

# **HOUSING: LESSONS FROM THE URBAN HOUSING DEMAND- SUPPLY GAP IN PAKISTAN**

## **PRESENTATION**

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- **The Urban Resource Centre (URC), Karachi**

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## URBAN HOUSING DEMAND-SUPPLY GAP

- **Annual urban housing demand (estimated)** **300,000 units (65% for lower income group)**
- **Annual formal sector supply** **110,000 units**
- **Annual demand-supply gap** **190,000 units**
- **Demand-supply gap met by**
  - **Katchi abadis** **25%**
  - **Informal subdivisions of agricultural land (ISAL) 60%**
  - **Densification of inner cities and existing settlements** **15%**
- **Without katchi abadis and ISALs people would be living on the streets**

## PRESENT SITUATION (Estimates 2001)

- **Katchi abadi population** : **09 million**
- **Informal subdivisions of agricultural land** : **15 million**
- **Inner city slums** : **? million**
- **Karachi**
  - **Demand** : **80,000 units**
  - **Formal sector supply (building permits)** : **27,600 units**
  - **Katchi abadis** : **32,000 units**
- **Faisalabad**
  - **Demand** : **12,500 units**
  - **Formal sector supply (building permits)** : **800 units**
  - **Informal subdivisions of agricultural land** : **3,500 units**

## **COMPARISON OF KATCHI ABADIS AND INFORMAL SUBDIVISIONS ON AGRICULTURAL LAND (ISAL)**

<b>01.</b>	<b>On government land</b>	<b>On private agricultural land</b>
<b>02.</b>	<b>A diminishing phenomena (mainly in Sindh)</b>	<b>Increasing rapidly all over Pakistan</b>
<b>03.</b>	<b>A government official-middleman joint venture (often politicians involved)</b>	<b>A middleman-landowner joint venture facilitated informally by government officials</b>
<b>04.</b>	<b>Middleman overheads are bribes and bhatta</b>	<b>Middleman overheads are minimal</b>
<b>05.</b>	<b>Speculation is controlled by forcing occupation of land</b>	<b>Speculation is not controlled and so part of schemes may remain vacant for years</b>
<b>06.</b>	<b>Initially no security of tenure</b>	<b>Security of tenure</b>
<b>07.</b>	<b>Large schemes in Sindh (Karachi)</b>	<b>Small schemes (average 60 plots)</b>
<b>08.</b>	<b>Large plots, proper roads, amenities</b>	<b>Increasingly smaller plots, narrow roads, no amenities</b>

<b>09.</b>	<b>Located wherever government land that can be accessed</b>	<b>In ½ to 1 km width along the corridors exiting the urban areas</b>
<b>10.</b>	<b>One time payment for land to middleman but bhatta is paid till the settlement is secure</b>	<b>Payment in instalments for land to the middleman. No bhatta</b>
<b>11.</b>	<b>Strong middleman backed community organizations for acquiring</b> <ul style="list-style-type: none"> <li>•Tenure rights</li> <li>•Infrastructure (which is seen to add to tenure security)</li> </ul>	<b>CBOs formed by public spirited individuals/groups. Few in number</b>
<b>12.</b>	<b>Government inputs: the Katchi Abadi Improvement and Regularization Programme (KAIRP)</b>	<b>MNA/MPA/Councillor ad-hoc schemes</b>
<b>13.</b>	<b>Purely poor communities</b>	<b>Also for middle income groups</b>
<b>14.</b>	<b>-</b>	<b>Informal cooperatives</b>

# THE HOUSE BUILDING PROCESS

- **Incremental: The house is added to or improved as funds become available**
- **Support from small contractors/component manufacturing yards (thallawalas) who provide**
  - **Technical and design advice**
  - **Skilled labour**
  - **Construction materials (often on credit)**
  - **Cash credit (only in Karachi)**
- **92 per cent respondents in Karachi were supported by thallawalas and in Faisalabad 73 per cent by small contractors**
- **Cash and construction material credit is recovered by the contractors/thallawalas through social pressure**
- **Finances for initial house building/land purchase came from**
  - **Family savings**
  - **Loans from friends and family**
  - **Selling assets (such as jewellery)**
  - **High interest loan from the “soothkhor”**
  - **A combination of all four**

# PLANNING AND HOUSE BUILDING RESULTS

- **Planning is poor and without considerations related to orientation and social and economic needs except for Karachi katchi abadis where middlemen try and follow KDA regulations**
- **Informal manufacturing units create environmental degradation**
- **Implementation of the plan is done efficiently because of coordination between the middleman, landlord/ government officials and sub-contractors (earth works)**
- **Housing construction is poor because of:**
  - **Poor designs (owner, contractor/thallawala, mason constraints)**
  - **Poor skills available with contractors/thallas**
  - **Bad relations between owner, contractor, artisan due to lack of clarity of each others responsibility and inaccurate estimates of materials and costs**
- **Major defects (a waste of good money)**
  - **Light/ventilation**
  - **Waste and storm water disposal**
  - **Sanitation**
  - **Insulation**
  - **Leaking roofs and damp walls**
  - **Incomplete construction**

# HOUSING POLICY CONSTRAINTS

- **No social housing policy on an appropriate scale exists to address the shelter issues of low income communities except KAIRP which does not provide shelter**
- **Such a policy is unlikely to develop in the foreseeable future due to major cuts in public expenditure (poverty related subsidies have reduced from Rs 5.2 billion in 1991 to Rs 284 million in 2001 and between 1988 and 2002 public sector investment as a proportion of GNP halved). More cuts are likely**
- **Land-use is increasingly determined by land value and not by social considerations as a result of which**
  - **Appropriate locations for low income housing are utilised for middle income housing**
  - **Katchi abadis and ISAL are far away from city centres and work areas and also from better quality education, health, recreation and entertainment areas**
  - **An increasing number of peri-urban settlements are not a part of the metropolitan areas and as such not a part of urban development and infrastructure plans**
- **An integration of low income settlements into larger urban development plans is constrained by**
  - **Absence of urban settlement maps and existing formal and informal land-use and infrastructure documentation**
  - **Treating the low income areas as a different entity from the rest of the city**
  - **Not recognising ISAL as “legitimate” development**
- **The absence of capacity and capability in local government institutions to develop low income housing on a sufficiently large scale and at an affordable cost so as to be an alternative to katchi abadis and ISALs**

## QUESTIONS FOR APPROPRIATE HOUSING POLICY FORMULATION

The katchi abadis and ISAL are providing the bulk of housing for the lower and lower-middle income groups in Pakistan without any major subsidies from the state. Subsidies for the foreseeable future are unlikely. Given this situation, a number of questions need to be answered.

Question	Response
Can the katchi abadi methodology be formalised?	<i>This has already been done by Saiban through the Khudi-ki-Basti model. The model needs to be scaled up at the national level</i>
Can we direct the ISAL process as part of urban development plans through infrastructure development such as roads and incentives to the informal developers?	<i>The possibility has been looked into, discussed with informal developers but not with government agencies</i>
Can we provide small formal sector loans for house improvements and acquisition of utilities?	<i>Has been discussed with the HBFC. The possibility is there through intermediate organisations. Attempts have been made. There is a shortage of intermediate organisations who can do this</i>
Can we provide loans for land purchase?	<i>This will require a large portfolio if it has to have an impact. The Philippines CMP can be a model. Micro-credit programmes have shown that the poor are more loan worthy than the rich</i>

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<p><b>Can we improve the design and construction quality of homes in katchi abadis and ISALs?</b></p>	<p><i>Yes, we can. The Orangi Pilot Project Low Cost Housing Programme has improved products at the thallas, skills of workmen and awareness of house owners/builders. It has also trained para-architects who now provide services to design and supervision services to house builders and to the Orangi UCs</i></p>
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<p><b>Can communities take over the financing, management and construction of neighbourhood infrastructure so as to improve environmental conditions?</b></p>	<p><i>Yes. The Orangi Pilot Project Low Cost Sanitation Programme and its replications in Uch, Lodhran, Faisalabad, Rawalpindi, Gujranwala and various settlements throughout Pakistan reaching out to 2.5 million beneficiaries, have shown that this is possible</i></p>
<p><b>Can small informal cooperatives be formalised and supported?</b></p>	<p><i>Yes, they can through a matching grant for land purchase</i></p>
<p><b>Can land-use be decided on social considerations and implemented?</b></p>	<p><i>Doubtful, unless backed by a strong civil society, political will and planning institutions</i></p>

**If this or even part of this can be done with the minimum of red-tapism and political patronage and with relative transparency, we will go a long way to addressing the shelter problems of Pakistan's low income communities.**

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