

Research Article: Aashiana Housing Project (AHP)

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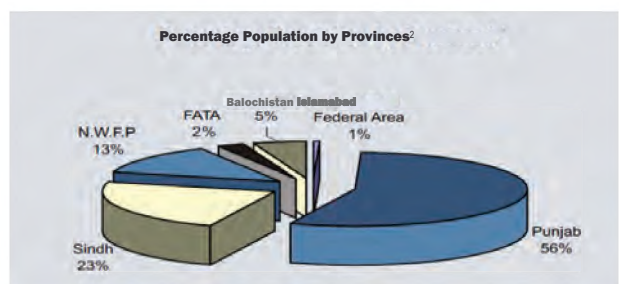
A byproduct of the capitalist economic system especially in the industrialized or developed economies is the widening of gap between the rich and poor. A small percentage is becoming increasingly richer, while larger numbers are falling below the poverty line. This widening of gap between the rich and marginalized has compelled political economists to redefine the concept of Welfare State (which initially comprised of tax collection and income redistribution); it is now more inclusive and encompasses the comparative wellbeing and standard of living of the existing population in terms of a basket of noncash benefits such as education, health, capacity building of unemployed youth and housing facilities.

Context

Most developing states are unable to escape the forces of globalization and thus have free market or capitalist economic systems, therefore the scale and importance of the demand for "housing" for the poor and marginalized is on the rise in these countries. Let me enumerate some of the reasons why housing policies for the poor in developing countries have become a contested issue. First, urbanization has emerged as a global trend increasing the size of urban poor. Rapid urbanization and globalization have put tremendous pressure on the political governments of developing countries to prioritize the housing sector and deliver low cost and affordable housing to the end users. Second, the rural to urban migration has led to the expansion of informal sector. Putting the size of the informal sector into this context is very important, as it is widely recognized that construction boom in the housing sector generates employment opportunities particularly for unskilled and semi skilled labour (a major percentage of the labour force of informal sector). Third, we are also aware of the fact that employability of the unemployed is extremely important for developing economies as they are labour abundant economies in which high employment rate is essential in maintaining sustainable economic growth. Thus housing has crucial significance both in the supply and demand aspects of the economy and can be used as a significant indicator in evaluating the standard of living and quality of life¹.

In the last two decades housing needs have acquired new

salience in developing countries and governments have also realized the importance of housing sector especially for low or middle income class. Governments are revising strategies and revisiting the entire policy process to facilitate and enhance public sector's role in building a framework that strengthens the capacity and sustainability of the housing sector, particularly low cost housing. However, like many other policy areas in this sector too, Pakistan is lagging behind.



Source: <http://www.pap.org.pk/>

Population wise Punjab is the largest province and plays a significant role in providing political as well as economic baseline of Pakistan. Thus in the federal structure of Pakistan, it is a key player. Devolution of financial as well as legislative powers to provinces under the 18th amendment has put the onus on the Government of Punjab to deliver and provide an example for others to follow. Is Punjab ready to assume the leadership role under this new dispensation? Exploring the possibilities, it is estimated that the population of Punjab is growing at the rate of 2% per annum² but despite population growth and rapid urbanization, little effort has been made to develop a regulatory framework for low income housing. Although international or domestic factors have exerted some pressure for the establishment of a policy framework, still the momentum is lost in the implementation phase following the formulation of the theoretical framework and policy documents because of the provincial and local governments' lack of enthusiasm and capacity for implementation. Hence the delivery of low cost housing to low-income and middle class remains unfulfilled.

In order to access the actual housing needs of Punjab, the understanding of population demographics along with their socio economic profile is very important. Punjab's

population as a percentage of total population of Pakistan is 56%.

Table 1: Urban Population & Growth Rate of Pakistan

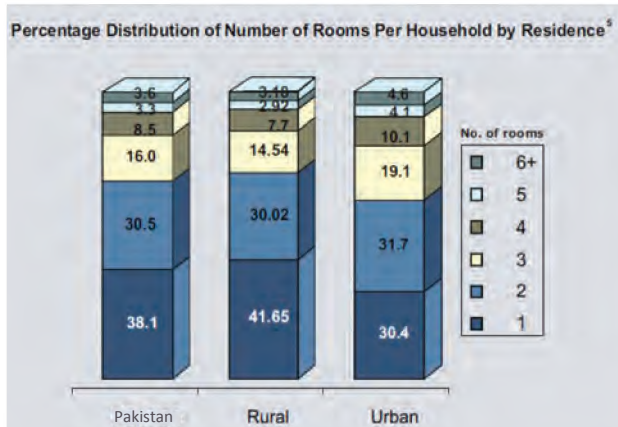
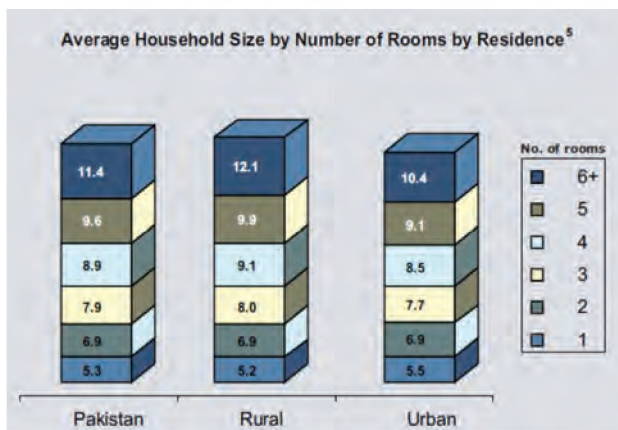
Year	Urban Population	Urban Annual Growth Rate
2010	66.318	2.97
2015	77.420	3.10
2020	90.199	3.06
2025	104.735	2.99
2030	121.218	2.92

Source: World Urbanization Prospects 2009, Revision Population Database

The urban population as percentage of total population in Pakistan is also increasing rapidly. According to 1998 census, 31.3% of the total population lived in urban areas whereas by 2010-2011 it had increased to 37% and will be more than 50% of the total population by the end of 2015 with an average growth rate of 2.97%³.

Socio-Economic profile is also very important in this context as factors like large family size, marital status and no of rooms per residence draw important attention towards the need for larger size houses to cater to the needs of individuals, a snap shot of statistical data of these demographic indicators indicates the importance of housing in urban areas of Punjab.

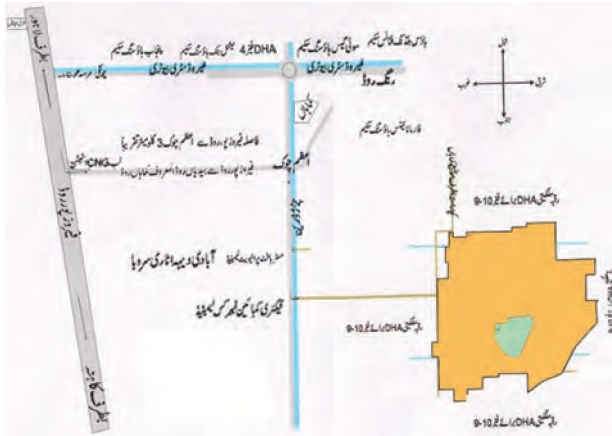
Lahore is among the densely populated metropolitan cities of Pakistan. It is the second biggest city of Pakistan with population of around 8.63 million⁴ (Khaliq-Uz_Zaman & Arif A Baloch 2011) with an annual growth rate of 2.83%⁵ and also holds the status of provincial capital of Punjab with urban population of around 13% (1998 Census) of the total urban population of Pakistan⁶. Lahore has witnessed huge expansion in terms of housing infrastructure development. Along the Grand Trunk (GT) road, Ferozpur road and Multan road which are traditionally densely populated areas, a mushroom growth of new societies has occurred; namely, DHA-EME, Muhafiz Town, Eden Gardens, Sukh Chain Gardens, Bahria Town etc. Several factors have contributed towards this expansion; firstly, plentiful land was available, secondly infrastructural base existed in terms of roads, electricity and natural gas etc. essential for the success of any housing society in Lahore. Very recently, the pace of development in terms of housing societies is also increasing around Thokar Niaz Baig, Raiwind and adjoining areas. Again the reason has been the availability of adequate land and huge infrastructural development in Muslim League Nawaz's former Centre and current Punjab governments. The existence of personal property of former Prime Minister Mian Nawaz Sharif and current Chief Minister Punjab Mian Shahbaz Sharif is a reality that also can't be neglected when critically evaluating the primary causes of expansion of Lahore in these areas.



Source: <http://www.pap.org.pk>

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ited through easy installments spanning ten years. A 5% discount will be given to those who submit full payment up front⁹. The interested buyers must fill a form provided by PLDC and submit it along with a processing fee of Rs. 890 to the Bank of Punjab.



It is ironic and disturbing that politicians while launching such projects do not look at the fate of earlier ventures. It is instructive to note that a similar kind of programme was launched under the name of Apni Basti by Prime Minister Mohammad Khan Junejo in 1987 to build 150,000 housing units, which eventually resulted in the construction of only 35,000 houses¹⁰. Similarly Nawaz Sharif in his second term as Prime Minister had launched an analogous scheme "Mera Ghar Scheme" which also remained elusive. These schemes smacked of a flawed policy making process; unrealistic pricing, and poor provision for water, power and gas etc. Eventually, people took away the door and window frames of the houses as well as the bricks in case of Junejo's initiative. These and few other projects taken up by the public sector have not worked well. The lessons learned could be summarized with the statement that the low cost housing schemes for lower income groups should be public private partnerships¹¹ (PPP) or initiatives solely of the private sector as this would ensure better management and sustainability as compared to the schemes initiated solely by the public sector. Furthermore transport, utilities, schooling and health are key elements of success along with the involvement of NGOs (to facilitate the provision of low cost facilities like training the unskilled youth, basic general and vocational education etc.) as they all play a crucial role but have been missing in almost all housing schemes launched by the

Public Sector. Khuda ki Basti projects in Lahore, Karachi and Hyderabad, which are best quoted examples in terms of viability and sustainability, were built under the public private partnership.

A history of flawed and failed housing schemes demands a critical evaluation of Aashiana Housing Project. Although the provision of civic facilities like water, power, gas, and the sewerage and waste disposal systems as pledged by the Government seems like a good beginning, still the Punjab CM's continued insistence that AHP would be comparable to Defense Housing Authority (an upper class housing scheme) is misleading and could rouse unrealistic expectations among the potential buyers. Managing expectations is important as private developers are promising all kinds of higher end services like parks, commercial areas, spacious roads, and community centers.

While all housing projects look good as long as they are on paper, it is actually the implementation that matters. Knowing that this particular project will be accommodating only the lower-middle class as announced by the current government, one can expect some delays and hiccups in the proceedings. Also monthly payments, while not as much as the average market price, are still on the higher side when we look at the monthly income of the target group. It wouldn't be easy for a household with a joint family income of less than 20,000 to keep aside monthly installments of 7,500. Additionally, the backing of Punjab Government will put a question mark on the future of AHP as soon as the government changes.

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Serious doubts are also being expressed from different quarters on the rationale, and economic viability of the ambitious Aashiana Housing Scheme. This scheme is now the biggest public sector housing scheme launched in Punjab involving an expenditure of billions of rupees in a few years. But it has not gone through any channel of official scrutiny as suggested by the World Bank (Jakarta

2009) guidelines stressing a transparent identification and screening of beneficiaries.

Assessment and Evaluation of the Scheme

In critically evaluating the merits of the AHP according to prevalent housing policy debates, we consider the current Punjab Government's intervention into the housing market as serious because most economists argue for less government intervention in the housing sector as compared to other groups of experts. Most economists have qualified faith in the efficiency of markets and argue for government intervention to oil the wheels of market mechanism. They hold this view of the housing sector as well, arguing that the principal role of government should be to enable housing markets to work and to ensure the adequate provision of infrastructure (a public goods problem) instead of direct provision of housing facilities out of its own pocket, especially when its already facing severe financial difficulties due to lack of revenue generation and mismanagement of existing financial resources coupled with a poor state of governance. Many examples can be quoted in this regard, for instance the so called "Sasti Roti Scheme" where public money was wasted to gain political popularity among masses without realizing the importance of a targeted approach to public money spending. Rather than pursuing these cumbersome tasks, the government should adopt standardized and transparent PPP (Public Private Partnership) models and contracts. Government should develop more reliable data on population with minute details of micro and low income housing needs so that the private sector can be effectively utilized and can become a major stakeholder.

Housing policy in developed countries is redistributive in nature, having the ideal of providing "decent and affordable" housing for all. Economists tend to respect consumer sovereignty because households know best how to spend their incomes rather than the government and therefore tend to favor income redistribution¹². Unfortunately, the Punjab Government has failed to recognize this very fact as there is an increased risk that "social justice" which entails that all households enjoy basic levels of "merit goods" - decent housing, adequate nutrition, clothing, sanitation and health services, a safe and healthy environment, and access to a decent basic education for children, may not be achieved through this housing scheme due to

a lack of future planning activities and a risk in continuation of the scheme following the change of the current Government. Thus this whole scheme can meet the same fate as the "Mera Ghar Scheme" of the Junejo government.

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“...provision of appropriate road links as well as hubs of activities and employment in the immediate surrounding areas can strongly encourage house occupancy at the project.”

The viability of AHP may also be questioned when evaluated against the global low cost housing criteria. The economic viability of low-cost housing depends on the economical capacity of the target group. If the house or services are too expensive, the poor cannot afford to live there leading to the failure of the programme. The AHS falls short on this criterion as the target group selected by the Government of Punjab is very poor and can't afford to pay the required monthly installment out of their own pocket given that their expected monthly income is capped at 20,000. Keeping in view the current inflationary figures and the distance (approximately 17 km one way) they will have to travel to reach their homes from their work place (Lahore city), the daily cost seems too high. To cater to this problem of affordability, a financial support scheme is being floated through the BOP. But the financial position of BOP is not hidden from public view and given the politicization of loans and the tradition of non-payment of services and loans in Pakistani society, the continuation of this scheme seems suspect after the

current government completes its tenure in office. Additionally, there is cultural and value dimension that needs to be kept in view. People with a low income do not want to live in houses labeled only for low income groups, because of the "poor" label associated with it. They may feel isolated and degraded among their own social and family circles. But unfortunately since the announcement of AHP, it is widely advertised as a scheme for poor widows, pensioners and other socially and economically dependent groups. In most cultures generally and in Pakistan

specifically, the women are in charge of domestic affairs of the family. As the target group in AHP largely focuses on women, it is therefore important to include women in the planning process and ensure that they would be able to pay rent. Therefore the Punjab Government's job does not end in providing just a housing scheme but also needs to include the development of community's human resources to ensure the programme's long term viability. But unfortunately the Punjab Government has not conceived any capacity building programme as part of the AHP.

Suggestions and Way forward

The Punjab Government has limited resources to combat the monstrous problem of housing in the province due to several reasons. Firstly, its financial constraints should lead to prudence and caution rather than risky housing schemes which could burden it with excessive overheads and a failure to collect revenues. Secondly, due to a variety of reasons, the gap between housing supply and demand is constantly widening. Thus while the Aashiana Housing Project will consume scarce provincial resources, it will not have any impact on the gigantic scale of the problem in the province. Thirdly, the housing units being given are highly subsidized thus helping only a few instead of the many. Fourthly, the project is framed to win popular support but lacks the political will to solve the actual problem of housing for the urban poor. Lastly, while community participation is given much importance on paper and in intellectual & academic discussions, however, no organized or meaningful effort in this regard has been witnessed in this project so far. All housing programs that lacked community participation have proved to be expensive and contrary to the needs, priorities, and aspirations of the dwellers and acceptability of the target-group.

As a way forward it is important that the Punjab Government concentrate on the implementation of AHP and setup an efficient organization to cater to the needs of the housing project during and after the completion of housing structures. The aim of most low-cost housing projects like AHP should be to introduce and boost the idea of public sector intervention in the housing sector. Thus, if AHP is wrongly designed as is feared, or badly implemented, support for public sector intervention in the housing sector will suffer a major blow. It is thus suggested that concentration should be made to develop

appropriate grassroots level institutions for the long term viability of the scheme.

Secondly the socio-economic characteristics of the people play a crucial role in making a decision to acquire a house. For the low income group, housing's proximity to work place and other services play a major role in its success. Therefore provision of appropriate road links as well as hubs of activities and employment in the immediate surrounding areas can strongly encourage house occupancy at the project.

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Thirdly, high order services like schools, hospitals, civic centers and other facilities have always worked well in the success of housing schemes. Thus, the Government of Punjab should pursue this approach to make AHS a more

attractive living experience for the occupants.

Lastly at a strategic level, the Governmental should realize that the process of housing delivery or rather facilitating citizens to acquire housing themselves should be an across the board initiative rather than be limited to certain segments of the society or specifically the voters of the ruling party. It is strongly suggested that the government does not become an agent in direct provision of housing services as this may lead to market failure further resulting into government failure. Rather, the Government should explore the various Public-Private Partnership options and incentivize, facilitate, motivate and regulate the private sector to enter the low-cost housing sector as it can play a critical role in bridging the urban housing gap and in building strong communities¹³.

End Notes

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