

PAPER NO. 243

**URBAN DEVELOPMENT
WITH FOCUS ON HOUSING**

By

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1. Introduction

- 1.1 Urbanization and Problems of Urban Development are world wide Phenomena. The urban problems exist in one form or the other in the developing countries. The difference is only in type and magnitude of the problem.
- 1.2 The basic reason is the rapid population growth and increasing size and scale of our cities. Here permit me to recite a "Persian Verse" _____ which means that Industrialization, Population growth, Housing shortages, and environmental degradation are all deal to urbanization and even at this stage is creating many socio-economic and physical problem.
- 1.3 Presently our cities suffer from acute shortage of housing, transportation crisis, shortage of water supply, poor waste disposal, slum and squatter settlement, congestion, pollution and unemployment.
- 1.4 The bottom line is that Urban Development is taking place but is lacking proper management. Institutions dealing in urban management and development are large in number and varies in function and responsibilities according to the nature and complexcity of the urban management problems. These cane be divided into four broad categories.
- i) Municipal Institution i.e part of local government structures.
 - ii) Urban Planning and Development Agencies responsible for land use management and environment.
 - iii) Line Departments and agencies dealing with specific functions or needs of the urban centers and
 - iv) Non-Government Organizations (NGOs). Of very late, overseas Pakistan Housing Foundation for expatriates, Punjab Housing Foundation for Government servants and the Prime Minister's housing Programme also fall under this category.
- 1.5 Defence Housing Authorities for a selected segment of society and big and influential developers like "BAHRIA" etc have also emerged. Their charter of duty is focused on provision of housing, but only to a specific class of our society.
- 1.6 The shift from agrarian to urban-based economies is one of the major changes affecting many developing countries, including Pakistan, resulting in a reorientation of development plan and priorities. Since increasing urbanization is a normal process of economic development, the challenge is to make this growth sustainable, efficient and equitable. Actions that will be required include providing adequate infrastructure to support urban-based economic growth, addressing urban poverty, improving the urban environment and strengthening urban management. Therefore, the task ahead is not to try to reverse the urban trend but to mobilize more effectively the resources it overacts so that the quality of urban life can be upgraded. The principal specific objectives in the areas of Urban Development are to improve, promote and preserve urban development and upgrade and sustain urban infrastructure.
- 1.7 Pakistan which started as a predominantly rural country, has also been urbanizing fast, and at 34 percent urbanization has now become the most urban country in South Asia. In recent years, urban population has been growing at the rate of 3.5 percent annually, among others, due to rural-urban migration and influx of Bangladeshis, illegal entrants and Afghan refugees. It is

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projected that the current urban population of 53 million (34 percent of the national population) will increase to 63 million in 2010, consisting 36 percent of the total population. With increasing contribution of the urban economy to national development, the management of urban areas, particularly the metropolitan areas and the mega cities of Karachi and Lahore, will play a key role in the country's economic development in the decades ahead. This urban growth will take place in a period of major economic and technical change, dominated by the emerging global economy, a revolution in information technology and an increasing emphasis on market based decision making. The new external influences mean that the country's metropolitan areas such as Faisalabad, Rawalpindi, Peshawar, Multan, Gurjanwala, Hyderabad and Quetta, and the megacities of Karachi and Lahore will have to enhance their urban management capabilities and improve integrated development of urban infrastructure and services to provide a better quality of the life for their residents.

The following table give some idea of the burgeoning population of the would major metropolis.

Largest Urban Agglomerations*
(in millions)

1995			2015	
Sr.No.	City	Population	City	Population
1.	Tokyo – Japan	26.8	Tokyo – Japan	28.7
2.	Sao Paulo, Brazil	18.4	Bombay, India	27.4
3.	New York, USA	16.3	Logos, Nigeria	24.4
4.	Mexico city – Mexico	15.6	Shanghai, China	23.4
5.	Bombay, India	15.1	Jakarta, Indonesia	21.2
6.	Shanghai, China	15.1	Sao Paulo, Brazil	20.8
7.	Los Angeles, USA	12.4	Karachi, Pakistan	20.6
8.	Belgium, China	12.4	Beijing, China	19.4
9.	Calcutta, India	11.7	Dhaka, Bangladesh	19.0
10.	Seoul, South Korea.	11.6	Mexico City, Mexico.	18.8

Urbanization is occurring as result of unabated rural urban migration as well as through the gradual transformation of rural areas to urban centres.

- 1.8 Provision of shelter to every family is a daunting task facing the nation to-day. Megacities like Lahore is facing acute shortage of housing which will aggravate further due to future population growth and relatively diminishing housing stock. Increased influx of population adds its own dimension to shelter problem inflating the ever-growing segments of the urban poor, which cannot afford the housing opportunities viz, developed plots or house available in the formal sector. To quote Lahore's example its population between 1981-1998 increased @3.46% per annum where as the housing stock during this period increased @ 2.79% only.

2. Issues

2.1 House Hold Size

It has been progressively growing over the past 40 years. In Lahore District it rose from 5.8 in 1961 to 7.2 in 1998. The charge in various areas of the District in the last inter-censal period is shown in the following table.

*Global report on Human settlement – March - 1996

Household size 1981 - 1998

Area	Household Size	
	1981	1998
Ex – MCL	7.1	7.1
Cantt	6.8	6.9
Lahore Urban	7.0	7.1
Lahore Rural	7.3	7.4
Lahore District	6.9	7.2

2.2 In 1998, there were 19.3 million households in Pakistan, with average household size at 6.6 persons and occupancy at 3.3 persons per room. As against the current incremental demand for housing estimated at 570,000 units annually, only about 300,000 units are being built annually, mostly in urban areas. Accordingly, the housing backlog, estimated at 4.3 million units in 1998, has increased to around 6 million units in 2005. The majority of Rural Housing is katcha, with minimal water supply and sanitation or drainage services. About half the urban population is living in slums and squatter settlements, with inadequate housing and living conditions. The share of housing in the public sector programmes has progressively decreased from 10.9 percent in the 1960s to 5.9 percent in the 1990s, with limited institutional finance continuing to be a major constraint in housing production and maintenance. In addition, more than 80 percent of the total population cannot afford the financing terms provided by HBFC and other housing finance institutions. This has meant that the construction of low income housing has been much slower than the incremental needs.

2.2.1 Pace of House Construction

Pace of construction is 16-20% as compared to available plots. In Private Housing schemes it is only 10.2%. Very large number of Plots are lying vacant either due to:

- a) Speculative revenue
- b) High cost of construction
- c) Lack of facilities and efficient transport service between these schemes and place of work.

The supply side is also distorted. Demand is for Lower Income Group whereas the supply of land in formal housing market is for higher middle and upper Income Groups. About over 70% of annual incremental demand is for housing of low Income Groups.

2.2.2 This indicates that the increase in housing has not kept pace with growth in population. This depicts the non-affordability of housing by the lower Income groups resulting in increase in household size. The gap between demand and supply results in illegal sub division of agricultural land situated in peripheral areas. This is how shelters needs of middle lower Income groups who are in immediate need of land & construct houses is largely being met. Those who do not afford to buy a piece of land they tend to squad and live in Juggies thus making additions to the ever increasing housing back log.

- 2.2.3** For the first time the recommendation contained in 5th five years plan, called upon the provincial Government to mainly address the housing problem being faced by the lower and middle income groups. It in turn required the public sector organizations to plan and implement housing schemes largely containing small and medium sized plots. Simultaneously the Federal Government directed to restrict the maximum size of plots for individual housing units as 500 sq/yard in the Government sponsored schemes and 1000 sq/yard in municipal/notified areas.
- 2.2.4** The scarcity of Developed Urban Land and the need for ever increasing housing accommodation also led to the revision of Government Policy, thus allowing sub division of 2 Kanal Plots and larger plots into 1 Kanal Plots, with the introduction of this policy, large plots are being divided leading to gradual change in zoning.
- 2.2.5** The Urban Centers in Pakistan are characterized by haphazard growth, congestion, pollution and unplanned expansion including settlements in the form of ribbon development along major high ways adjacent to metropolitan Areas. This has put increasing burden on an already inadequate infrastructure and contributed to environmental problem including traffic congestion and pollution problems associated with inadequate provision of water supply, sanitation, drainage, solid waste management and urban flood protection. The situation has been further compounded by the inadequate technical and financial capacities of the local Government and other involved agencies and the lack of an integrated Urban Development approach without integrated urban planning and zoning resulting in disintegrated development of services by utility providers such as WAPDA, SNGPL and PTCL etc etc. ★

2.3 Municipal Services

All classes of services provided by municipalities have gradually deteriorated, reaching a critical point of neglect as services crumbled to a very unsatisfactory state. Management is ineffective due to unqualified staff, inadequate finances, and lack of direction to support effective and efficient services. The wide ranging services provided by the municipalities demand greater attention to improve, organize, maintain, develop and sustain a high standard of environmental development.

2.4 Lack of Defined Role for the Private Sector in Urban Housing

Lack of Private Land markets, added to the absence of mortgage facilities in commercial bank limits the possibilities for the private sector playing a greater role in solving the housing shortage. In general, the policy framework to date has not encouraged the private sector sufficiently in this direction.

2.5 Urban Sprawl

The severity of this problem is having greater effect with in the boundaries of big expanding cities. Containment will be very difficult because education, technical facilities, employment, Government Admin facilities are all in the main city, where most of the commerce and industries are sited.

This situation attracts people for services and a quality of life that exist only in the urban centers and prohibitive measures will not be successful in the long run.

Unauthorized development on the fringes of the growing urban areas violates sanitation and environmental regulation, planned development and exerts sever pressure on existing

*Integrated Master Plan for Lahore – 2021 Final report Volume existing scenario.

infrastructure and related services. As a result population becomes more susceptible to disease and flooding as uncontrolled housing development escalates. In addition, the sprawl will eventually increase daily transport times for most residents.

2.6 Insufficient Housing Stock

There is generally a scarcity of affordable housing in urban areas especially for households of the middle and lower Income strata with in the last two decades; a marked decline has been recorded in the housing construction sector. The main causes of this decline include the declining economy which reduced the population ability to purchase homes; scarcity of available land, high inflation rates, with their corresponding effects of escalating construction costs, cumbersome procedures for authorizing housing construction and the difficulty of obtaining housing finance.

2.7 Sub-standard Housing

Due to general limited availability of housing, there has been an increase in the instances of informal Housing Development in urban areas. There is also the significant issue of congestion and the financial inability to physically up keep building standard resulting in high incidences of housing decay in some areas and on a large scale some housing areas are being categorized as "depressed".

2.8 Absence of Pro-active Planning.

There is not a tradition of proactive planning or of integrating planning by the Authorities into National Plan, nor of conducting feasibility studies for urban infrastructure projects and of developing implementation programme, in addition to the plan themselves. Insufficient emphasis at relevant training institutions to develop a curriculum that includes advanced planning techniques and strategies for urban and economic development should be addressed, since there is a shortage of qualified specialists to fill the key positions.

2.9 Infrastructure

High costs of materials, labour and machinery are the major constraints that restricts infrastructure development and execution of development works.

2.10 Institutional/Manpower Resources

Poor trained staff seriously effect the performance of services provided by the municipalities, regions, councils and other Government Agencies in urban centers.

2.11 Insufficient Land for expansion of Housing

One of the limiting factor for the expansion of supply of Housing in urban areas is Scarcity of available land.. The urban core is surrounded by lands belonging to Agricultural Land that belongs to the private and this situation inhibits the conversion of land to urban uses.

2.12 High Cost of Housing Mortgages

The currently high banking interest rates definitely mitigate against would be home owners by making monthly mortgage payments extremely high.

2.13 Limited Tax Base for Municipalities

Municipalities do not have adequate revenue sources of their own. They have been highly dependent on the Central Government for finances and the latter has not been able to provide assistance to the requisite levels.

3. Recommendations**3.1 Urban Land Management**

Land supply has a critical role in supporting quality of life in urban areas. The efficiency of urban land markets needs to be improved through (i) appropriate and affordable land use, building standards and regulations; (ii) improving procedures for land transfers (including cadastral mapping, titling, and registration); (iii) measures to stop land being held vacant for speculative purposes; and (iv) improving information to the public on land market indicators.

3.2 Urban Housing Scheme

Access to affordable urban housing is an increasing problem as population pressure and land prices rise. First priority in urban housing would be the provision of land at affordable price. Increased availability of developed land in urban areas needs to be ensured through adoption of various innovative approaches like "land bank" and "land assembly" method, vacant plots tax and simplification of sub-division. For efficient supply of land to the low-income group, utmost care would be taken to discourage the speculators and middle men/classes. In view of housing schemes, a large proportion of small size plots would be demarcated, so as to avoid premium on their sale. Ownership documents should not be issued unless a house is built, all development charges are cleared and the house occupied by the owners/tenant. Only a short period will be allowed for construction of houses after the possession of developed plots. If a plot is found to be vacant beyond the allowed period the allotment agency would have the right to cancel the reservation and allot the plot to other eligible applicants.

3.2.1 Unauthorized settlements including the Katchi Abadies and slums have become a part of the urban scenario and there is need for their regularization together with extension of services to enhance living conditions and to bring them under the property tax net. To prevent further proliferation of such Abadies, the land use and sub-division policies in urban areas to be streamlined. The Katchi Abadies program needs to be de-emphasized in favour of low-income housing areas to discourage the formation of new Katchi Abadies. The Sindh model of regularization based on the land title tied to the payment of dues (land cost as well as development) could be considered for adoption by other provinces.

3.2.3 Urban housing is mostly financed through personal savings, with almost negligible credit from the institutional finance agencies, including HBFC Banks and such other organization. These institutions do not serve the informal sector workers and other urban poor including slum-dwellers. There is need for the Government to ensure easy availability of credit for house construction by the low-income groups, with revival of housing co-operatives to finance the self-help groups or groups who have the support of an NGO and who can be of assistance in loan recovery of the house construction/improvement loans.

3.3 Public – Private Partnership

Given the massive investment required in urban infrastructure, greater focus is needed on the creation of cost-effective and efficient public-private partnerships that include mechanisms for

attracting private capital for urban infrastructure provision. Investment of 'the private sector would be developed as a process that institutionalizes the enabling role of government.

3.4 Community Participation

Good governance is needed for sustainable urban development. It requires stronger roles for citizen groups, community organizations and NGOs. Community participation in urban development has increased through the involvement of non-government organizations (NGOs), business associations, environmental pressure groups, associations of Katchi Abadies and slum dwellers and other community-based organizations (CBOs) in many aspects of urban development. The Devolution Plan recognizes the key role of the community in local development through institutionalization of the Citizen Community Boards (CCBs) in the local planning and implementation process. Community commitment to develop initiatives is vital for promoting demand driven investment in urban development and prioritizing the provision of urban services.

3.5 Housing Policies

- 3.5.1** Increased attention undoubtedly needs to be given to private sector involvement in the delivery of urban services and land development for housing. At the same time, it is a fact that private investors prefer to build for high income tenants who could afford to give them a good return on their investments. This inevitably has led to a bias against low income groups. Therefore in the absence of public housing programme a latent situation of exploitation and inadequate standard housing can only worsen. The scales of housing development which must take place in future particularly in the field of improved sanitary conditions is beyond that of private initiative alone. Government must play its role besides laying down the standards and ensure that development takes place is physically good and not socially destructive.
- 3.5.2** The already approved National housing Policy - 2001 need to be fully implemented by the Federal and Provincial governments in order to accelerate the house construction activity throughout the country.
- 3.5.3** The availability of land for low-income groups needs to be facilitated to develop mass low cost housing throughout the country. The ratio of small plots in all future Government and private housing schemes need to be increased. The provision of small plots could be cross-subsidized from the sale of bigger plots and commercial areas. Recognizing that low-income population, often having irregular incomes, can only realize their houses and the infrastructure in a flexible, incremental way an "incremental approach" shall be allowed for effective land supply to the low income groups, with efficient and transparent procedures.
- 3.5.4** In case of housing schemes for Government servants, the Punjab Province has already established the Government Servants Housing Foundation under an Act. The other Provinces will be encouraged to consider the Punjab model for adoption. The private sector will be encouraged to build houses for Government Employees and general public on BL T (Built, Lease and Transfer!) system, or on private/public joint venture system.
- 3.5.5** The ongoing program of regularization of all notified Katchi Abadies, built after March 1985, a second cut-off date needs to be announced after the survey, followed by a strict control on further development of Katchi Abadies. No regularization and development of Katchi Abadi shall be done free of cost. Katchi Abadies on prime locations shall be offered alternate sites for relocation, or accommodated on a portion of the same site in high density development. The remaining areas should be sold to generate funds for developing the low-income areas.

3.6 Financing

- 3.6.1 The public sector financial outlay will mainly be for developing urban development infrastructure. The housing construction shall be the responsibility of the plot owners, with estate developers providing the secondary/tertiary infrastructure.
- 3.6.2 In this whole scenario, there are the three “Actors” who have to play a dominate role in reducing if not eliminating the housing problems

First and Foremost is the institutional arrangements followed by Financial/Capital requirements to be used for arranging the needed, commodity i.e. land. Based on these, the following are broad recommendation

Institutional Set up	
Finances	Land

- 3.6.3 Housing is nearly always the first outward and visible sign of new urban development. In other words it sets the tone of the place. Being the largest consumer of urban land, it is of great significant that proper attention be paid to its all actors/inputs like land, Labour, Capital management planning and designing etc. A city plan cannot be judged by what is laid down on the paper rather by what goes on the ground.

3.7 Land Issues

Land being an essential resource of creation of houses, its availability can largely be ensured through political and institutional arrangements. Large tracts of Agricultural land have passed into the hands of speculators and land developers. Still while the opportunities for effective action have not been exhausted, the earlier we act more likely we are to succeed. Major field that need immediate attention are:-

3.7.1 Land Information System

The use of computerized land information for the efficient management of scare Land resources (including the resources that lie with in the Land mass and other cultivated resources such as farming and agriculture) has become something much sought after by land administrators and planners to-day. With the advent of vast computing resources at affordable costs, the computer based land management system is no longer a myth, nor it is limited to the wealthy. However successful implementation of a land information system depends not only on the availability of tech resources but also on the political and bureaucratic mechanism that oversee its implementation.

3.7.2 Land Banking

Land banking is reservation of land for future urban use. Land can be reserved in many ways but more commonly in this context it entails the acquisition. Many countries in Europe have practiced land banking for hundreds of years. In land banking we save land by investing money, which is borrowed from a lending institution.

3.7.3 Land Owners Organization

The landowners Organization can be the organization of the owners in urban areas who plan and manage the development in private sector. The success of such an organization will of course depend on proper institutional support and control by Government.

3.7.4 Joint Venture

The concept of joint venture proposes a combined attempt of land owners and Development Authorities. Landowners may pool their land and get proper share of monetary value in return. There is a great need to take the landowners in confidence by providing them with some incentives.

3.7.5 Land Development

It is a concern of professionals, architects, planners and engineers. The role of these professionals is to find ways and means how best they can render services with well designed and functional layout plans, giving better facilities without sacrificing reasonable standards and quality of services thereby providing maximum number of plots which benefit large segment of the population within the minimum possible reserve price. Some aspects that need attention in this regard are identified as under:-

- a) Experience with sites-and-services projects during the last decades or so has fallen short of expectations. The planners should explore possible ways in which they can broaden their influences over low-cost land development processes. The production of serviced sites has remained low and generally out of reach of the poor.
- b) We could also learn from what actually is happening in our cities. People purchase pieces of land anywhere in the city and build a house thereon. The services are brought later by some civic agency. This saves the owner from the burden of development cost. After all, their older generations have been living in other parts of the city without these services, which were gradually introduced by the civic authorities. Likewise the housing agencies could first acquire the land for housing, allot it to the target group after proper planning and designing and finally develop the land by way of incremental development. The areas where house construction activity is more shall be developed first.

3.8 To summarise the whole exercise, it is mentioned that principal specific objective in the area of housing are:-

- a) To expand the supply of housing more rapidly
- b) To make housing as affordable as possible.
- c) To provided improved access to housing for poor families.

3.9 The operational objectives that must be fulfilled as pre-conditions for meeting the above Urban Development and Housing objectives include:

- i) To provide greater access to affordable funding for housing development.
- ii) To provide greater access to services land.
- iii) To eliminate institutional delays in approval of buildings plans and allocation of land.
- iv) To establish appropriate conditions that would permit the private sector to play a greater role in allocating and developing land for housing.

- v) To develop special programme of financial support of lower – income families that assist them to make rental and mortgage payments.
- vi) To regulate informal housing development.
- vii) To reform regulations governing rentals with the aim of increasing the availability of rental housing to* develop mechanisms for greater involvement of NGOs in housing programme for the poor.