

Pakistan: Urban Housing Issues

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A. Summary

Pakistan is the seventh most populous country in the world. According to the 2017 Census, its population is 207.7 million and has grown at the rate of 2.4% per year in the intercensal period. Its urban population, on the other hand, has grown at the rate of 2.7% per year during the same period and is estimated at 75.5 million.

The urban housing demand in Pakistan is 350,000 units. Of this 62% is for lower income groups, 25% for lower middle income groups, and 10% for higher and upper middle income groups. The formal supply per year is 150,000 units. The unmet demand is taken care of by the creation of informal settlements of two kinds: one, occupation and subdivision of government land (*katchi abadis*) and two, by the informal subdivision of agricultural land (ISALs) on the periphery of the urban settlements. In the last two decades, however, the demand is increasingly being met by densification of existing low and lower middle income settlements.

Rural to urban migration is taking place on an unprecedented scale because of the demise of village self-sufficiency which was the product of caste and a barter economy, both of which are in their last throes. At present, the State has no plans for dealing with the migrant influx. It is also not in a position to provide them with homes and their options of living in *katchi abadis* or ISALs in the absence of the availability of land near the ever expanding urban centers are becoming difficult due to an increase in cost, distances, and the inconvenience related to commuting. To respond to these problems low rise low income settlements near places of work or town centers are informally becoming high rise, with all the physical and social problems of unplanned densification. The units are also becoming increasingly smaller so as to become more affordable. Meanwhile, for the first time in Pakistan's urban areas (especially in Karachi and the larger cities) we are seeing people sleeping under bridges, roundabouts, pavements, and open-air 'hotels'.

The politician-developer nexus is producing gated communities for the elite and middle classes, segregating cities further into rich and poor areas, and thus increasing the possibility of urban conflict. The process of gentrification is taking away space from the public and transferring it to the rich and the middle-class. This is being facilitated by large loans from the international financial institutions leading to massive speculation which needs to be contained. This speculation has put housing beyond the reach of even middle-class young couples.

The provincial governments are promoting regularization and improvement of informal settlements. However, in Karachi, through new legislation, they are also promoting their demolition and conversion into medium and high rise apartments through the developers. They feel that this will integrate them into the city. Although finances for such large interventions are not available, and even if they were, they are not feasible for social and political reasons. What is required are house improvement loans for the *katchi abadis* and technical advice on how to

use those loans effectively. In addition design and technical advice is also desperately required to the actors in the informal densification process. This advice can be given to the individual families, neighborhoods, or to the informal developers and contractors working in the low income settlements.

The credit facilities available through banks and the House Building Finance Company (HBFC) are not sufficient to cater to even a fraction of the demand. Without a reform in these institutions and their means of raising and disbursing funds, the situation will not improve. A very important element that needs to be introduced if the housing demand is to be met better is the creation of credit for the purchase of land for individuals as well as small cooperatives. To freeze the shelter shortage to present levels (8.5 million backlog growing at the rate of 200,000 units a year) an outlay of Rs100 billion would be required annually for the next 10 years, whereas the 2017-18 national budget has allocated only Rs 2.329 billion for housing.

The State is transferring its responsibilities to companies. A number of municipal functions have already been transferred, including the collection of revenue in some cases which is no longer the responsibility of the State. If this policy is to be pursued there has to be a very strong regulatory framework which protects the poorer sections of the population. It has been seen in the case of electricity that the poorer sections cannot afford to pay their energy bills since the costs are exorbitant. They also have to bear the brunt of 'load-shedding' as opposed to the higher income settlements. In the case of solid waste management, the *katchi abadis* have been ignored. Unlike 15 years ago, a family has to pay to enter a park for recreation purposes and has to pay a parking fee to park their motorbike or car. According to the Urban Resource Center's (URC) research, low income visitors to the more expensive parks have declined. A heavy toll tax has been placed on motorways and national highways making travel very expensive in one's own vehicle.

Unlike before, the State ignores protests from communities who increasingly use NGOs or political parties as go-betweens for negotiation purposes. The resulting culture has, apart from creating dependence, created a distance between government agencies and communities. The State does, however, listen to community projects which it showcases and which are increasingly becoming a drop in the ocean of capitalist domination.

The expansion of urban centers, in the absence of land use planning or its implementation, is swallowing up valuable agricultural land and damaging the ecology of the regions in which the cities are located, depleting water resources and polluting water bodies. It is also destroying geological formations, forests, and natural drainage systems. This is causing flooding and bringing about a rise in temperature, creating heat island effects in the urban areas especially in the high density high rise informal settlements. If unchecked these environmental hazards will increase. There is a need for new building design and technology which is affordable for low

income groups (especially with relation to insulation of external walls and roofs of buildings, planting trees) to deal with the effects of climate change. Urbanization on the periphery is also destroying traditional cultural precincts, intangible cultures and archaeological sites. With the neoliberal regime and its emphasis on direct foreign investment, master and strategic planning has been replaced by unrelated projects for which funds are available in the international market and with international financial institutions.

If we accept that this will remain so for the future, then we need to develop a criterion for judging projects. The URC in Karachi has developed the following criteria; that projects shall not destroy the ecology of the region in which the city is located, that the project should serve the interests of the lower and lower-middle income groups who form the vast majority of the populations of urban centers as priority, that land use should be decided on the basis of social and environmental considerations and not on the basis of land value alone, and that projects should not damage the tangible and intangible culture of the communities that live in urban areas.

However, the most important issue is related to land, its use and conservation. The URC in Karachi is of the opinion that Pakistan requires a serious urban land reform whose major ingredients would be; one, a heavy non-utilization fee on land and property. Two, an urban land ceiling act whereby no one person can own more than 500 square meters of urban land. Three, that no settlement should have a density of less than 400 persons per hectare. And four, no person who has taken a loan for house building once should be given another loan. In the presence of a powerful developers lobby and elite interests, it is difficult to implement such an urban land reform but given the changing political scenario in Pakistan and the activism of the higher courts such a conversation can take place.

The above recommendations will need time and effort. A more important reality is that for the foreseeable future housing will increasingly be provided by the formal and informal private sector. Formal because increasingly funds are being made available for it and informal, because there a demand for it and there are huge profits that can be made from it with very little investment. To deal with this situation there is need for some sort of intervention to make the formal and informal housing product better designed and more affordable. It is also necessary to develop ways to open land for informal development through the provision of appropriately located road infrastructure and by enacting legislation through which the state can acquire vacant land for low income housing.

Academic institutions give a great deal of emphasis on community housing projects. This is important. However, it is also important that they understand the present formal and informal capitalist mode of housing production, its potential and its constraint's so that they can make relevant interventions in the process and come to conclusions, especially on density, space per

person, energy and their relationship with architecture and planning, for different Pakistan contexts.

There are many peasant and indigenous peoples' movements against urbanization of agricultural land, water resources, cultural sites and orchards. These are environmental issues and need the support of academic institutions and civil society. If the movements are strengthened then the political establishment and the courts of law, especially the environmental tribunals, will take note of it. Many related issues are already before a supposedly pro-poor and involved Supreme Court.

B. Text

*“The State shall provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment”.*¹

1. Pakistan

Pakistan is a federation of four provinces located in South Asia and bordered by Afghanistan, China, India, and Iran. Its coastline lies along the Arabian Sea and the Gulf of Oman. The provinces that make up the country are Sindh, Punjab, Khyber-Pakhtunkhwa (formerly known as North West Frontier Province), and Baluchistan.

Pakistan came into existence as a result of the partition of British India in 1947. The country has an elected national assembly, which is the lower house of parliament, and a Senate which constitutes the upper house. In addition, each province has an elected provincial assembly. The local government at the district level has mostly been subservient to the provincial bureaucracy.

Pakistan contains 2.3% of the world's population. It is the seventh most populist country in the world. According to the 1998 Census, its population was 132.4 million and had grown at the rate of 2.6% per year in the intercensal period. Its urban population, on the other hand, had grown at the rate of 3.5% per year during the same period and was estimated at 43 million².

¹ Article 38 D. Promotion of Social and Economic wellbeing of the People, Constitution of The Islamic Republic of Pakistan

² Hasan, A. (2006). The Scale and Causes of Urban Change in Pakistan. Ushba Publishing International, Karachi.

2. Population

Pakistan's urban and rural populations at the last census before Independence (conducted in 1941) were 4 million and 24.2 million respectively. At present, the urban and rural populations have increased to 75.58 million and 132.18 million respectively as per the 2017 Census³.

Demographers have questioned these figures, especially in relation to the urban population which they feel has been understated. This understatement is related to three reasons. One that, for the 1981 and 1998 census the definition of urban was changed to mean only those human settlements which had municipal governments. In the earlier definition, settlements of 5,000 and above population which had urban characteristics could be considered as urban⁴.

3. Background to the Current Situation

As a result of the partition of India and the creation of Pakistan, there was an exchange of populations. Seven million Muslims from India migrated to Pakistan and about 6 million Hindus and Sikhs migrated to India from Pakistan. All of this happened within three months. As a result of this migration, the population of many towns in Punjab and Sindh increased by well over 50% and in the case of Karachi by over 100%⁵. The government faced an immense housing crisis. This is brought to light by the 1951 census which recorded over 48% of urban Pakistanis saying that they had migrated from India.

Initially, the refugees invaded all open public spaces. They were removed from most of these and settled into what were known as displaced peoples' colonies. To facilitate the provision of services to these colonies, organizations known as improvement trusts were created such as the Karachi Improvement Trust or the Lahore Improvement Trust. These were managed by the provincial bureaucracy in a very top-down manner. Many of these colonies became permanent settlements with the people acquiring tenure rights.

In the early '50s, the government initiated the building of core houses for the refugee populations. In the case of Karachi, the program was very ambitious and sought to build 40,000 houses in the first phase. However, due to financial and administrative reasons and the lack of capability and capacity in the implementing agencies, the program was abandoned after building only 10,000 housing units. Following this failure, the government developed plot townships where it provided a plot, water by tanker trucks, a service road, and left the house building and service acquiring processes to the residents⁶. These townships too were also on too small a scale to meet the demand and with internal migration increasing rapidly in the '50s and '60s, the demand increased phenomenally.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Hasan, Arif (2000). 'Housing for the Poor'. City Press, Karachi.

To meet this demand, two informal processes emerged through which the majority of urban Pakistanis have acquired their homes. One was the informal subdivision of government land (ISDs) (see Box 1). The second is the informal subdivision of agricultural land (ISAL) on the city periphery (see Box 2).

Box 1: The Evolution of Yakoobabad (Informal Subdivisions on Government Land)

Yakoobabad is an informal settlement in Orangi Town, Karachi⁷. Before 1977, it was vacant land belonging to the Board of Revenue (BOR) who had given it on a one-year renewable lease as pasture land to an elder of the Rind tribe (hence for the referred to as X). In February 1977, Y, who is a well-known informal developer moved onto X's land with 100 destitute families whom he provided with bamboo posts and mats for constructing shacks. X resisted the occupation and there was violence. The local police station intervened and arbitrated. It was decided that the Rind tribe would receive Rs 500 for every plot that was developed by Y. The plots given to the 100 destitute people were exempt from payment and Y also did not receive any payments for them. It was also agreed that Y would pay Rs 200 per plot to the Karachi Municipal Corporation (KMC) officials from the sale proceeds and then the police would recover Rs 200 or more from the owners as a converted their shacks into concrete construction. After this, Y laid out Yakoobabad on a grid-iron plan, leveled the roads by informally hiring tractors and a bulldozer from the KMC staff and left an open space for a mosque and school. Commercial plots were set aside for speculation along the main roads. Negotiations were entered into with representatives and touts of government officials who could be of help in the future development of the settlement and 30 percent of all plots were set aside for these officials for speculation purposes. Whoever purchased a plot, except the KMC and government officials, had to construct a house in a month's time and move in failing which he/she would lose their plot and the money they had paid for it. Thus, speculation was prevented and the settlement expanded fast.

Y engaged donkey cart owners to supply water (illegally acquired from the KMC water mains in Orangi) which was paid for by the residents. A few weeks after the first shack was built, a contractor, Nawab Ali, established a building component manufacturing yard in the settlement and started supplying concrete blocks and tin roof sheets along with technical advice and small credit for house building. By 2000, 92 percent of the families had built their homes with support from Nawab Ali and 62 percent had taken credit from him. Another entrepreneur, Faiz Muhammad Baloch, moved into the area and set-up a generator and started supplying electricity to the residents at the rate of Rs 30 (payable in advance) per month for a 40 watts bulb.

Y formed a welfare association of all the households who purchased a plot from him and got it registered. Through the association, he has lobbied for infrastructure and improvements with the help of officials and politicians who held plots in Yakoobabad. As a result, by 2000, Yakoobabad had become a proper settlement with electricity, telephone, water, and gas connections. Also, by 2000, the area had 10 primary schools, two secondary schools, six clinics and paved roads including 401 micro-enterprise units providing employment to over 2,600 persons in the settlement.

Source: Hasan, Arif; *Understanding Karachi*, City Press, Karachi, 2000

The Informal subdivision of agricultural land is a very different phenomenon from informal subdivisions of state land. The ISDs came to be known as *katchi abadis* whereas ISALs came to

⁷ Karachi is the capital of the province of Sindh and is the most populous city in Pakistan. It contains 9% of Pakistan's total population and 24% of the country's urban population. It generates 15% of national GDP, 25% of the country's revenues, and 62% of income tax. It is also Pakistan's media center, economic hub, and the country's only port. (source: master plan group of offices, city government 2007)

be known as slums in official documents. ISALs, though informally developed, have tenure security which the *katchi abadis* do not.

Box 2: The Informal Developers of Faisalabad⁸ (Informal Subdivisions on Agricultural Land)

Chaudhary Ghulam Rasool Cheema is an informal developer in Faisalabad. His family came from Gurdaspur in India and lived near a village on Jaranwala Road. His first job was as a WAPDA storekeeper. He began this business because his salary was not enough to support his big family. He has been a member of the Pakistan People's Party and later of the Pakistan Muslim League. To begin his business he sold a piece of land that he had in his village which is about 20 kilometers distance from Faisalabad. He chose to work along the Jaranwala Road because the people of the area knew him because of his political activities. He planned his first housing scheme in 1990 but work on it started in 1994. Up-till now he has completed five small schemes each having 70 to 150 plots. The size of the plots is usually 5 marla and the measurements are 30 feet front into 45 feet depth. The streets are 20 to 28 feet wide. He raises the streets 2 feet above the road level. If the streets are not raised then people do not buy the plots because they are afraid that the settlement will get flooded. The earth-work for the streets is done by the Afghanis who have trolleys and jack machines for this job. Local people do not do this work since they have no experience in it and no machinery. For setting up his business he employs two persons as office staff. However, he hires a number of "field workers". These field workers contact prospective clients, prepare layout on site and supervise earth filling. When a project begins he usually has about 20 field workers who provide forms to the clients at Rs 10. If they sell ten forms in a day they earn Rs 100. For the advertisement of a scheme, a pamphlet is prepared and is given in newspapers inviting young middle or metric educated boys to come and work as field staff. These boys go to the areas which are congested or where people do not have their own houses. They brief them about the scheme and try to convince them that they should buy a plot. Most of the boys who respond to Mr. Cheema's ad, already have experience in this field. They are given a further incentive of a commission for each plot that they sell. The planning of the scheme is done by Mr. Cheema himself after which the sketches are provided to a draftsman for further development. The draftsmen who work for him are FDA employees and are hired by him on a per job basis. The most important criteria for the purchase of land for the scheme is the availability of transport, which means access to the main inter-city road, and electricity. If the land is more than 2 kilometers from the inter-city road, the scheme does not sell. There is no attempt to develop corner plots or commercial plots. It is simply a 5 marla subdivision. In the smaller schemes, Mr. Cheema provides no services such as water, sewage or electricity. People acquire water by hand pumps, which they later convert to piston pumps, sewage through self-help (it invariably disposes into a canal) and electricity through lobbying with Water and Power Development Agency (WAPDA). The developer does not keep any plot for speculation but 30 percent of the plots normally remain unsold for a period of 3 to 4 years. There is a written agreement with the person who purchases the plot and proper records of receipts of installments paid are maintained. People invariably pay regularly by coming themselves to Mr. Cheema's office. For the transfer of land from the landowner to Mr. Cheema, both the parties visit the divisional headquarters where land records are kept. Here they pay the legal as well as "the other" charges. In the revenue department ledger, land remains as agricultural and streets and roads are recorded as amenities. The cost of transfer of land to the developer is borne by the purchaser.

When Mr. Cheema started his business in 1990, he had to look out for people who wanted to sell their agricultural land. Now that people know that he is in business and has an office where plans are displayed, landowners come to him themselves. Also, wherever he develops a scheme, he puts up a board on which the name, plan, and details of the scheme are given. Mr. Cheema says that the success

⁸ Faisalabad is arguably the most important secondary city of Pakistan. It is the center of the country's textile industry. In 1941 it had a population of 69,930 and in the 1998 census it had a population of 2,009,000 (source: The 2004 Baseline Survey on Millennium Development Goals in AACs Chapter 6 Faisalabad, Pakistan). It is expanding rapidly through the Informal Subdivision of Agricultural Land (ISAL) and as an important academic center for the Punjab province.

of these schemes lies in the fact that the developers have understood what a poor man can afford to pay and they act accordingly. He also says that if the government could support this activity and provide the developers some loan, then in two to three years' time there would be no one left in Faisalabad who was homeless.

Source: Observations and interviews by the lead author.

According to Faisalabad Development Authority (FDA) estimates, informal developers are subdividing agricultural land for housing on a large scale (2000-2500 plots per year) to meet the housing demand which is estimated at 7,000 (units) for the low-income groups. There is no housing scheme in the public sector and one of the reasons for this is that the FDA does not own any more land. In addition, there is no plan to integrate the informal housing projects into a larger city plan. Of the schemes that the informal sector develops, not even 10% are approved by the FDA and in many cases, the FDA has no full information of them.

Between 1947 and 1998, Faisalabad's population has increased by about 1.9 million. A minimum of 200,000 housing units would be required for this population increase. However, between 1947 and 1998, the government has been able to provide only 38,785 plots and houses. This includes nuclear houses and 22 flats developed for the residents of bulldozed *katchi abadis*⁹.

Table 1: A Comparison of ISDs and ISALs		
	Informal Subdivisions on Government Land (ISDs)	Informal Subdivisions on Agricultural Land (ISALs)
1	On government land.	On private agricultural land.
2	A diminishing phenomena (mainly in Sindh).	Increasing rapidly all over Pakistan.
3	A government official-middleman joint venture (often politicians involved).	A middleman-landowner joint venture facilitated informally by government officials.
4	Middleman overheads are bribes and <i>bhatta</i> .	Middleman overheads are minimal.
5	Speculation is controlled by forcing occupation of land.	Speculation is not controlled and so part of schemes may remain vacant for years.
6	Initially no security of tenure.	Security of tenure.
7	Large schemes in Sindh (Karachi).	Small schemes (average of 60 plots).
8	Large plots, proper roads, amenities.	Increasingly smaller plots, narrow roads, no amenities.
9	Located wherever there is accessible government land.	In ½ to 1 km width along the corridors existing in the urban areas.
10	One-time payment for land to	Payment in installments for land to the

⁹ Hasan, Arif. Aleemuddin, Salim. Sadiq, Asiya. The work of the Anjuman-e-Samaji behbood and the larger Faisalabad context. Working Paper. IIED.

	middleman but <i>bhatta</i> is paid till the settlement is secure.	middleman. No <i>bhatta</i> .
11	Strong middleman backed community organizations for acquiring: tenure rights and infrastructure (which is seen to add to tenure security).	CBOs formed by public-spirited individuals/groups. These are few in number.
12	Government inputs: the Katchi Abadi Improvement and Regularization Programme (KAIRP).	MNA/MPA/Councilor ad-hoc schemes.
13	Purely poor communities.	Also for middle-income groups.
14	-	Informal Cooperatives.

4. Current Housing Situation

The current housing situation and trends are given below.

The number of housing units between 1980 and 1998 increased by 2,47 million, which is an increase of almost 70 percent (69.6%). Persons per room declined from 3.2 to 2.6. One room houses decreased from 42.58% to 30.38% and 2-4 room houses increased from 13.68% to 19.11%. This shows an overall improvement of the housing conditions in the country. However, there are major provincial differences between the provinces. In Baluchistan for instance, persons per housing unit increased from 7.6 to 7.8 and in KPK to 7.9 while the national average stood at 7, with Sindh having the lowest at 6.8¹⁰.

The current housing demand and supply is given in the table below: ¹¹

Total demand per year	700,000 units
Urban demand per year	350,000 units
Rural demand per year	350,000 units
Lower income group	62%
Lower middle income group	25%
Higher/upper middle income group	10%
Formal supply per year	250,000 units
Urban supply per year	150,000 units
Rural supply per year	100,000 units

¹⁰ Government of Pakistan Census Reports

¹¹ Jabeen, A. Sheng, H. X. Aamir, M. (n.d.). 'Housing Crises in Pakistan: Review of Population Growth and Deficiencies in Housing Laws and Policies'. International Journal of Sciences: Basic and Applied Research (IJSBAR).

About 25% of the unmet urban demand is accommodated by the creation of katchi abadis, 60% through the informal subdivisions of agricultural land (ISALs) and 15% through the densification of inner cities¹².

In addition, there is a total annual housing backlog of around 605,000 of which about 50% is urban¹³. As a result, the katchi abadis and ISALs keep growing as is illustrated in the table below for Karachi.

Table 3: Karachi's Katchi Abadi Population				
	'70s (1978)	'80 (1985)	(1998)	2006
Population	2,000,000	2,600,000	4,901,067	8,540,000
Number of households	227,000	356,000	700,152	1,200,000
Percentage of population	55 %	43 %	50 %	61 %

5. The *katchi abadi* Improvement and Regularization Program

In the 1970s election, the Pakistan Peoples' Party (PPP) with its socialist agenda came to power and initiated the "*malikana huqooq*" or ownership rights program whereby it sought to regularize and *improve katchi abadis* on government land. However, a proper law was enacted only in 1978 giving the provinces the right to legislate on the regularization processes and institutional arrangements.

Initially, local government at the district and sub-district level was given powers for this process and they created *katachi abadi* directorates. However, these local governments in Sindh and Punjab, where most *katchi abadis* were located, were subservient to the provincial bureaucracy and so, the urban development authorities also became one of the regulating authorities/institutions. In the case of Sindh the Sindh Katchi Abadi Authority (SKAA) under the provincial government was created for this purpose. As such, elected local bodies were not directly involved in the regularization process. Over time, through election promises and their fulfillment, the majority of *katchi abadis* in Pakistan had been notified for regularization and in the case of Karachi, 72% have been notified.

¹² Ibid.

¹³ Calculated by the authors using government figures and reports.

The Junejo government in 1987 announced March 23, 1985 as the cut-off date for the regularization of *katchi abadis* in Sindh. However, because of a number of administrative and legal issues related to the transfer of land process, regularization was delayed. Meanwhile new *katchi abadis* were created. As a result, the cut-off date was later extended to June 30, 1997 and in the Punjab it was extended to 31 December, 2011. The cut-off date means very little because it does not prevent the *katchi abadi* from densifying upwards and often encroaching on adjacent land if it is available.

Unlike the *katchi abadis*, the ISAL have not been the beneficiaries of a national program. Their acquiring of amenities and upgrading has been carried out by MNA, MPA, Councilor funds, and local government projects. As long as the local governments were empowered between 2001 – 2008, considerable funds were used for providing water, drainage, and street paving to the ISAL settlements. The provincial governments, on the other hand, have not provided the local government with sufficient funds to continue with this work as before¹⁴.

6. The Regularization Process

The regularization process involved a lot of paperwork on the part of the house owner and visits to a number of offices. As a result of this, even though there have been improvements in the *katchi abadis* a very small number of people have actually acquired leases. The notification of regularization of a *katchi abadi* provides defacto ownership to the residents. Paperwork involves making a plan of the house as well and working out areas and dimensions. Since this is beyond the capability of the house owner, middlemen have emerged who make all the documentation required for the lease and undertake to get the necessary lease document as well. This is done at a considerable fee.

7. Current Housing Policy

The current housing policy officially in use was framed in 2001. It dealt with a number of issues. It gave priority to the identification of land for housing by provincial and local authorities and removing bottlenecks from the land acquisition process and emphasized resource mobilization and encouraged institutions to give mortgage loans for housing purposes at market rates. In addition, it proposed a housing refinance window at the state bank of Pakistan for long-term multilateral agencies such as the World Bank, Asian Development Bank, and JICA. Further, it also gave incentives to the construction services sector to build for low-income and lower middle-income clients and proposed further regularization for the *katchi abadis* and the slums through resettlement plans, emphasizing that no eviction shall take place from slums and *katchi abadis* unless residents are relocated. The necessity of research on building materials and construction technology in order to respond to the housing crisis was also identified. An important section of the report deals with women in housing and community participation and

¹⁴ Interview with Hafiz Rashid, Director, Punjab Katchi Abadi Directorate. 19 May, 2018.

emphasizes the need for women to be a part of the decision-making process in housing-related fields.¹⁵

Although political parties have promised much (**see Box 3**) very little of the policy recommendations have been followed except for support to the builders in accessing loans, in reducing taxes on them, and increasing the number of katchi abadis for regularization purposes. The other important recommendations on housing finance have been implemented and the process of acquiring loans has been considerably liberalized. As a result, many banks are today providing mortgage finance. The policy also recommends that provincial governments initiate legislative measures encouraging even the smallest administrative units to effectively implement the policy. The lower middle income groups are the main beneficiaries of these policies.

Box 3: Unfulfilled Promises: Incomplete Housing Schemes

The PPP had announced a project under which the poor would be provided with affordable homes and plots in all cities of Sindh including Karachi. This project, to be commenced under the Shaheed Benazir Bhutto Housing Cell, was to cater to around 15,000 underprivileged families. The former chief minister, Qaim Ali Shah had approved the allocation of 350 acres of land in different parts of Karachi for this project. However, the land was never transferred to the Shaheed Benazir Bhutto Housing Cell. The land utilization department under the new administration of the housing cell issued challans worth Rs 170 million to transfer ownership of the land to the housing cell in June 2016. The release of the payment was delayed and so was the transfer of the land. Because of the delays, the land near Surjani Town has already been illegally occupied and there is fear of the rest of the land also being encroached upon. In Hyderabad, a project was planned to provide 300 families with plots at low rates on a total of 19 acres of land. Rs 4.6 million were to be provided to the land utilization department so that it could obtain ownership of the land, this is yet to happen. 12 acres of land has been allocated for 200 families in Mirpurkhas, and 5 acres of land has been allocated for 120 families in Nawabshah. No work has commenced on either of these projects. Instead, the projects suffered from reports of financial irregularities, and a lack of administration. All of this resulted in the National Accountability Bureau (NAB) arresting the former chairperson and technical director of the cell, Manzar Abbas, along with several other employees in 2015.

Prime Minister Nawaz Sharif announced Apna Ghar Housing Scheme in 2013, the project has yielded nothing so far except for files. The manifesto of the PML-N promised to provide at least 1,000 clusters of 500 houses each. The provinces were to provide the land free of charge and the construction costs would be taken up by the Federal Government. This project was to be completed within the span of 5 years. Of the Rs 350 million asked for by the Housing Ministry, the government allocated only Rs 10 million. The project also does not have a permanent chief executive or related staff to run the programme and the project continued to be on the least priority agenda for the government throughout their term.

Imran Khan of PTI has announced that in the next five years his government will provide 5 million new housing units. However, his government in KP was the fourth provincial government to have failed to complete the Regi Model Town launched 26 years ago. Regi Model Town has 26,000 plots and is the oldest and largest housing project in the province. Out of 5 Zones, Zone 3 and 4 of Regi Model Town have 10,000 housing units in them which the PTI government failed to develop. The Peshawar Development Authority (PDA) has been accused of spending the funds for Regi Model Town on other projects. Only 600 houses have been built and a few dozen are under construction however, there are no

¹⁵ Ministry of Housing and Works (2001). National Housing Policy. Government of Pakistan.

facilities available to the residents except for electricity and water. The residents were promised gas connections 3 years ago which are also yet to be provided.

Sources: 1. Haq, Riazul (August 1, 2016). 'PML-N's low-cost housing scheme limited to files'. The Express Tribune
2. Abro, Abdul Razzaq (November 13, 2017). 'PPP-led Govt. fails to initiate low-income housing schemes'. The Express Tribune
3. Yousefzai Mushtaq (May 25, 2018). 'Pti 5 Million New Homes Pledge'. The news

Despite liberalizing the availability of mortgage loans, the poor are still not beneficiaries simply because no loans are available for the purchase of land. To add to this, loans for house building require a collateral or a formal sector job, both of which the poor don't have (72% of all jobs in Pakistan are informal). The high interest rates on these loans also make them unaffordable to these poorer populations. However, the banks have now started to accept a leased *katchi abadi* house for funding house improvement.

In the first decade of the twenty-first century, Pakistan adopted neoliberal policies for its economic and housing sectors. As a result of this, families have to simply access the market which is dominated by developers in the big cities. The developers acquire land from private owners or from government planned schemes and get loans approved for their clients from the HBFC thus making their product less unaffordable to their clients. Large developers such as the Defense Housing Authority (DHA) (**see Box 4**) develop raw land which they acquire from the State, as huge townships and sell it for commercial and residential use. More recently, developers have also started to cater to the lower middle classes but to make the product affordable they make the units far too small for a family of 5 to live comfortably in them. Residents feel that their *katchi abadis* were more friendly in social and climatic terms. These developers and their clients have extremely bad relationships since the clients accuse the developers of cheating and bullying them. As a result of this, the clients usually form associations which eventually take over the maintenance of the housing complexes. The developers and DHA mostly develop sites and services for high and middle-income groups in gated settlements. These schemes are not created in response to a housing need; they are created because it allows them to earn profits through which they run their institutions.

Box 4: The Defence Housing Authority Townships (DHA)

The Defense Housing Authority Karachi was initially called the Pakistan Defence Officers' Cooperative Housing Society (PDOCHS) and was developed under the 1860 Societies Registration Act. It is the largest cooperative society, having about 7,000 acres of land or 5.0 percent of the city area. At the end of the 1970s development was proceeding at a snail's pace and the society's financial situation was deteriorating. In order to avert a crisis, the then military dictator of Pakistan, General Zia-ul-Haq, dissolved PDOCHS through an order and formed the DHA as an autonomous new authority with extensive development rights. Clifton Cantonment was established as a part of this process, with the express purpose and mandate of looking after and maintaining the DHA.

The DHA now has its own development plans, strategies, and by-laws, and is not bound to follow development decisions made by the city administration. Like other cantonments, it can share, consult with

and receive advice from the city government regarding development decisions, but is not bound to follow its advice. All of the lands DHA holds is located in prime sites.

It recently acquired an additional 5080 hectares of land to develop DHA city on the city fringe. Through the power of the army, the DHA and its affiliated cantonments have become major players in land politics, leading to land and property speculation for and by the elite.

The DHA exists in all the major cities of Pakistan and is now establishing itself even in the secondary cities. There are serious accusations against it of acquiring rural land and villages through coercion and use of its power base.

Sources: 1. Hasan, Arif et al. (2015). Karachi: The Land Issue. Oxford University Press, Karachi.
2. Ezdi, Rabia. Unpublished Papers.

As a lot of property is being built exclusively for profit, there is a huge speculative market and there are properties all over Pakistan that have been vacant for over two decades or even more. In the case of Karachi, there are over 300,000 plots lying vacant and 68,000 apartments. It is also estimated that there are over 200,000 apartments under construction in high rise buildings of 12-40 floors in the city. Most of these are on the immediate fringe of the city¹⁶, most in gated settlements, and almost all housing schemes have the support of the HBFC. The citizens prefer gated communities because of the security situation in Karachi which is the result of the Afghan war and Karachi's association with it. The larger developers are very close to politicians and have a number of joint ventures with them. They also invest in the elections to the national and provincial assemblies of persons who they think would be of use to them if they came to power. One such developer is Bahria Town Karachi (BTK) (**see Box 5**).

Box 5: Bahria Town Karachi (BTK)

Bahria Town is a privately owned real-estate development company based in Rawalpindi. The Company was founded in the late 1990s and has been developing gated communities since then. Currently, it has developed six gated communities namely; Bahria Rawalpindi, Bahria Islamabad, Bahria Lahore, Bahria Karachi, Bahria Nawabshah, and Bahria Golf City.

Bahria Town Karachi (BTK) is the largest of these. Spread over 16,000 hectares (40,000 acres) it is estimated to house around 1 million people and the total cost of the project is a little over \$1 billion.

This land has been acquired through political patronage and much of it was owned for centuries by villagers. Most of them were herdsmen and this land was their pastureland. BTK has coerced these villagers (residing in almost 45 villages) into abandoning their properties through encroachment, threats, arrests, harassment and the bulldozing of their settlements. All this has been done with the support of the police. Apart from bulldozing poor settlements, BTK has also bulldozed many historical sites such as shrines, temples and a Buddhist stupa present within the vicinity

This was largely done with support of the Malir Development Authority (MDA) by manipulating its laws through passing amendments that violate other sections of the law, namely; the Disposal of Plots Rules 2006 framed under the MDA Act. Section 17 of the Colonization Act of 1912 has also been violated. The

¹⁶Interview with Engr. Nadeem Ahmed Khan. Ex-Director of the Sindh Building Control Authority (SBCA). July 2018

Supreme Court has recently taken notice of this, formed a committee, and stopped the transfer of properties.

BTK's development also encroaches upon the water supply to Karachi. The evictions mentioned above are creating a new housing problem and the project is creating a major ecological disaster.

Sources: 1. Zaman, Fahim and Ali, Naziha (18 April 2016). Bahria Town: Greed Unlimited, Dawn.
2. 100,000 win right to buy Bahria Town plots. (2014, March 24). The News.
3. Shaheen, A. (2016, April 01). Possession ahead of time: Bahria Town offers excellence, affordability. The Express Tribune

BTK and DHA both coerce landowners on the periphery of the city to surrender their lands to them with the help of the police. Since very little land in sufficient large plots is available within the cities much of the townships being developed by the developers are beyond the peripheries of these cities, causing serious ecological damage to the peripheries of big cities in Pakistan (**see Box 6**).

Box 6: Ecological Damage in Karachi and Multan

The construction of elite gated communities and informal settlements is causing a lot of ecological damage in and around the cities of Karachi and Multan. Similar damage is being caused to all cities where population pressure is increasing.

Karachi faces these repercussions in the form of floods which occur not because of climate change, but because of encroachment on the outfalls to the sea by elite housing projects and land reclamation for informal settlements. The reclamation from mangroves (about 15,000 hectares in the last 5 years) has damaged flora and fauna. The city's expansion evicted 2,800 plus villages destroying the rural economy and impoverishing the rural population. Further, in 1985 70% of Karachi's vegetables/fruit requirements came from its rural areas. In 2013, this was reduced to 10%. To add to all of this, 60 billion cubic meters of sand and gravel has been illegally lifted for construction from the seasonal rivers preventing water runoff, thus making recharging of the aquifer impossible and depleting the rainwater aquifer on which agriculture depends.

Multan is a typical example of a major city surrounded by prime agricultural land. Housing schemes have encroached over its once-fabled orchards severely damaging the country's mango produce. An example of this is a gated society called the Buch Villas that have been constructed over land that was previously mango orchards. Bund Bosan, Royal Orchards, and Wapda Town Housing Scheme, among others, have all been constructed over the heartland of mango-growing areas of Multan. This has resulted in entire orchards being uprooted from the land and families being uprooted from their ancestral trade.

Multan's mango orchards are spread over 44,000 acres of land. Around 48 big housing schemes have been developed on 7,817 acres of land, of this 2,043 (26%) of the land was previously composed of orchards. The number of legal and illegal housing societies in Multan is 460, the majority of these have been built over agricultural land and additional orchard area has already been marked for sale. The DHA scheme is proposed to be built over 9,000 acres, most of the proposed land is where mango orchards currently stand. The increase in property prices was also a factor for many owners of mango orchards to sell their land. One acre of land in DHA Phase-1 would previously cost between two and three million rupees, whereas it now costs between six and ten million rupees (a 200-300% increase).

All of this has added to the climate concerns mango growers were already facing. The resulting lower productivity and heavy losses have forced the mango growers to ax their orchards for some substitute income which gives way to a very daunting future for the country's mango industry and all its stakeholders.

Sources: 1. Ahmed, Shakeel (2017). Multan's Missing Mangoes. Dawn. Insert date
 2. Farhan, Anwar (2013). People and the Land: Rural Karachi, A Case Study. Network for Social Accountability.

The rapid and exponential growth in the housing market over the last three decades has pushed house-ownership beyond the reach of middle-class couples. However, the Supreme Court's (SC) recent ruling on BTK along with its measures seems to suggest that the market is moving towards some structural change¹⁷.

8. Financial Policies

There are severe budgetary constraints at the federal and provincial levels as miniscule allocations are made for housing needs. This is illustrated in the table below.

Table 4: Government Spending on Housing and Community Amenities (billions of rupees)	
National Budget 2012 – 2013	1.855 (population 177 million)Rs 10 per person
National Budget 2017 – 2018	2.329 (population 207 million)Rs 11.5 person

These allocations are insignificant in comparison to an estimated minimum outlay of PKR 100 bn. p.a. needed for the next 10 years to freeze shelter shortage at present levels (8.5 million low-cost housing units growing at 200,000 units per annum due to rapid urbanization and lack of supply¹⁸).

It has been established that the minimum amount required to build a house for a poor family is PKR 500,000 (US\$ 5,556 at current exchange rates). A family that earns PKR 15,000 (US\$166) per month should not pay more than PKR 5,000 a month to repay this amount over 15 years. The most important requirement for low-income groups is funding to buy a plot of land in a formal sector housing scheme on which he can build his own house. There is no provision for this with the HBFC. Meanwhile, housing backlog has increased to more than half of the total annual supply. It is against these realities that the financial institutions have been analyzed below.

The high cost of urban land at PKR 20,000 square meter is unaffordable for the lower strata of society. Without free or subsidized government land, urban low-cost housing is a complete non-starter as experienced in several developing countries. The lack of foreclosure laws deters

¹⁷ Subohi, A. (2018, May 07). Shake-up in the property market. Retrieved from <https://www.dawn.com/news/1406025>

¹⁸ Note of Mian Asif Said, Board Member HBFC, to Governor State Bank of Pakistan

mortgage finance provided by the banking industry. Pakistan's mortgage finance to gross domestic product ratio is under 0.25%, lower than the South Asian average (0.34%)¹⁹. The State Bank of Pakistan too sets no goals for compulsory housing finance by commercial banks as it does for agricultural lending. There also exists a skewed focus in the industry, of the PKR 12 bn annually spent on shelter building activity in the country; nearly all of it is in the private sector and is concentrated on upper middle class and luxury housing schemes as it seems that there is no money to be made in developing low-cost housing. Inflation has had an adverse effect on building materials as key ingredients such as steel and cement cost 250% to 500% more than international prices. Therefore, a 450-500 sqft low-cost housing unit costs twice as much as it should²⁰.

The House Building Finance Company (HBFC) has been the only consistently successful institution over the years. It was originally a federal government institution founded in 1952 called the House Building Finance Corporation. It has the largest portfolio of disbursement and active loans relating to housing finance and a strong, dependable relationship with formal sector developers, builders, and staff at every level who understand the housing market. So far it has financed 456,256 houses through disbursing loans worth PKR 47.82 billion (US\$ 0.53 billion). Most formal housing projects and initiatives automatically include a loan facility from the HBFC²¹.

The World Bank recently approved a \$145 million loan in order to expand access to home-ownership to women and the poor by providing them with affordable housing finance. This loan has been approved under the Pakistan Housing Finance Project (PHFP) which is being financed by the International Development Association with a maturity of 25 years and a grace period of 5 years. It aims to extend financial and technical assistance to the Pakistan Mortgage Refinancing Company (PMRC), the Planning Commission (PC), and other institutions. This is of extreme importance as nearly a third of the country's population does not own homes and the pressure rises due to growing demand. The project incentivizes the building of green and energy efficient homes using climate and disaster resilient construction designs and materials²². Apart from the issues mentioned above, the recommendation to regularize and improve *katchi abadis* is still a very important government program for which finances are made available. Upgrading consists of providing water, sanitation, drainage, road paving, and supporting

¹⁹ Housing Finance in Pakistan to Become Accessible and Affordable. (2018, March 29). World Bank Press Release. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/03/29/housing-finance-in-pakistan-to-become-accessible-and-affordable>.

²⁰ Note from Mian Asif Said, Board Member HBFC, to the Governor of the State Bank of Pakistan

²¹ Ibid

²² Housing Finance in Pakistan to Become Accessible and Affordable. (2018, March 29). World Bank Press Release. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/03/29/housing-finance-in-pakistan-to-become-accessible-and-affordable>.

community and NGO initiatives for health and education by providing them with land and grants.

9. Migration and Karachi

According to the 1998 census 10 million or 8% Pakistanis were migrants. 25% had gone to Karachi, Lahore, and Rawalpindi and 13% to Karachi alone. Of total migrants, 63.7% migrated to the urban areas. 46% of migrants were women and children who migrated with the family head²³.

In 1981, Karachi's migrant population was 1.7 million or 33% of the total. In 1998, it has increased to 2.2 million or 22% of the total population. In addition to this, Karachi has, according to newspaper reports, about half of the total "aliens" in Pakistan. This means an additional 2 million persons consisting of Afghans, Bangladeshis, and the Burmese. The Afghans are considered refugees by the UN but the Burmese and Bangladeshis are not. Since they are not Pakistani citizens they are not entitled to vote because of which their settlements are neglected and have very little social or physical infrastructure except what philanthropists and NGOs can provide²⁴.

Its population at the time of partition (in 1947) was approximately 450,000 people²⁵. On the basis of the 2011 house count, it has been estimated that the population has now increased to 22 million people²⁶. This is however contested due to various reasons.

The increase in population described above makes Karachi the fastest growing city in the world as (in numerical terms) no city in the history of the world has grown that fast. This increase is predominantly due to internal migration and migration from India at the time of partition. There has also been conflict-related migration from Bangladesh and subsequently from other places such as Burma, Afghanistan, and Iran. This has been added to by a large and undocumented increase in migrants from KPK following conflict and natural disasters (earthquakes, floods, and drought) since 2005.

As a result of the migration to Karachi, the housing demand has significantly increased. This recently created housing demand has not been met officially and so 62% of the households in Karachi are in informally created settlements which have changed over time.

Earlier on (1951 – 1980s), migration occurred to Karachi from stable societies which had functioning community systems of governance in place. These migrants made a conscious decision to migrate in order to improve livelihoods and families back home. Initially they came

²³ Pakistan Census Reports.

²⁴ Raza, M. (2018). Machar Colony: The Context of Housing and the Build Environment, Power point presentation at NED University, Karachi.

²⁵ Census Reports, Government of Pakistan.

²⁶ Cox, W. (2012). World urban areas population and density: a 2012 update. *New Geography*, 5 March.

and lived with their family elders who had come before them. Today, migrants to Karachi come from societies where community systems of governance have collapsed or have lost their moral authority making community cohesion difficult and creating a push factor. These villages are entirely dependent on urban produced goods which they cannot afford and so migration becomes the only viable option. The collapse of the caste-profession-barter relationship and the community governance system has resulted in the collapse of village self-sufficiency and feudal authority. This is coupled with a decline in resource and land per capita because of an unsustainable increase in population. As a result, Karachi is being inundated by young men and women who come to seek a fortune in the city.

10. Land and Densification

Ownership of land all over Pakistan is highly contested. Previously, development took place on the immediate periphery of the city. Due to the increasing middle-class demand, the immediate periphery almost all over Pakistan is being held for speculation and development. Informal development is now almost always beyond this land. This makes living for low-income groups difficult because of the cost and time involved in commuting using substandard transport and degraded environmental conditions from the settlement to the work area and back. As a result, hypertension, mental stress, and cardiac disease are common²⁷. Also, physical and social infrastructure is absent in these distant settlements and women have no access to jobs. As a result, it has become cheaper and more convenient to live within the city on rent rather than own a home beyond the periphery. This is leading to the densification of inner-city both formal and informal low-income settlements and city centres abandoned by the rich. **(see Box 7).**

Box 7: Densification: The Case of Karachi

The housing demand in Karachi is 120,000 units per year of which the formal sector supplies 42,000 units per year, and the informal sector (katchi abadis) supplies 32,000 units per year (approximate figures). The rest of the demand is accommodated through the densification of existing homes.

Between 2005 and 2020, 1.7 million households will be added to Karachi at an estimated 100,000 units per year. Servicing this demand is not possible with the current resources and policies of the government and so informal settlements (katchi abadis) will continue to grow and/or densify.

There also exists a location issue with the emerging informal settlements. In the past, the city was small, land was cheap, there was no middle-class demand and the city periphery was near the city workplaces. Today, the city periphery where cheap land is available exists/has been pushed well beyond the city work areas by middle-income housing schemes and elite gated communities. Commuting to and from work from these distant settlements involves unaffordable costs and time. This creates a demand for housing within the inner city low-income settlements which is being met by the formal and informal market leading to very high densities of between 1,200 to 3,000 persons per hectare.

The densification, of existing katchi abadis is done by changing one or two-storey informally built homes into multi-storey buildings in three ways: house owners build upwards to accommodate the expanding family, house owners also build upwards to create rentals for additional income, and in an increasing number of cases informal developers purchase land from house owners by paying them in cash plus two apartments on the top floor.

²⁷ Urban Resource Centre, Karachi (2016) Responding to the Transport Crises in Karachi, IIED

This densification leads to smaller and smaller units being created in order to make them affordable (6-10 people occupy a single room). There are no lifts and this adversely affects women, children, and elderly people. Further, no Sindh Building Control Authority (SBCA) rules and regulations are followed in the construction process. Women claim that this densification provides children the freedom to stay away from home, form gangs, and take drugs. The most serious repercussion of this change is that women and children lose the use of the street as public space. In the absence of cross ventilation and insulation the buildings get converted into heat islands causing a large number of deaths.(see Box 8).

Source: Hasan Arif (2015) 'Land Contestation in Karachi and the Impact on Urban Development.IIED working paper

The current crisis has led to a 'houses versus apartments' debate in Karachi which is applicable to the whole country. It is understood that people invariably prefer houses to apartments and would like their settlements to be upgraded. This was acceptable to the State until the early 2000s. The government today, on the other hand, wishes to bulldoze these settlements and create medium-rise apartment blocks by providing land to developers. The reasoning provided for this by the government is that apartments can allow higher densities and they give the city a 'modern look'. Our research, however, shows that individual houses can provide higher densities than permitted (1625 persons per hectare) by the Karachi building bylaws and zoning regulations. Continued densification has increased densities in Karachi's inner city settlements from 450 persons per hectare in 1973 to over 3000 persons per hectare in 2010 and persons per room in the case of government provided labor housing in the form of apartments has increased from 5.8 in 1976 to 10 in 2010²⁸.

Box 8: Karachi Heat Wave and Climate Change

Over 1,200 deaths and 40,000 people suffering from heatstroke and heat exhaustion were officially reported in 2015, power outages also leading to water shortages especially during the fasting hours of the Holy Month of Ramadan making it much more difficult to bear the heat. Karachi in the past has experienced far higher temperatures than it did during the heat wave of 2015. However, deaths and people suffering from heatstroke were not reported.

The reason for the deaths and heatstroke is related to the creation of what is known as the urban heat island effect. Karachi, of the 60s, 70s, and 80s was by and large a low density and low rise city. Today, it is a high density high rise concrete jungle. To maximize on profits and space the new housing does not have cross ventilation, which is a requirement in a city that is humid and receives a sea breeze for 9 months of the year. The streets in the informal high rise settlements are narrow. There are thousands of kilometers of black tarmac roads and insufficient green cover. The external walls of the buildings and homes are not insulated and nor are the roofs. Air conditioning is common to most commercial buildings and elite and middle class homes. This is why most of the victims of the heat wave came from inner city low income areas.

To tackle the heat island effect it is essential to research and develop cheap materials that can be used for insulating the external walls and roofs, and introducing them to the contractors and builders in the low income settlements. This could easily be a programme for an NGO working in Karachi's katchi abadis.

²⁸ Hasan, Arif. Asiya, Sadiq. Ahmed, Suneela (2010). 'Planning for high density in low-income settlements. Four case studies from Karachi'. Working Paper 3. IIED, UK.

The nature of development has also resulted in skewed residential land use in Karachi as in the rest of urban Pakistan. Informal settlements currently accommodate 62% (about 13 million) of Karachi's population on 23% of the city's residential lands with continuously increasing densities of 1,500 – 4,500 persons per ha. Whereas 36% (about 7.5 million) of Karachi's citizens live in planned settlements on 77% of the city's residential lands where continuously decreasing densities (with the creation of new planned settlements) can be as low as 80 persons per ha²⁹. It is acknowledged that this manner of development is not sustainable given rapid urbanization in Pakistan.

11. New Laws and Their Repercussions

A number of new laws have been formulated in Pakistan in support of the private developers, those that will have a long-term effect have been implemented in the Sindh province. A brief description of these laws and their repercussions is given below.

The Sindh High Density Board Act 2014 has created a board of 9 persons, all government officials and, politicians. This board can declare any road, plot, or area as high density and increase its floor to area ratio to 1:12. No urban design exercise has been done to determine which areas should be declared as high density. As a result, through official patronage, high rise buildings are developing all over Karachi. Most of them consist of between 15 to 40 floors. These are putting a heavy burden on the existing infrastructure and adding to the number of vehicles to already congested streets. They are also creating approximately 200,000 plus apartments. Apartment living is creating a new urban culture by increasing nuclear families and breaking communities and old neighborhoods. Social and hence planning repercussions need to be understood and catered to.

The Sindh Special Development Board Act 2014 provides for the government identifying *katchi abadis*, demolishing them, rehabilitating their residents in medium to high rise apartments, thus making more than half the land vacant. This land is to be handed over to the developers free of cost to develop whatever they wish. However, they have to bear the cost of rehabilitating the *katchi abadi* residents in apartments. They are also to provide schools, health centers, and run them for a period of 10 years. So far, no scheme has been implemented under this act because of the state's fear of retaliation from *katchi abadi* residents.

If these two acts are implemented, they will promote individualism and make community organization and action difficult. The three most internationally recognized housing-related projects that support poor communities are located in Pakistan (**see Box 9**). There has been

²⁹ Worked out by the authors from the Karachi Strategic Development Plan 2020, prepared by the Master Plan Group of Offices, City Government Karachi (2007).

constant pressure on the government to integrate the planning principles of these projects into official policy. The two acts are a negation of these principles.

Box 9: Three Community Projects

The best internationally known project in Pakistan is the Orangi Pilot Project (OPP) in Karachi. Through its various programs, over 3 million people have built and financed their own underground sanitation systems at the neighborhood level while the state has supported the building of trunks and disposal points. Over 16 thousand houses have benefitted from the house improvement program which supports contractors in improving their building materials and components; masons in upgrading their skills; and supports rural settlements in documentation so as to help them to convert into urban neighborhood.

The 'Khuda ki Basti' (God's settlement) are incremental housing schemes in Hyderabad and Karachi, where homeless people are given land against a small down payment and affordable monthly installments. They build their own neighborhood water and sanitation systems while the administration of the settlement inducts NGOs to develop social infrastructures such as schools and clinics, helps in arranging transport routes through negotiations with the transport department of the government and provides advice to the community on building water and sanitation systems.

The Urban Resource Center (URC) monitors government policies that affect the poor and the environment in Karachi. They provide this information to community leaders, media, and civil society. They invite government officials to make presentations of their plans to community leaders and the media. They also document the discussions that take place. Through this process the interests of low income communities are safeguarded especially in case of evictions.

All three projects have had a major impact on the thinking of government and international agencies, academia and the media. However, with the emergence of neoliberal thinking and policies, private sector developments are increasingly supported by the government and as such these innovative projects are given less importance than previously. What will be the future of these programs with an apartment culture dominating the city? Will it increase the rich-poor divide and limit these institutions to the urban fringe?

Under the Sindh Cultural Heritage (Preservation) Act 1994, there are two committees: a technical committee that identifies heritage buildings, lists, and details them and negotiates with the owners. It sends its proposals to an advisory committee of which the chief secretary of the province is the chairperson. The advisory committee directs the Sindh government to notify the buildings. Over 2000 buildings and sites have been identified in the province. However, there is a constant conflict between the committees and the developers who are often backed by the politicians. Much of the heritage properties are in the old cities and in the case of Karachi their residents are low-income communities who resist the conservation attempts. More recently, the government has taken an 80 million USD loan for neighborhood improvement projects for Karachi. As a result, a process of gentrification has begun in the city center which is resulting in the feared eviction of hundreds of businesses which can have an adverse effect on the housing situation if the owners of the evicted businesses are living in rented accommodation.

12. Rental Laws

Rental laws in Pakistan are very pro-tenant. As a result, formal developers and individuals are not willing to invest in rentals. However, an informal rental market in low-income settlements is growing rapidly due to difficulty in acquiring land and because of the increasing cost of construction as evident in the table for Karachi below.

Table 5: Karachi: Increase in Housing Costs 1991- 2007³⁰

Cost per Square Meter		
	1991	2007
Land in new peri-urban <i>katchi abadis</i>	Rs 176 (US\$ 2.35) or 1.7 times daily wage for unskilled labor	Rs 2,500 (US\$ 33.33) or 10 times daily wage for unskilled labor
Construction cost of semi-permanent house in <i>katchi abadis</i>	Rs 660 (US\$ 8.8)	Rs 5,000 (US\$ 66.66)
Rentals		
Rent for a semi-permanent house in <i>katchi abadis</i>	Rs 350 (US\$ 4.66) or 2.5 times the daily wage for unskilled labor	Rs 2,500 (US\$ 33.33) or 10 times the daily wage for unskilled labor

In the low-income settlements, rental laws do not apply and much of the control is through muscle power of which the poorer of the poor are the main victims.

13. Evictions

Major infrastructure projects are being built in Pakistan and as a result, fairly large scale evictions have taken place. The land is acquired under the land acquisition act of 1884 which gives the government the right to acquire any land for public good. The legal land-owners are compensated under this law but not persons who have no legal ownership or renters. The largest eviction in Pakistan took place in Karachi whereby about 35,000 homes and businesses were demolished to make way for the Lyari Expressway. The evictees were rehabilitated far away from their original homes which were near their places of work. Studies have shown that they became much poorer as a result and the worst affected were women and children³¹. There was very strong resistance to these evictions which was supported by civil society

³⁰ Hasan, Arif (2008). 'Housing Security and Related Issues: The Case of Karachi.' UN HABITAT.

³¹ Ghaus, Khalida et al. (2012). Gender Dimension of Development Induced Displacement and Resettlement: A Case of Lyari Expressway in Karachi. SPDC, Karachi. And Urban Resource Center (2004). 'Livelihood Substitution: The Case of the Lyari Expressway'. Ushba Publishing International, Karachi.

organizations. As a result, it has become difficult for the provincial government to take a firm decision on evictions and in some cases, they have opted to pay the evictees the market price of the land they occupy. The same decision has been taken by the Punjab government in the construction of its Orange Line Metro, although earlier they had carried out evictions for the building of the Lahore Ring Road.

The rehabilitation of the Karachi Circular Railway involves the relocation of 5,000 households. The Karachi Circular Railway Affectees Welfare Association has suggested that instead of relocation they should be compensated in cash for the demolition of their homes. This would increase the project cost by 0.4% but it would not entail a whole new relocation project in an inappropriate site as usually happens in government projects³². There is also considerable opposition in society to the land acquisition act and it is possible that changes will be made to it if the opposition continues and increases.

14. The Institutional Framework

The 1978 Local Bodies Ordinance operated throughout the country till 1981. Under it, there were municipal councils who were subservient to the provincial bureaucracy. In the larger cities, there were development authorities which were also subservient to the provincial housing departments.

However, in 2001 a major local bodies reform was enacted under which the magisterial powers of the bureaucracy were withdrawn. Power was passed on to elected local councils and their indirectly elected mayors at the district, tehsil (sub-district), and union council levels. This was carried out during a military-led government.

When the politicians came back to power in 2008, they scrapped the 2001 local bodies act and reverted back to the old system, centralizing power at the provincial level. This happened in all the provinces to a lesser or greater extent. In addition, all provincial governments are increasingly transferring the provision of utilities and services to private companies or to build, operate, and transfer systems and private-public partnerships. There is considerable agitation against this from workers' unions whose demands on this subject are not being met. Karachi's case is special for reasons described in the box below (**see Box 10**).

³² Hasan, A. (2017, February 05). KCR concerns. Retrieved from <https://www.dawn.com/news/1312748/kcr-concerns>

Box 10: Karachi: Institutional Issues

Karachi is a non-Sindhi speaking capital of a Sindhi speaking province. The city contains 62% of Sindh's urban population and 30% of its total population. Karachi's large-scale industrial sector employs 71.6% of the total industrial labor force in Sindh. The city produces 74.8% of the province's total industrial output and contains 78% of its formal private sector jobs. In the 1998 census, 48.52% of Karachi's population spoke Urdu as the mother tongue and only 14% of residents spoke Sindhi and other local languages. In addition, Karachi is Pakistan's economic hub and contains the province's best education and health institutions. It is also the center of Pakistan's media industry.

Karachi's enormous wealth can only be controlled by the Sindhi speaking population through centralization and by the Urdu speaking inhabitants of the city by decentralization. Since the Sindhi speaking population controls the majority in the provincial assembly, they have embarked upon a process of large-scale centralization through the establishment of companies under provincial control. Electricity, solid waste management, infrastructure development, health, and education are now in the private sector or are provided increasingly through public-private partnerships controlled by the province whose bureaucrats, especially the new recruits, are increasingly Sindhi speaking.

Apart from the politics of ethnicity, Karachi has other problems. Since the Afghan war began in 1980, Karachi has been involved in it. American arms and ammunition to Afghanistan have flowed through Karachi. The Afghan transit trade has been managed through Karachi and during the second Afghan war North Atlantic Treaty Organization (NATO) troops were supplied from Karachi. Due to this, the Taliban and the Afghan militias developed proxies in the city which as a result the city was subjected to targeted killings of its progressive citizens and continuous bomb blasts until recently. Thus the Afghans have also become a part of Karachi's political mix and have major financial interests in the city.

Source: Karachi Strategic Development Plan 2020 and Government of Pakistan Census Reports.

15. Reforms

House Building Finance Company

For the HBFC to fulfill its mandate of providing homes to the poorer sections of the country it is necessary to increase its finances which can be done by the floating of bonds and slashing low-cost housing building costs by having HBFC schemes for the poor exempted from tariffs, regulatory duties, and surcharges for importing building materials that are used in its self-constructed housing units. In addition, free land grants would also help it meet its objectives more effectively. The payoff of these suggestions can escalate HBFC's target to 50,000 units per year by 2025. This would allow the HBFC to cater for at least 25% of the country's incremental demand for low-cost housing units, without any monetary handout from the Government of Pakistan³³.

Land

There has to be a method for containing speculation and making land available to the poorer sections of society. For this, it is important that all government land which is vacant within the urban areas should be reserved for low-cost income housing projects and laws should be

³³ Note from Mian Asif Said, Board Member HBFC, to the Governor of the State Bank of Pakistan

enacted whereby the state as a priority can acquire such land. In addition, an urban land reform should be carried out. The components of the reform should include; a heavy non-utilization fee on vacant land and property, an urban land ceiling act under which no one individual can own more than 500 square meters of urban land, no settlement (whether for the poor or for the rich) should have a density of fewer than 420 persons per hectare, no person should be provided a second loan for the purchase of a home, and the existing laws such as the High Density Board Act (2014) should be made subservient to an urban design plan.

Institutional Arrangements

What we have learned in Pakistan is that public participation in the development of human settlements is essential as it ensures transparency and accountability. It is suggested that the institutions such as the Sindh Building Control Authority, the Malir Development Authority, the Lyari Development Authority (LDA), and the Karachi Water and Sewerage Board (KWSB) should have civil society members on their boards who should also be responsible for the financial health of the institution, all development plans should be displayed in public places where they are to be implemented, and citizens' views on them should be solicited. Every project should be headed by an officer from its initiation till its end and the officer's name should appear on the letterhead and all advertisements related to the project.

16. Possible Future Directions

From the sections above it is obvious that there is an urban housing crisis in Pakistan where there is a backlog of 8.5 million houses, against a requirement of 350,000 per year. Whereas, the formal sector supply, is only 150,000. To freeze the situation as it is would require Rs 100 billion annually (£ 634.5 million) for the coming 10 years whereas last year's budget allocation for housing was only Rs 2.329 billion (£ 147.7 million). In addition to what has been discussed in the paper, a number of policy directions for the future can be extracted.

For the last 15 years, the de-facto housing policy in Pakistan has been about individual families accessing the market and the State liberalizing credit facilities for it. However, the low income groups that constitute the majority of the population, cannot access these credit facilities because accessing them requires collateral, or a formal sector job, which the majority of the low income groups do not have. In addition, there are no loans available for the purchase of land. However, the new government has promised to provide 5 million homes in the next 5 years. The major problem in providing these homes is the availability of land at appropriate places, in the absence of which, housing may not be occupied as has happened so often in the past. To make such land available, the government will have to pass a law through which it can acquire land for low income housing.

Katchi abadis and ISALs through which low income families traditionally acquired land for housing have become expensive. Also, cheap land for them is now only available on the fringe

of expanded cities, far away from locations of work and social amenities. This has made renting in *katchi abadis* nearer to the city cheaper than owning a home in the periphery. The informal market has responded to this by densifying the inner city *katchi abadis* by building upwards while continuing to create new settlements on the periphery. As such it has become the largest supplier of land, built housing, and credit for it. Meanwhile, families are also adding to their homes or subdividing them into smaller units. The high rises that are emerging suffer from all the problems of severe overcrowding and the transition from single and double story homes to high rise apartments has resulted in the loss of narrow streets as public space for women and children. This densification is going to continue in the absence of large scale social housing. Given this fact, it is necessary to launch a regularization program for densified *katchi abadis*. This will be very different from the earlier program because it involves dealing with apartments and renters, and not just homes and individual families. Such a program would include technical advice and guidance to the informal developers, families, and/or communities in producing better designs and in the process a better social and physical environment. It is suggested that an NGO such as the Orangi Pilot Project (OPP) or an academic institution initiate such a project, document the process, and establish a training center for NGOs and relevant government agencies.

The formal sector developers have now started to cater to the needs of the lower middle income groups and have also shown an interest in serving the lower income groups. However, what they have produced so far is of poor quality and their product is becoming smaller and smaller so that it can be affordable to their prospective clients. The neighborhoods they are creating are environmentally of a poorer quality than the *katchi abadis* where the poor live today. It is necessary to set appropriate standards for housing and develop the necessary legal and monetary processes to implement them. A reduction or removal on duties of building materials for such housing would considerably lower their costs.

The high rise *katchi abadis* (5-10 floors) are creating a heat island effect because of rising climate change related temperatures. This is especially true for Karachi where there have been a number of deaths as a result of the heat island effect. For the existing *katchi abadis* there needs to be a program of creating ventilation in the homes and apartments and painting the exterior walls and roof with heat reflective paints. It is also necessary to provide materials for the external walls that have high insulation values. The paints and materials available today, and manufactured by corporate sector industries, are far too expensive for lower and lower middle income groups to afford. It is necessary to initiate a research program for developing cheaper options and an extension program for making the products available to prospective home owners, contractors, and builders in low income settlements. Maybe such a program could be a part of the NGO pilot project suggested above.

Real estate development in Pakistan is highly speculative because of which it skews the housing market in favor of those who have money to invest and hold. This creates an unnatural land and property price which works against the interests of the lower income groups. Legislation is required to contain speculation. Such legislation can be in the form of a non-utilization fee on vacant land and properties, and an urban land ceiling act which limits land holding to no more than 500 square meters per person. Given the fact that most legislators in Pakistan are involved in speculation, this might be difficult to enact.

Low density housing (often only 80 persons per hectare) for the middle-class and the rich is eating away at available land for low income groups. In addition, it is also occupying land on the urban fringe through the creation of gated communities. As a result, forests, orchards, rich agricultural lands, and drainage systems are being occupied, creating the beginnings of a massive ecological disaster. To contain this, it is necessary that for all future development, a minimum density of around 400 persons per hectare should be enacted. Also, civil society groups should support indigenous movements against the occupation of their land (often through coercion) by developers so that the courts of law (who are already cognizant of this) could take up this issue seriously.

Increasingly, planning has been replaced by projects and many of these projects take away space from low income groups through a process of gentrification. Given the nature of financing development, projects will continue to dominate over plans for the foreseeable future. Given this reality there has to be a criteria for judging projects. What has been proposed in the report is that projects should not damage the ecology of the region in which they are located; determine land use on the basis of sociological and environmental considerations and not on land value alone; serve the interests of the majority of the population who are lower and lower middle income groups; and respect the tangible and intangible cultural heritage of the communities that live in the city.

Academic institutions give great importance to housing related community projects. This is how it should be. However, given the importance of the role of informal capitalism in the provision of housing it is important that academic institutions should understand the processes and actors involved in delivering this form of development, especially the financial mechanisms. Research leading to an understanding of the processes will help create professionals who can deal with this phenomenon and support and guide it in the future.

However, the most important issue is related to the availability of credit for house building and improvement and the terms associated with it. An issue that has been debated often whether a house improvement loan can be provided to a resident living in a *katchi abadi* or whether a house building loan can be provided to him/her using his/her informally developed home as a collateral. Decisions in favor of these proposals have been successfully opposed by bankers. In

addition, the HBFC, the premier housing bank in Pakistan has very limited funds. To overcome this, it will have to develop innovative ways (such as floating housing bonds) for increasing its credit facilities. Also, to reduce costs and improve designs, it should create a design department which produces standardized home and apartment designs which can guide developers and individual families.

List of Abbreviations

ISD Informal Subdivision of Land
ISAL Informal Subdivision of Agricultural Land
BOR Board of Revenue
KMC Karachi Metropolitan Corporation
FDA Faisalabad Development Authority
WAPDA Water and Power Development Authority
MNA Member of National Assembly
MPA Member of Provincial Assembly
KAIRP Katchi Abadi Regularization and Improvement Programme
KPK Khyber-Pakhtunkhwa
PPP Pakistan Peoples' Party
SKAA Sindh Katch Abadi Authority
DHA Defence Housing Authority
HBFC House Building Finance Company
NAB National Accountability Bureau
JICA Japan International Cooperation Agency

PDOCHS Pakistan Defence Officers' Cooperative Housing Society
BTK Bahria Town Karachi
MDA Malir Development Authority
PHFP Pakistan Housing Finance Project
PMRC Pakistan Mortgage Refinancing Company
PC Planning Commission
NGO Non-Governmental Organization
SBCA Sindh Building Control Authority
OPP Orangi Pilot Project
URC Urban Resource Center
USD United States Dollars
NATO North Atlantic Treaty Organization
LDA Lyari Development Authority
KWSB Karachi Water and Sewerage Board
SC Supreme Court
PDA Peshawar Development Authority