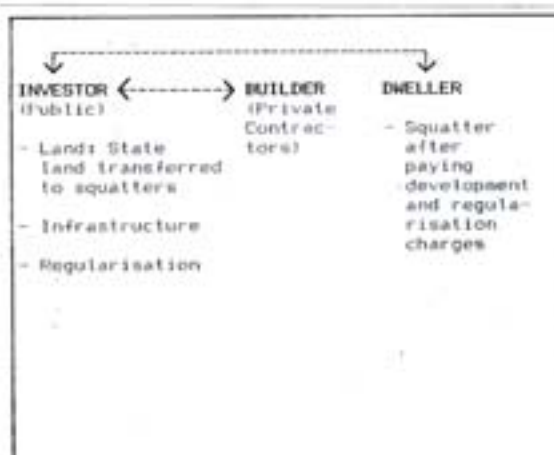
- Over 70 percent of the units developed are on plots of 70 M2 and less, and with covered areas of 33.5 M2 to 47.25 M2.
- A loan of 65 percent of cost of the house plus land, is given by the HBFC for the smaller units.
- There are no other support systems to make this development appropriate to LI6 or LLIG needs.

iv) Annual Performance (since 1984):

- Average annual housing supply : 400 units
- % share directed at LI6 and LLIG : 70 %

PATTERN - 5: (Public sector oriented housing supply/improvement)

i) Upgrading/Improvement:



- Average scale of project
 - o area: 13.5 hectares
 - o no. of units: 810
- Nature of beneficiary group:
 - o LIG and LLIG in katchi abadis
- Type of on-site services supplied:
 - o water, sewerage, gas (where possible), electricity, road paving.

ii) Enabling Conditions:

- The government has a national programme for katchi abadi improvement and regularisation since 1978. The roots of the programme lie in the 1971 political movement of the Pakistan Peoples Party.
- Central and provincial funds for the programme are used to provide services and upgrade the katchi abadis though the provincial katchi abadi authorities and the municipal katchi abadi directorates.
- The cost of upgrading is supposed to be recovered from the beneficiaries through a regularisation and development charge.
- International assistance in the programme is a major factor in its expansion for the present 5 year plan period (1988-93).

iii) Special Efforts for LIG/LLIG:

The vast majority of residents of katchi abadis belong to the LIG and LLIG.

iv) Annual Performance (since 1982):

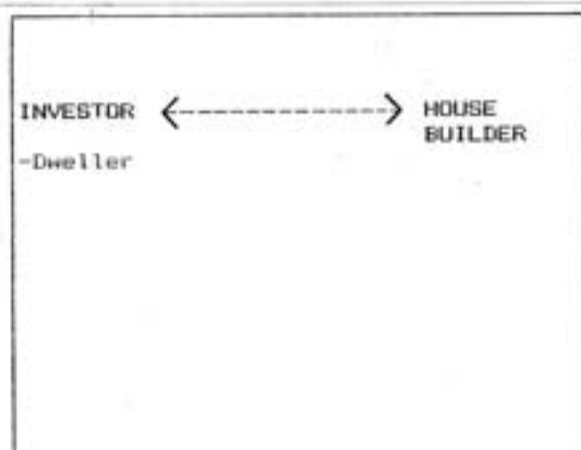
- Average unites regularised : 7550 units
- % share directed at LIG and LLIG : 100 %

15.2 Market Based Private Sector Housing Supply/Improvement



PATTERN - 1: (Private formal sector oriented
housing supply: market based)

i) Individual Owner Occupied Housing Supply:



- Average scale of project:
 - o area: 54 M2 to 500 M2 plot
- Nature of beneficiary group:
 - o LIG, MIG and HIG
- Type of housing and on-site services supplied:
 - o individual houses constructed in fully serviced public sector or co-operative housing schemes.

ii) Enabling Conditions:

- Land is made available through computer ballot in KDA developed schemes or in housing societies to individuals.
- Credit in a small number of cases is made available by the HBFC, commercial banks and employers.
- Builders have collected enough money to part finance construction.

iii) Special Efforts for LIG/LLIG:

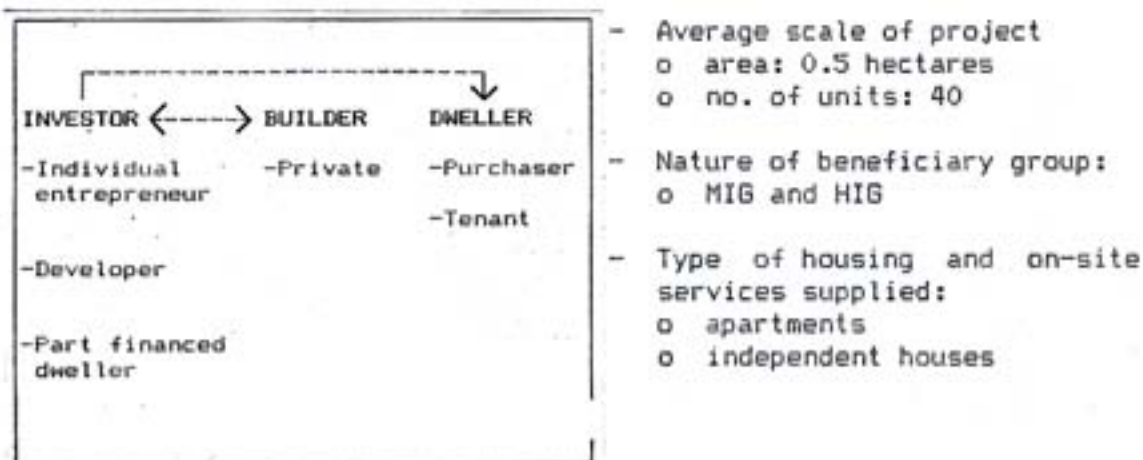
- Better borrowing terms for the LIG for construction purposes.
- Smaller plots in KDA schemes carry a cross subsidy from larger plots.

iv) Annual Performance:

- Average annual housing supply : 16,600 units
- % share directed at LIG and LLIG : 66 %

PATTERN - 2: (Private, formal sector oriented
housing supply: market based)

i) Standard Housing Supply for Sale/Rent:



ii) Enabling Conditions:

- Land developed by the KDA is sold by public auction.
- Land purchased on the open market by entrepreneurs.
- Permission granted by the KDA to sell the scheme before construction begins.
- HBFC grants loans to purchasers of housing units in the scheme.

iii) Special Efforts for LIG/LLIG:

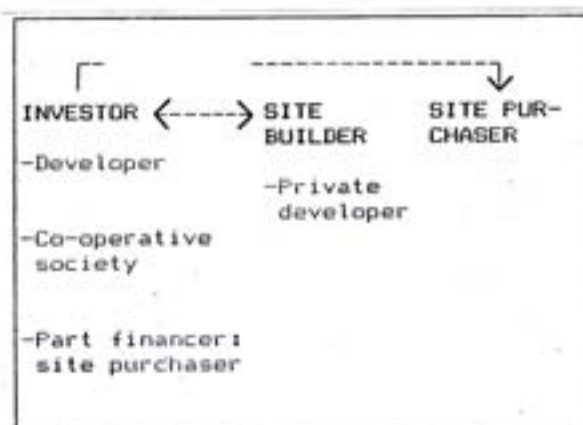
- The private developer does not cater at all to the LIG or LLIG.

iv) Annual Performance (1981 to 1987):

- Average annual housing supply : about 2,600 units
- % share directed at LIG and LLIG : 10 %

PATTERN - 3: (Private formal sector oriented housing supply: market based)

i) Land Sub-division/Site and Services:



- Average scale of project
 - o area: 15 hectares
 - o no. of units: 525
- Nature of beneficiary group:
 - o MIG
 - o major part targeted to LIG
- Type of on-site services supplied:
 - o road, water, sewerage, electricity

ii) Enabling Conditions:

- Agricultural land purchased from tribal people on Karachis fringe or from the KDA.
- KDA provides "external development" through a development charge.
- Internal development carried out by the developer.
- Infrastructure development financed by the purchaser in instalments as the work progresses.

iii) Special Efforts for LIG/LLIG:

As per the KDA rules 66 percent of the plots are of 100 M2 or less and as such ostensibly meant for the LIG.

iv) Annual Performance (1981 to 1990):

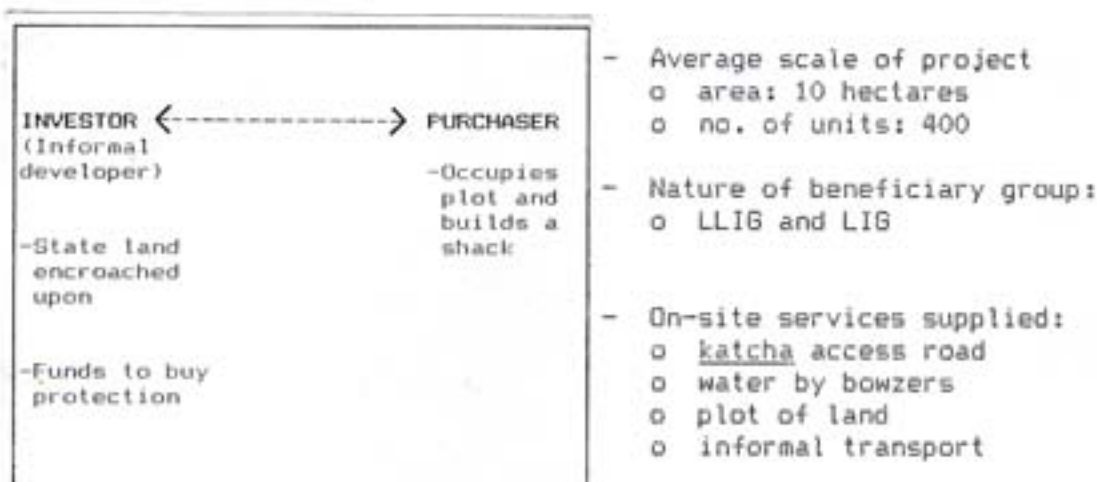
- Average annual plot supply : 7,000 units
- % share directed at LIG and LLIG : 66 %

15.3 Market Based Informal Private Sector Housing Supply/Improvement



PATTERN - 1: (Private informal sector oriented
housing supply: market based)

i) Informal Land Supply:



ii) Enabling Conditions:

- Large tracks of government land are available on the Karachi fringe.
- The demand for plots in Karachi makes the encroachment, subdivision and sale of state land a profitable business.
- Government officials can support this effort for personal gain and no fear of being taken to task for their involvement in this activity.
- Entrepreneurial skill for this work are available.

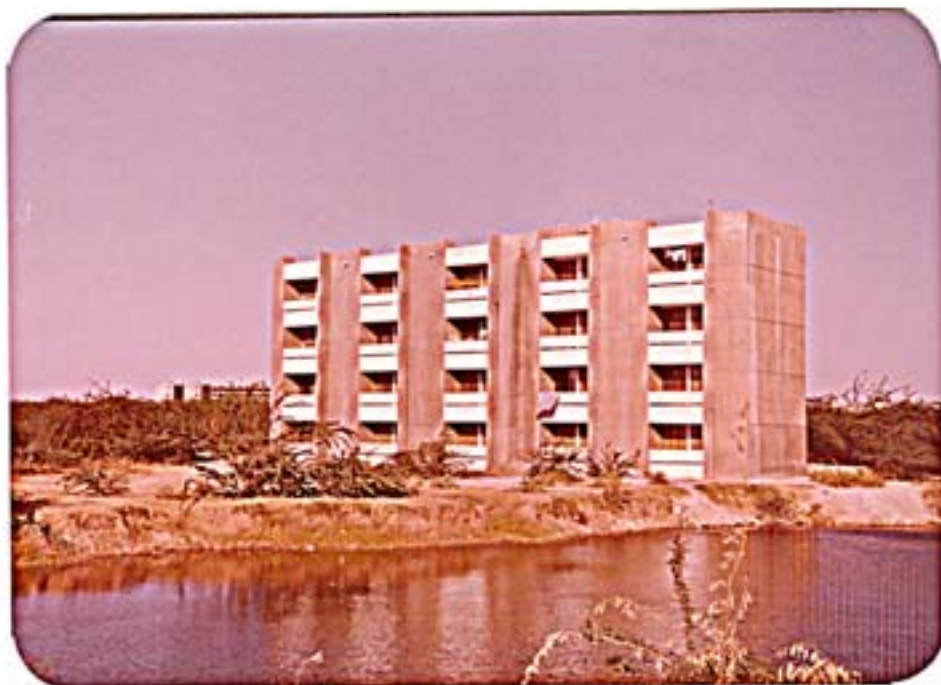
iii) Special Efforts for LIG/LLIG:

- The informal sector caters only to the LIG and the LLIG because they are the only groups that are willing to bear the inconvenience of living in unserviced settlements.

iv) Annual Performance (1981 to 1990):

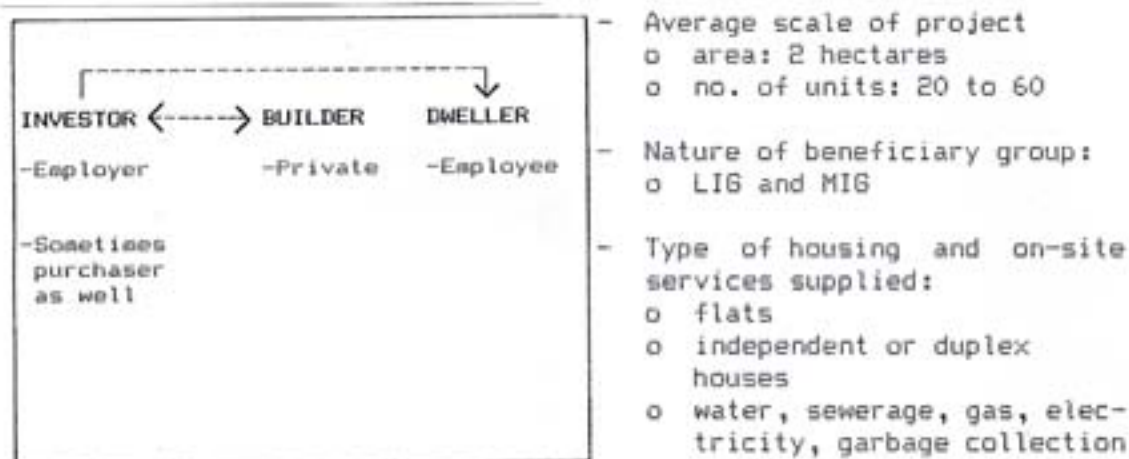
- | | |
|------------------------------------|--------------------------|
| - Average annual land supply | : 22,000 to 30,000 units |
| - % share directed at LIG and LLIG | : 100 % |

15.4 Non-Market Based Private Sector Housing Supply/Improvement



PATTERN - 1: (Private formal sector oriented
housing supply: non-market based)

i) Employee Housing Supply:



ii) Enabling Conditions:

- Government and semi-government organisations and some large formal sector agencies provide rental accommodation to their employees or build houses for them, making use of their provident funds or by loans from the HBFC.
- The KDA has in the past provided land at subsidized rates for such housing schemes, though now land has to be acquired on the open market.

iii) Special Efforts for LIG/LLIG:

No special efforts are made for the LIG/LLIG although under law the formal industrial sector has to provide housing to 20 percent of its employees. This almost never happens.

iv) Annual Performance (1980 to 1990):

- Average annual housing supply : about 200 units
- % share directed at LIG and LLIG : 25 %

16. CRITICAL EXTERNALITIES AFFECTING HOUSING SUPPLY

16.1 Legislative Measures

(a) Land Development and Building Controls and Their Repercussions:

i) Physical aspects: The SBCO 1979 controls all aspects of physical development in the city. Under the provisions of the SBCO all planning has to be done according to its Town Planning and Building Regulations and has to be approved by the KDA before construction can begin.

The Town Planning and Building Regulations have a number of provisions that effect land development adversely and due to which the SBCO regulations are regularly violated. Some of these provisions are:

- Residential area in a township can be a maximum of 55 percent, roads 25 percent, amenities 12 percent, and commercial area 5 percent of the total township area. Minimum road width is 24 feet and has to be accessible by car. By reducing road widths, and circulation area residential area can be increased considerably.
- Before building plan approval can be given all units must be served with water, sewerage and electrical connections and roads. This delays the commencement of construction and occupation. The area can be inhabited if residents can temporarily use soakpits and unpaved roads. In addition, it makes the promotion of the incremental development concept, which can serve the paying capacity of the LIG and LLIG, impossible to carry out.
- Building permission is granted only for pucca construction. Thus buildings of the LIG and LLIG are presented as pucca in the building permit documents but are built as semi-pucca or katcha structures. This promotes corruption as the KDA building inspectors have to be paid to close their eyes to these violations. These provisions keep a number of LIG members out of KDA schemes.
- KDA's open space standards, plot ratios and set backs for high-rise construction are adequate and appropriate. However, they are constantly violated because of which unhygienic and excessively high density complexes are produced. This is possible because of corruption and because of a provision in the SBCO that violations can be regularised against the payment of a fine. The fine is normally much less than the benefit the developer gets out of the violation. The Director-General of the KDA has the power to determine the extent of the fine and relaxation of SBCO provisions as he deems fit.

Similarly the rules and regulations of the Katchi Abadi Improvement and Regularization Programme and the standards that govern their upgrading restrict the operation of the programme. Some of these provisions are:

- Regulations governing accessways to the katchi abadi mohallas and minimum road widths result in the demolition of over 20 percent of the housing stock which has to then be relocated. Since residents do not permit this to happen the improvement process cannot continue.
- Planners insist on following standards for creating open spaces, plots for schools and parks which again dislocate people. Streets as playgrounds, existing houses as school buildings and/or other institutional buildings cannot be accepted.
- The upgrading plan for a katchi abadi does not take into consideration the development work people have carried out themselves in the lanes over the years. Deductions for this work are not made in the development charges the residents have to pay and often this work is demolished and reconstructed by the KMC. The people are not willing to pay for this "duplication", as they see it, and this adversely affects the programme.

ii) Non-physical aspects: A number of procedures under the SBCO force the LIG and LLIG out of the formal land and housing market. In the same way procedures and requirements for regularisation under the Katchi Abadi programme obstruct the operation of the programme. In addition, the nature of the KDA and KMC and the laws that govern them, makes the former unaccountable to the public at large and the latter ineffective. Some of these issues are discussed below:

- The building permit documents and plans have to be prepared by a licensed architect even for LIG and LLIG areas and a number of legal formalities such as mutation, lease etc have to be taken care of. This means extensive lobbying in different government departments and the paying of informal fees to facilitate the process. This forces the LIG and the LLIG out of the formal land market.
- The KDA pricing procedures for smaller plots are too high for the LIG and LLIG groups to afford but are well below their market value. This promotes large scale speculation.
- The KDA is an autonomous body under the provincial government and is in-charge of determining Karachi's development. It is not subservient to the elected local government and as such not accountable to the local level representatives of the people of Karachi. Much of the KDA's inappropriate planning can be

attributed to this fact.

- There is a complex cumbersome and expensive system of acquiring a lease under the katchi abadi programme due to which the residents do not attempt to get a lease.
- The functioning of the KMC is governed by the Sindh Local Bodies Ordinance (SLBO) 1979. Under this law the KMC's elected council is subservient to the provincial department of Local Bodies and Rural Department whose secretary, a government functionary, has the right to challenge and overturn the decisions of the council on most financial development and administrative matters.

Tenancy laws in Pakistan and the high cost and time involved in litigation make it very difficult for the landlords to evict tenants or terminate their contracts with them. Due to this factor most MIG and HIG members do not wish to let out their premises and developers do not wish to develop rentals housing.

Rent ceilings and related laws in Pakistan exist but are almost never applied because of their inappropriateness to the market situation which governs pricing and procedures.

(b) Ratio of salable land to area of entire site for 100 plots housing units:

i) New township plots for MIG and LIG

- o plot area : 2.5 hectares
- o residential area for 100 units of an average of 125 M² = 50% of plot area = 1.25 hectares
- o total permissible built up residential area in 2 floors : 1.75 hectares

ii) Ground plus 4 floors: apartments in a city suburb for the MIG

- o plot area : 0.485 hectares
- o plot ratio : 1:1.75
- o 100 apartments of an average of 85 M² each = total floor area of 8500 M²

iii) High-rise apartments in the city centre for the MIG

- o plot area : 0.23 hectares
- o plot ratio : 1:3
- o 100 apartments of an average of 70 M² each = total floor area of 7000 M²

16.2 Planning Permission/Administrative Procedures

(a) Building Applications and Planning Permission:

For individual house construction procedures for submitting building applications and obtaining a permit are simple. However, to acquire the necessary ownership and related documents that are submitted with the application means fulfilling a number of complicated and unnecessary formalities. The LIG and LLIG find it very difficult to cope with this situation and this is one of the reasons they prefer to remain out the formal market.

However, the regularisation process for the katchi abadi residents is long and cumbersome and involves acquiring clearance from many agencies, being insulted by state officials and viewed with suspicion. The only manner in which a lease can be acquired is by engaging a middleman to act on ones's behalf and his fee is usually higher than the legal lease and development charge. The complex leasing process is one of the major reasons for residents not applying for ownership rights.

For larger developer initiated projects the process of acquiring a building permit is long, complicated and cumbersome. It involves acquiring a number of NDCs, preparation of detailed structural designs and various gaurantees. Much of this work could be dispensed with or simplified without adversely affecting the interests of the purchaser. If procedures were simplified, corruption in the process could also be contained, costs reduced and many more developers would take to building larger projects.

(b) Time required by a developer for acquiring a building permit from the KDA:

- i) For 10 units : about 2 months after completion of all required documentation.
- ii) For 100 units : about 6 to 9 months after completion of all required documentation.

16.3 Construction and Project Management Skills

(a) Managerial and technical skills:

Although artisanal skills are adequate, most Karachi contractors are poor managers of time, money and human resources. Long-term benefits are sacrificed to short-term financial gain. For example, tools, scaffolding and shuttering are often hired rather than

purchased although there are definite advantages in purchasing them; stores are badly maintained and financial systems are non-existent.

Karachi contractors need strengthening of their managerial capacity and capability in addition to understanding budgeting principles and the concept of 'cash flows'.

(b) Construction time period:

- i) For 10 units : 15 months
- ii) For 100 units : 30 months

16.4 Community Support and Involvement

(a) Community support and housing performance:

There are no public sector programmes for community support in the housing field except on paper. However, NGOs have been involved in providing technical assistance to individuals, communities and informal sector entrepreneurs in the housing and related fields.

The most successful support programme is of the Orangi Pilot Project (OPP), which has provided motivation and technical and managerial support to over 65,000 house-owners for financing, managing and developing their own underground sanitation system. In addition, the OPP has developed a package of advice for thallawalas for improving their performance, both technical and managerial, and to the people regarding design and construction of houses. This has been accompanied by a masons and builders training programme. The process has improved construction and lowered costs.

Other NGO attempts are on a much smaller scale and carry with them the 'social welfare' approach and considerable subsidies which make them unreplicable. The revolving loan for housing programme of the Catholic Social Services (CSS) is an exception. However, the programme is on too small scale to have an impact at present on the housing situation in Karachi.

(b) Community support and income groups:

All community support programmes have benefitted only the LIG and to a much lesser extent the LLIG. However, the OPP's thalla upgrading programme has benefitted the informal sector entrepreneurs who belong to the MIG.

(c) Community support and the public sector:

In theory, and at the conceptual level, the public sector has supported the idea of community support and involvement in the housing field. The 5-year plan and housing policy documents both reflect this support. However, no institutional changes have been carried out in the housing planning and delivery systems or in the public sector administration system that can help transform this concept to a functioning reality.

However, the Katchi Abadi Improvement and Regularisation Programme does seek to involve communities in planning and development of their settlements. This involvement has not materialized because of a lack of commitment to the concept on the part of state functionaries; the lack of trust of government agencies on the part of communities; the failures of the state to see itself as anything other than a provider; the conventional training of planners involved with the programme; and the strength and power of the local mafia through whom the programme authorities often contact the community, in the absence of easier alternatives.



F. POLICY REVIEW AND RECOMMENDATIONS

17. POLICY IMPLICATIONS OF THE DEMAND-SUPPLY GAP

17.1 Current Demand-Supply Gap

(a) Annual Metropolitan Demand-Supply Gap:

- Annual housing demand in the metropolis is 94,500 units.
- Annual supply over the last decade has been 32,560 units.
- The current demand-supply gap is therefore 61,940 units.

(b) Increase in the Annual Demand-Supply Gap:

Over the years there has been an increase in the annual demand supply gap. The reasons for this are given below.

i) The population of Karachi has increased by 1.7 million in the 70's as against by about 3 million in the 80's.

ii) Because of the high cost of formal sector land development the LIG and the LLIG had to seek accommodation in the katchi abadis whose population increased by 0.8 million in the 70's as against by about 2 million in the 80's.

iii) Most government land development schemes of the 1974-85 period remained unoccupied. Because of their below market allotment price they were held for speculative purposes.

iv) In spite of the above changes in Karachi's demography and failure of government land development schemes, appropriate public housing strategies were not developed and promoted due to conservative thinking, lack of political will, pressure of various mafias operating in the city and major institutional constraints.

v) The Katchi Abadi Improvement and Regularisation Programme which was to upgrade 243,000 units in the 1980's could upgrade only 46,000 and large areas of the city centre were converted into slums.

(c) Demand-Supply Gap and its Relationship to Income Groups:

The demand-supply gap is more critical for the LIG and the LLIG. These groups have to seek accommodation in the katchi abadis and acquire a house and services incrementally over years through the informal sector. Recent trends, such as organised invasions of public land, show that even the informal sector is finding it difficult to cater to the needs of the LLIG. The reasons for these trends have

been explained earlier in the report. In addition, the MIG is experiencing increasing problems in acquiring land and building or improving their homes. This is because of their decreasing paying capacity due to inflation and the increased costs of land and materials. Thus an increasing number of households of the MIG are turning to informal settlements to meet their housing requirements.

The problems of the LIG and LLIG can be solved if the government adopts the strategy of the informal sector of providing initially unserviced land to these groups; forcing them through allotment procedures to settle on it immediately so as to prevent speculation; and by providing services over time according to the paying capacity of the residents and by involving them in the process. Technical research; support and training for house building; small short-term loans of not more than Rs 5,000 for roofing through community and/or cooperative organisations; and effective local self government must be a part of such a strategy. A model for such development already exists in Pakistan in the shape of the Khuda-ki-Basti Incremental Housing Scheme in Hyderabad, about 160 kilometers from Karachi. Due to easy access to state land in Karachi such schemes can easily be made affordable to the LIG and LLIG. However, institutional arrangements and the political and professional support to make them possible, are essential for the adoption and success of this strategy. These are absent at present both in government and professional circles.

From the MIG government must provide loans for the purchase of land, something it does not do at present, and develop mechanisms, both negative and positive to prevent speculation. In addition, loans for housing building purposes should be increased and procedures developed to limit red tapism in acquiring them. A design and construction advisory cell should be promoted to give advice to house builders and fulfil the requirements for acquiring a building permit.

Both in the case of the LIG/LLIG and the MIG conditions have deteriorated over the years. A decade ago land in the katchi abadis was affordable by most LIG and LLIG members. This is no longer the case. Similarly, for the MIG developed land and apartments at affordable costs were available a decade ago. Their prices have shot up by over 300 percent during the 80's and construction costs have gone up by over 220 percent. Average metropolitan income, however, has increased only by 23.5 percent.

17.2 Housing Supply Targets and the Demand-Supply Gap

(a) Annual Housing Supply Target and Demand-Supply Gap:

The current annual housing supply target, till the year 2000, is to develop land and housing for about 30,000 households annually and force another 37,500 annually to occupy already developed plots. This means a target of 67,500 housing units per year. However, the annual metropolitan demand is 94,500 units per year. Thus there is a demand-targeted-supply gap of 27,000 units.

The demand targetted-supply gap is there because targets are basically set to cater to natural and migratory increase only. These requirements for the next decade add upto 48,000 units annually of which 37,500 are for LIG and LLIG. The KDA policy aims at forcing the MIG to occupy already develop areas. Backlog, replacement and upgrading have not been quantified or targets set for them.

(b) Basis for Housing Supply Targets:

The basis for the housing supply targets are:

- The population of the LIG and LLIG will increase by over 2.0 million by the year 2000. The KDP 2000 seeks to provide for this population.
- There are 382,000 developed or semi-developed plots lying vacant in Karachi. They must be occupied and will cater to the MIG, MIG and some members of the LIG for new housing, replacement and backlog.
- Vacant land and that which can be cleared of dilapidated squatter housing in the city centre is 92 hectares. this can accommodate about 23,000 households.

18. SUPPLY ACCELERATION AND ENHANCEMENT OF LIVING ENVIRONMENTS

8.1 Institutional Reform in the Public Sector

There are major bottlenecks in carrying out institutional reforms to strengthen the performance of public sector agencies dealing with housing. These are given below.

- i) The government policy makers, civil servants and planners think in conventional terms and are not familiar with the sociology and economics of low-income communities who are then main target groups.

ii) The government agencies lack the technical and managerial resources to carry out the programmes that they propose themselves.

iii) Research, monitoring, evaluation, feedback and training systems for the development of appropriate housing policies and their implementation are non-existent and the ones that do exist are esoteric in nature as they are unrelated to grassroot and market conditions.

iv) Cost recovery does not take place because of a weak administrative system, a lack of trust between the people and the public sector, and the public sectors failure to develop a reliable supply of services.

v) Representative local government is subservient to a powerful provincial bureaucracy which does not wish to see its power curtailed in any way, and which at the same time has no institutional links (unlike the local government) with the people.

18.2 Market Based Private Sector and Beneficiary Group Involvement

(a) Constraints in Mobilising the Market Based Private Sector:

The market based formal private sector in Karachi consists really of speculators who pass as developers. They want high profit margins, almost 75 percent finances from the state or beneficiaries before construction has even begun, and subsidized land costs. These objectives cannot be achieved easily by involving community groups in an equal relationship in an organised manner.

Thus the major bottlenecks for the development of a genuine entrepreneur class, in the housing sector, which involves communities, are:

i) The absence of state support to the concept of a formal private sector/community involvement and their possible interdependence.

ii) The absence of a model for such development from which pioneers can learn and draw inspiration.

iii) The pressure from the formal developers lobby, the land grabbers mafia and the local middlemen for preventing the organisation of people and the development of policies which break their monopoly on whatever land and finances are available. Even if enabling policies are framed, these various lobbies see to it that they fail in implementation.

iv) The close relationship between the political parties, the bureaucracy, the developers and the land mafia, coupled with the absence of an effective system of local government.

(b) Possible Partnerships Between Public Sector, Private Sector and Beneficiary Groups:

i) For servicing the LI6 and LLIG: If the current housing problem for LI6 and LLIG has to be tackled in an effective manner then partnership of the public sector, private sector and the beneficiary communities has to be arrived at for the development of incremental housing schemes. The roles of each of these actors in such an agreement is described below.

- Public sector:

- o Provision of land; planning of settlement; provision of water through standposts; unpaved roads; allotment of land and cancellation of allotment if people do not move onto the plots immediately; collection of down and monthly payments for land.
- o Provision of infrastructure services as and when community can pay.
- o Provision of loans, training (technical and managerial) and other support to NGOs, private entrepreneurs and community groups in the settlement.

- Private sector:

- o Informal sector entrepreneurs to be involved in identifying beneficiary households, moving them to the settlement and assisting them in fulfilling formalities.
- o Thallawalas, financially and technically supported by the public sector and/or NGOs, should provide materials (raw and manufactured), technical advice and skilled labour for house and infrastructure building.

- NGOs:

- o Motivating people to organise for development and for financing of neighbourhood infrastructure, collection of dues for land and intermediate infrastructure, and for lobbying for social sector services from local government.

- o Giving technical and managerial assistance for development work.
- o Manage a small loans programme of upto Rs 5,000 per household for roofing to houses that have built appropriate walls.
- Communities:
 - o Organising to develop, finance and maintain neighbourhood infrastructure, collect user charges and land and services costs on behalf of the local government and/or development authority; and lobbying for or developing social sector services.
- ii) For servicing the MIG: The MIG can be best served by the development of genuine cooperative housing societies. To make this possible the society must have no more than 50 members. The roles of the various actors, public, private and community, are described below.
- Public sector:
 - o Provides non-transferable land to a registered cooperative of not more than 50 persons at "reserved" prices and undertakes the provision of "external" services.
 - o HBFC provides a housing and development loan.
 - o KDA plans the development.
- Private sector:
 - o Plans the houses and supervises construction.
 - o Acts as contractor.
- Cooperative society:
 - o Deals with the KDA and HBFC.
 - o Appoints architects and contractors.
 - o Monitors construction.
 - o Agrees not to sell homes on the open market.

To make the above possible changes are needed in the Cooperative Societies Act 1925 and in making the instrument of the "power of

attorney" inoperative for sale purposes in cooperative societies, at least for a period of 20 years. In addition, it needs government support for its promotion and advertisement of the concept in the media.

(c) Possible Private Sector Support for the LLIG and LIG:

i) Formal private sector developers: The LLIG and LIG cannot be served by the formal private sector as it exists today. This is because the formal private sector's manner of operation and the large profit motive conflicts with the culture, sociology and economics of the LLIG and LIG. For the formal private sector to support housing for the LLIG and LIG it is essential that:

- Land is provided to the private sector at subsidized rates.
- About 85 percent of the construction and development costs are through soft long-term HBFC or other loans for the purchaser.
- Targeting procedures make sure that the beneficiaries belong to the LLIG and LIG.
- Rules make sure that loans are non-transferable and that property cannot change hands for a period of 15 years.

This procedure, if it have to meet housing needs, calls for very large scale state funding which can be better directed to generate employment and production.

ii) Development through the private informal sector: The informal sector developers possess enormous skills in identifying low-income households for settlement, colonizing land, developing finances through selective speculation, and understanding the preferences of the LLIG and LIG. However, their operations consist of illegally occupying and selling state land. Partnership of these developers with the public sector could work if the developers are permitted to carry on their work legally. Instead of paying government officials and the police informally, and various mafias as well, they could pay the state legally through the sale of land to the beneficiaries and through speculation of prize plots, as a fee, on behalf of the state. Most informal developers are willing to accept this system provided they can retain some prize plots for future speculation. The settlement can improve incrementally as most katchi abadis do today, but better, faster and cheaper with government patronage and support.

Similarly, thallawalas have also developed systems whereby they can provide building materials on loan to the LLIG and the LIG along with manufactured building components and construction and design advice

for housing. The operation of the thallas can be improved if the following procedures are adopted by the public sector which will result in improved and affordable housing and larger profits for the thallawala.

- Small loans (seldom above Rs 75,000 or US\$ 3400) should be given to the thallawalas for upgrading their thallas. A special advisory service to identify the nature of upgrading should be provided.
- Technical assistance, guidance and training to improve the products of the thalla and the nature of technical advice it provides to the beneficiaries.
- Training of masons and other artisans employed by the thalla so as to improve their performance.

To make the informal sector a viable legal alternative for the LLIG and the LIG a major change is needed in the manner in which the state and professionals view the whole concept of housing supply and delivery for the LLIG and the LIG.

18.3 Non-Market Based Private Sector Involvement

(a) Bottlenecks in Promoting Non-Market Based Private Sector Involvement:

i) Self built housing: The public sector does not cater to the needs of self built housing in anyway. There is no developed system of identifying beneficiaries nor is there really a concept of such a beneficiary. As such land and/or loans to support the activity for self built housing cannot be set aside. In addition, the public sector provides an individual house builder with no design and technical advice or materials at subsidized rates.

ii) Cooperative housing: The large size of cooperatives in Pakistan has resulted in their capture by vested interest groups, such as developers and speculators. Although cooperative loans are basically sound, the public at large is not aware of the benefits of housing cooperatives, their rights as members, or their obligations to the cooperative banks. In addition, the legal formalities required for setting up a cooperative and lobbying with the public sector for acquiring land for it, prevents the LLIG and LIG from developing cooperatives, and if they do then the cooperative is taken over by persons who can act as intermediaries between the public sector and the LLIG and the LIG.

iii) Employees housing: Existing laws that require employers to provide housing for their employees, especially of the LIG, need to be implemented by action against defaulters and tax rebates for those who do provide housing. In addition, land at cost and low interest long-term loans should be provided to the organisations that wish to provide housing to their employees, along with design and technical assistance. Property tax on employee housing should also be exempt.

(b) Actions Necessary to Accelerate Non-Market Based Housing:

The following actions are required to accelerate non-market based housing supply:

- Development of a criteria for identifying "genuine" individual self builders and cooperatives and providing them with land at cost, soft-term loans, and design and technical assistance for building purposes and publicizing them through the media.
- Educating the public at large, through the media, regarding the concept of cooperatives; the rights, privileges and duties of members; and the benefits of the system to the LIG and the LLIG.
- Simplifying procedures for registration of cooperatives (though not conditions of size and membership) and for their acquiring land from the public sector at cost price.
- Promoting the concept of building societies and helping with seed money.
- Providing some tax relief to employers who build houses for their employees and exemption from property tax for the housing they develop. At the same time imposing an additional tax on those employers who do not develop housing for their employees.
- Providing land at cost, soft-term loans and technical support to those employers who develop housing for their employees.

18.4 Enhanced Housing Support for LIG and LLIG

(a) Affordability Support to the LIG and LLIG:

i) Land and finance for it: LIG and LLIG should be allotted partially developed land against a down payment of 30 percent of its cost or Rs 6,000, whichever is less, provided they shift to it immediately. The rest of the cost should be recovered through monthly instalments and only after full payment has been made should lease documents be issued. Land should be at cost price and non-transferable for at least

10 years. To make the LIG and the LLIG move onto this land it should be suitably located and to recover instalments local organisations should be developed.

For employees of formal private and public sector agencies, loans for land purchase should also be made available by the HBFC and other financial institutions through the employers and should be linked with the completion of a house in a minimum period of time. If this is not complied with interest rates would automatically be enhanced considerably.

To make the above provisions possible for the LIG and the LLIG the public sector should be in a position to acquire and develop land, even if with minimum standards, before it offers it for sale or allotment. This is the most effective way of controlling the speculation or the excuse for it. The public sector will need funds to undertake this development and should be aided for this by federal, provincial and international loans. At present loans for acquiring and developing land are not given by these agencies.

ii) House building finance: Financial assistance of 2 types should be given to the LIG and the LLIG:

- For house builders who have built the walls of their home and have a temporary roof, a small short-term loans should be given for putting up a permanent roof. This loan should be given by the development authority or an NGO who in turn receives it from the HBFC or from a commercial or cooperative bank, since it is uneconomical and difficult for large centralized organisations to monitor a large number of small loans. Eligibility criteria for these loans should be decided upon by the development authorities or NGOs themselves and so should the manner of recovering it.
- Loans for construction to employees of the formal private and public sector agencies should be made available through the agencies to the beneficiaries. The constructed units should be controlled by the agencies till such time as the loan is repaid. The agencies should also be responsible for monitoring the manner in which the loan is spent.

iii) Subsidies: There should be no subsidies in the sale of raw or developed land. At best it should be at cost price for the LIG and LLIG, minus the cost of overheads of the development agency. However, interest rates for employer-guaranteed long-term loans can be reduced to make it possible for the beneficiary to service the loan regularly.

iv) Building material loans: There should be no loans of materials as these are easily available through hallaawalas. In addition, this will add another department to an already top heavy and inefficient

administration. However, in the case of most thallas, the thallawala's capacity can be increased by upto 300 per unit through very small loans of no more than an average of Rs 8,000 per thalla. These loans again could be made available to the thallas through the area NGOs or the neighbourhood public housing or upgrading project.

(b) Social Housing for LIG and LLIG:

The conventional concept of social housing, produced or initiated by the public sector, requires the development of appropriate institutions and support systems. Given the scale of the problem and the present anarchic social administrative and political conditions, these will require a lot of effort and time to develop and may well be subverted. During this period the problem will multiply. In addition, the vast majority of the LLIG and LIG work for the informal sector. However, Karachi has distinct advantages over most other Asian cities. The city authorities have access to an almost inexhaustible supply of land for the foreseeable future. Small scale entrepreneurship and artisanal skills develop land and produce a large quantum of housing, which is affordable to the LLIG and LIG, though substandard in nature. Building materials, both aggregate and cement, are easily available. The public sector's emphasis should be on improving this system through financial, technical and managerial assistance on the one hand, and by creating a greater awareness in the population about housing, its design and construction, and related environmental conditions. By the nature of skills and resources available, this housing will be built by people through an improved semi-formal system, on land supplied and developed by the public sector. If supported by the public sector and by private agencies it can produce sufficient number of units to meet the demand.

Given the backlog and restricted performance of the public sector, it is advisable that housing built by employers for their employees should be for purchase and not for rent. This should be the only conventional non-market based housing that the public sector should support for the time being.

18.5 Enhanced Housing Market Mobility

(a) Movement to the Suburbs:

There is already a major movement of the LIG from environmentally degraded and congested areas of the city centre to the fringe katchi abadis. In addition, the newer MIG apartment complexes are better designed and maintained with greater emphasis on improved environmental conditions than the ones built a decade or more ago. Surveys also show that the MIG prefers to live on the city fringe

rather than the congested city centre (32). However, both the groups face major problems in moving to and living in the suburban areas. These problems are:

- Transportation from the city to the suburbs is insufficient and badly managed. The MIG is willing to pay a higher price for better transportation services but none are available.
- Due to inadequate transportation a lot of time is wasted in travel. In addition, the bad condition of roads and the noise and air pollution en-route is disorienting.
- For the MIG a major problem is the absence, of what they consider, adequate educational and health facilities in the suburbs and a higher cost of consumer items, especially foodstuffs, than in the areas nearer to or in the city.
- In the LIG settlements on the fringe, foodstuff is affordable only because it is of poorer quality than in the city.
- In the newer settlements, especially in the case of the LIG, security for their families when they are away from work, is a major concern of the residents. As clan and tribal links erode and as more heterogeneous settlements emerge, this concern will dominate the LIGs search for housing options (33).

Given these factors and the cost of commuting from the suburb to the city or other work centres, it is remarkable that so many people still prefer to move to a better physical environment.

The public sector could help this movement by providing an adequate road network, transportation system, better traffic management and through facilitating the establishment of adequate educational, health and recreational facilities in the newer settlements. In addition, major reforms in the local government structure are needed to help in the maintenance of law and order and provide security.

This movement to the suburbs and fringe should not be encouraged at the expense of the inner city, whose need for rehabilitation is urgent, and can only take place effectively as a part of a larger city and regional planning exercise.

(b) Housing Alternatives:

Most housing alternatives offered by the public sector to various groups since 1958 have been rejected by them, especially in the case of the LIG. The reasons for this rejection have been:

- Distance from work along with the absence of an adequate transport system.
- Dislocation from an area where strong community and/or clan links existed.
- Destruction and demolition of investment made in a house over years.
- The mistrust of the public sector and other for malsector agencies and a firm belief that the residents are being cheated by them.

The provision of housing alternatives therefore requires:

- The development of trust between the public sector and the residents and collective planning for alternatives.
- Adequate services, especially transportation and education facilities, in the alternative provided.
- Maintenance of the old community links and social environment in the alternative. This will have to be very much a part of the physical planning as well, and is especially important for older people.

19. DEMAND SUPPRESSION POLICIES

19.1 Major Components of Housing Demand

(a) Dp: Demand to Population Growth (Dp-nat)+(Dp-mgr)	48,000
i) Demand due to natural population growth (dp-na)	
- Karachi's present population	8,190,000
- 3 percent natural increase per year	245,700
- Households increased at 7.2 persons per household	34,125
- Number of units required (about)	34,500

Karachi's natural growth has been almost the same as the country's average. This is in spite of a major public sector investment in population planning. Surveys show (34) that there is a demand for population planning but people have a major problem of access to it, especially segregated women. Certain small pilot projects in the city, however, have overcome this problem of access and communication.

ii) Demand due to migratory population growth (Dp-mgr)

- Karachis present population	8,190,100
- 1.2 percent increase due to migration	98,280
- Households increased at 7.2 perons per household	13,650
- Number of units required	13,500

During the 80's Karachi received a large number of refugees as a result of the Afghan war and the Iranian revolution. These refugees are estimated at about 400,000 and thus average at about 40,000 a year. In addition to these refugees, it is estimated that there are over 150,000 (35) illegal immigrants from Bangladesh and Sri Lanka in Karachi who work mostly as domestic help. These migrations are unlikely to continue in the coming decade. However, increasing desertification in the barani areas of Pakistan and population increase and salinity in the irrigated areas, may well increase rural-urban migration durring the current decade.

(b) Db: Demand due to backlog (Db-ddh+sq+hl+slm) 34,200

i) Demand due to dangerous/dilapadated housing (Db-ddh)

- Number of households (1986)	165,000
- Annual replacement demand = 165,000 - 20 years	8,250

Dangerous and dilapadated buildings are going to increase in Karachi in the next decade because: one, the government is not regularising settlements, in what it considers ecologically dangerous areas and nor does it have any plans of making these areas "non-dangerous"; two, without a major city and regional planning excercise, the inner city problems cannot be tackled. This excercise would have to develop a new circulation pattern for the city and relocate certain wholesale markets. The public sector has no plans for such an excercise and in its absence inner city buildings are not going to be maintained or upgraded by their owners.

ii) Squatter households (Db-sqt)

- Number of households (1986)	465,000
- Annual upgrading/replacement = 300,000 - 20 years (squatter households are 465,000 minus those 165,000 living in dangerous areas)	15,000

Squatter settlement annual growth rate of 9 percent may decrease in the 90's if the targets set for the KDA incremental housing schemes and the KMC's Katch Abadi Improvement and Regularisation Programme are met. However, for these targets to be met major institutional changes

and changes of approach to planning and development are needed. So far there has been no move to initiate these changes.

iii) Homelessness (Db-hls)

- Number of homeless	20,000
- Units required at 7.2 persons per household	2,750

Homelessness is bound to increase considerably in the next decade. This is because the informal sector is finding it increasingly difficult to fulfil the needs of the LLIG. In addition, there is a growing breakdown in clan and tribal affiliations and the concept of an extended family is also becoming unacceptable to the second and third generation slum dwellers.

iv) Slum housing (Db-slm)

- Number of households	164,000
- Units required: 104,000 - 20 years	8,200

Slum housing will increase with growing homelessness, city centre densification, and the breakdown of clan and family ties. This, however, can be curtailed to a great extent by the success, in the next decade, of the KDA and KMC programmes for the LIG and LLIG, and the development of a rehabilitation programme for the inner city as part of a larger city and regional planning exercise.

(c) DR: Demand due to replacement (worked out for this report - see page 70)	13,000
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The vast majority of houses now being constructed in the city are semi-pucca. In addition, figures show that only a small proportion of the semi-pucca houses built during the previous decade have been converted to pucca ones. This trend is likely to continue due to the diminishing buying power of the Pakistani rupee. As such demand due to replacement is bound to increase considerably.

(d) Total demand Dp + DB + DR	96,500
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19.2 Demand Suppression Policies/Strategies

(a) Suppression of Demand due to Population Growth (Dp):

Demand due to population growth has not been met by the formal sector housing policies and the demand-supply gap has grown over the years. However, the informal sector has expanded to meet this demand.

i) Demand suppression due to migration: Demand due to migration (Dpm) has decreased over the last decade. This is not due to any specific government policies but due to a diminishing job market in Karachi, expansion of larger market towns which has replaced the old smaller ones, as a result of the development of mechanised transport and green revolution technologies; and the development of a services sector to agriculture in the rural areas.

Demand can be further reduced if the public sector provides assistance to the informal sector which services the needs of agricultural production by manufacturing a whole range of diesel engines, pumps, generators, spare parts and accessories to agricultural machinery, and more recently pesticides and fertiliser. This sector's employment generating capacity would increase many-fold if credit was made available to it; duties on raw materials that it requires are reduced; and import of items produced by it is banned or heavily taxed.

In addition, a major road building and electrification programme would open the barani areas for development and the exploitation of their immense animal and mineral wealth would become economical for private entrepreneurs. Road building along the coast would develop the fisheries sector in the same way. Both actions would generate jobs and reduce rural-urban migration.

ii) Demand-supply due to natural growth: The government has a major family planning programme. It has, however, not been a success because of its failure to develop access to segregated women, especially in the rural areas. This failure to get access is also because the family planning programme operates from static clinics and people have to cover large distances to get to them. There is also a the problem of mis-trust of the public sector by the people. However, some NGOs have broken this barrier and their methodology needs to be studied and modified for large scale replication.

Women's education, which will help enormously in population planning, needs to be facilitated in Pakistan rather than provided. This is because the state does not have the infrastructure to provide whereas there are a growing number of organisations and entrepreneurs who are catering to this increasing demand with little or no financial, managerial or training facilities available to them. Similarly, advice on the construction of new schools and rectification of old ones will also bring about a major improvement in the physical environment in the educational institutions.

(b) Suppression of Demand due to Backlog (Db):

As mentioned earlier in this report, over 40 percent of the city's housing is in katchi abadis and has been developed by the informal sector. Even the KDA incremental plot development programme aims at following the informal sector's development model. As such upgrading and not renewal is what the city requires to suppress the demand due to backlog. However, the present Katchi Abadi Improvement and Regularisation, though a step in the right direction, has failed to meet its targets, and unless institutional changes take place to relate its implementation strategy to the reality at the grassroots, it is unlikely that it will be a success.

Karachi's katchi abadis on the fringe and planned suburban areas have very low densities, sometimes at low as 160 persons per hectare. There is every advantage in increasing densities so that the maximum use of existing developed infrastructure can take place, and in the case of katchi abadis, upgrading costs are reduced. To promote densification a non-utilization tax on vacant land should be imposed; loans for construction on an already constructed plot, or for an additional unit to a houses should be given on priority; and property taxes on construction that increases densities in developed areas should be waived for a period of 5 to 7 years.

(c) Suppression of Demand due to replacement:

Most of Karachi's semi-pucca housing stock cannot be made pucca by minor additions simply because the owners when building their houses never thought that a transition from a katcha to a semi-pucca, and from a semi-pucca to a pucca house could take place without demolishing the old structure or making major structural changes in it. Again, although most katcha and semi-pucca house builders think of how the house will grow in the future they are seldom able to see this growth in clear organic terms. This is equally true for both the LIG and the MIG. In addition, LIG residents seek advice from thallawalas and masons whose skills and design ability have much to be desired. It is essential to provide technical and design services for the MIG and improve the functioning of the thallawalas that serve the LIG through a research and extension programme for the development of sound incremental housing.

A lot of research has been done in Pakistan in government institutions on building materials and new modes of construction. However, it has never been extended to the users successfully because of its distance from the field. The new research programmes must be action-oriented and must involve building component manufacturers, artisans and prospective house owners of both the formal and informal sectors.

20. SUMMARY OF PRINCIPAL RECOMMENDATIONS

20.1 Strengthening the Performance of the Metropolitan Housing Sector

(a) Review of Housing Strategies for this Decade:

Briefly stated the housing policy proposed for the present decade consists of:

- i) Consolidation/occupation of vacant developed land.
- ii) Development of incremental housing and land development for low-income groups to suit their paying capacity. This development will, it is hoped, control, if not stop, the development of katchi abadis.
- iii) Continuation of an improved and more effective katchi abadi improvement and regularisation programme.
- iv) Construction of apartments in the city centre on vacant land.
- v) Involvement of the private sector, NGO and community in the above programmes.
- vi) The development of rental housing.
- vii) Increased HBFC loan allocation.
- viii) Improved transportation and social sector services.

All the above components of the housing policy for Karachi for the next decade are sound. However, there are some questions that arise:

- i) Given the present bureaucratic nature of the KDA and KMC, the conventional approach of their planners, and their distance from the field, can these organisations transform these concepts into a functioning reality?
- ii) In the absence of effective powers to the elected representatives of the local government, can the power of the various mafias that determine the nature of development in Karachi and have considerable political support from the establishment be neutralised, and can the system of graft and corruption which is an integral part of most development in Karachi, be contained if not eliminated?
- iii) Can the formal sector compete with the informal sector, which provides 63 percent of all housing in Karachi, in the open market, and even if it can, is it not a waste of skills developed over a long period of time if the informal sector is elbowed out? Will its

elbowing out make access to housing more difficult for the LIG and LLIG ?

iv) Can the problems of the city centre be overcome simply by building apartments on vacant land and by replacing squatter settlements with new housing ? Can they be seen in isolation from larger regional and city level realities and issues ?

Some of these questions are answered by two important and successful pilot projects, one in Karachi and the other in Hyderabad, 160 kilometers from Karachi. These projects are described below.

i) The Orangi Pilot Project (OPP) in Karachi has developed a model which overcomes the problems which the KMC and the Katchi Abadi Authority face in implementing their Katchi Abadi Improvement and Regularisation Programme. The OPP programme consists of motivating people to

- organise, finance and manage the construction of their neighbourhood sewerage and water infrastructure and operate and maintain it afterwards;
- improve their houses;
- identify neighbourhood needs and put pressure on their elected KMC councillor to spend the funds he has at his disposal for the development identified, and to supervise the development themselves;
- support various social sector programmes of the public, informal and NGO sector;

To give support to the peoples programme the OPP

- carries out social research to assist it in motivating people; technical research to lower costs and develop more appropriate solutions; studies government programmes for the LIG and LLIG and seeks solutions to problems in them; tries to understand and support the functioning of the informal sector; and carries out an effective extension programme based on its research findings;
- gives technical assistance and training to thallawalas, masons, activists and raises the awareness of the people about environmental health, housing design and technology; and supports on-going small entrepreneurial activity through advice and small short-term loans which raise incomes and generate employment.

The OPP research and extension has led to the people mobilising Rs 50 million (US\$ 2.3 million) for the sanitation programme alone, whereas the OPP's own investment in research, extension and administration is not even 10 percent of this amount. The public sector would have spent over Rs 250 million for the work that the people of Orangi have executed with Rs 50 million.

The OPP has now been converted into a Research and Training Institute for the development of Katchi Abadis (RTI) and its work is being replicated by community activists and artisans trained at the RTI. It is also acting as the consultant to the UNICEF and the Government of Sindh for their joint Urban Basic Services Programme in katchi abadis.

ii) The Hyderabad Development Authority's (HDA) Incremental Housing Scheme is known as Khuda-ki-Basti, or God's settlement, by the people. The scheme consists of

- demarkating 72 and 100 M2 plots on government land with a pucca access road, katcha lanes and water through standposts;
- allotting the plot to anyone who pays an initial cost of about Rs 1,000 and starts living on the plot immediately, and undertakes to pay a monthly payment of about Rs 100 for 8 years for the cost of land and incremental provision of services;
- the plots are non-transferable till full payment is made and if the HDA staff finds other than the original owners living there, a heavy fine is imposed on them if they wish to stay on. If the house or shack on the plot is empty, the allotment is canceled and money paid forfeited;
- allotment for the plot, payment for it and all other related formalities are minimum and are performed at the HDA site office;

To make the settlement and development of the Basti possible the HDA has

- motivated the people to create a representative organisation (called a block organisation) for the responsibility of collecting monthly instalments for development; managing the development at a lower cost on the OPP model, if it so wishes; and helping the HDA in managing the plot allotment and cancellation process. The saving the people make in carrying out development themselves are deducted from the final plot price;
- involved informal developers and thallawalas in identifying beneficiaries and settling them on the site and providing them with assistance for building their homes, in the same manner as they do in a katchi abadi;

- induced NGOs into undertaking social sector developments and income generation activities, again on the OPP model;
- pressurised relevant government agencies, with support from the block organisations, to operate transport, open schools and health clinics and invest in industrial homes;
- made the HBFC give a loan of Rs 5 million to the HDA for disbursement to the residents for the putting up of their roofs and set up a design and construction advisory service for the residents, as in the case of the OPP.

The result is that in a space of 3 years over 3,000 LIG and LLIG households have moved on to the site and built their homes and are improving them and their settlement ever since. This whole activity has been managed by the HDA without subsidies, without extra staff and without any additional overheads. The four staff members that worked initially on this project have earned the absolute trust and faith of the residents.

The OPP model answers the needs of the Katchi Abadi Improvement and Regularisation Programme and the Khuda-ki-Basti of KDA's proposed Incremental Housing Scheme. However, the vision of such development models and of the process, procedures and strategy that make them a reality, has to be transferred to the government policy-makers and planners and to their international financiers and consultants. In addition, this transfer has to be followed by institutional changes if the programmes are to be implemented.

The inner city crisis has to be seen in the larger city context. The open spaces should not be built on simply because they are there. There is a strong case for preserving them. A major reorganisation of traffic is required to help in the reduction of congestion and degradation, along with the construction of bye passes from the port to the roads that lead out of the city, and the relocation of a lot of port and transport related activity from the city centre on to them. There is a strong feeling that Karachi needs no mass transit system, fly overs and express-ways in the city, but traffic organisation, management, intermediate link and ring roads for which there is ample space. The provision of these will facilitate the migration of the LIG and LLIG in the city centre to other residential areas.

The success of the densification programme depends entirely on the KDAs ability to enforce regulations; to get the HBFC to give loans to people who wish to build on developed land or add units to existing construction; and to get the provincial government to waive property tax for a 10 year period on those who do build in developed areas. Again, to do this, the KDA needs institutional reform, decentralisation, and support of an effective system of local government so as

to make it free from political and mafia pressure.

The rental programme of the KDA should not be a priority. However, employers should be forced to provide housing as per the existing law to their employees, and incentives to them for this purpose and penalties if they do not, should be provided for as mentioned in the report earlier.

The key, however, to the effective implementation of the housing programme lies in the development of an effective system of representative local government that can take decisions on Karachi's development; raise necessary revenues for this development and decide on their expenditure; control law and order; and be accountable to the people of Karachi. The possibility of this happening in the near future is bleak.

(b) Recommendations:

To strengthen the performance of the proposed metropolitan housing programme. Keeping in view what has been said earlier in the report, it is necessary for the public sector to:

- i) Develop a commitment in the policy-makers, the administrators and the technical staff to the proposals. This can be done through workshops where the plan proposals; the realities of the Karachi situation; previous policy failures; the informal sector activities; and the OPP and Khuda-ki-Basti models are discussed in the presence of selected bureaucrats, planners, entrepreneurs and activists from the private formal, informal and public sectors.
- ii) Train the planners, administrators and especially the intermediate level technical staff at the OPP/RTI and the Khuda-ki-Basti scheme in the concept and methodology of the projects.
- iii) Initiate a study on the problems of the inner city, its sociology, economics and changes, and relate them to larger city level planning issues.
- iv) Create a platform for interaction between administrators, planners, HBFC, formal sector developers, thallawalas, informal sector land developers, NGOs and community organisations so as to develop directions for institutional changes that can help make the proposed programme successful.

- v) Integrate the informal sector expertise into the official planning and implementation process, as in the case of Khuda-ki-Basti, and the communities as in the case of the OPP, and bring about institutional and procedural changes to make this happen.
- vi) Raise the level of design, technical and environmental awareness among the public at large; improve the skills of artisans involved in building; and the capacity and capability of thallawalas and entrepreneurs through the media and by following the OPP and Khuda-ki-Basti models.
- vii) Support promising NGO and community programmes with land at cost, and/or technical and financial support.
- viii) Support employer-built housing through negative and positive tax measures and provide land at cost, technical assistance and financial support for it.
- ix) Bring about changes in the HBFC procedures so that it can lend to NGOs, development authorities and cooperatives for extending small short-term loans to their members.
- x) Reduce red tapism in all procedures related to building permits, loans, tenure rights and other support systems, and in the process make the bureaucracy accessible to the LIG and LLIG.
- xi) Support the creation of a viable and representative local government which sets development targets and procedures, raises revenue and is accountable to the people of Karachi.
- xii) Lastly to remember at all times:
 - A plan is as good as the organisation that implements it.
 - Planning concepts and implementing procedures that are not compatible with the sociology and economics of the target group cannot succeed.
 - In a poor country where subsidies are not easy to come by, an optimum relationship between needs, resources and standards has to be arrived at. Hence no standards should be considered sacred and since needs and resources are both dynamic, standards should also be considered as incremental or upgradable.

20.2 Follow-Up Actions to UNCRD's Current Programme

The wealth of knowledge that the UNCRD has accumulated through this programme needs to be disseminated, discussed and understood. Also a platform for a dialogue between various actors identified in the urban drama in Asia in course of the programme needs to be established, consolidated and institutionalised. In addition, every attempt should be made that the new professionals that are being produced by our academic institutions should know the realities of the housing situation in our cities and the constraints that the public sector faces in tackling these realities. For Pakistan, therefore, it is proposed that:

- i) The UNCRD material should be used for orienting decision-makers, policy framers, planners and administrators about the real issues in the housing sector in the country and solutions adopted for them in other countries.
- ii) Assistance should be extended to academic institutions to modify their teaching programmes in urban development and housing, in view of the lessons learnt from the programme.
- iii) An "organisation" should be identified or created where all the actors in the urban drama can come together in a loosely structured manner to discuss and exchange views. These discussions should be reviewed, published and/or made subjects of workshops at public sector, NGO, or academic institutions where the informal sector can participate.
- iv) The results of the above activities should be considered when the formulation of policies takes place and the people identified by the "organisation" should be members of the decision-making committees on housing and urban development.

A detailed action plan that encompasses the above follow-up proposals should be drawn up by the Pakistani team. The plan should be open to review and modification based on feedback from the various actors involved.

FOOTNOTES

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/Israr Rana/

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