

Pro-Poor Program for Housing

An idea whose time has come

Presentation

To

Prime Minister of Pakistan

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Guiding Principles

- Promote supply
- Support affordability
- Market based solutions

Governments' Role

Ministry of Housing Plan

Presentation made by Ministry of Housing & Works to the Cabinet on 05.6.2008 provides a roadmap and defines the Govts role as:

- Facilitator
- Advocacy
- Regulator

Land Banking by Federal & Provincial Governments

Creation of Housing Funds

Pilot Projects

Construction of housing units for all Govt employees .
Federal Govt and Govts of Punjab & Sindh have already taken initiatives in this regard.

Governments' Role

Ministry of Housing Plan (cont)

- Land Banking at Federal, Provincial & District Levels.
- Policy interventions
 - Fiscal
 - Regulatory
- Standardization (layout plans, design & engineering etc)
- Low cost technologies (for construction and material etc)

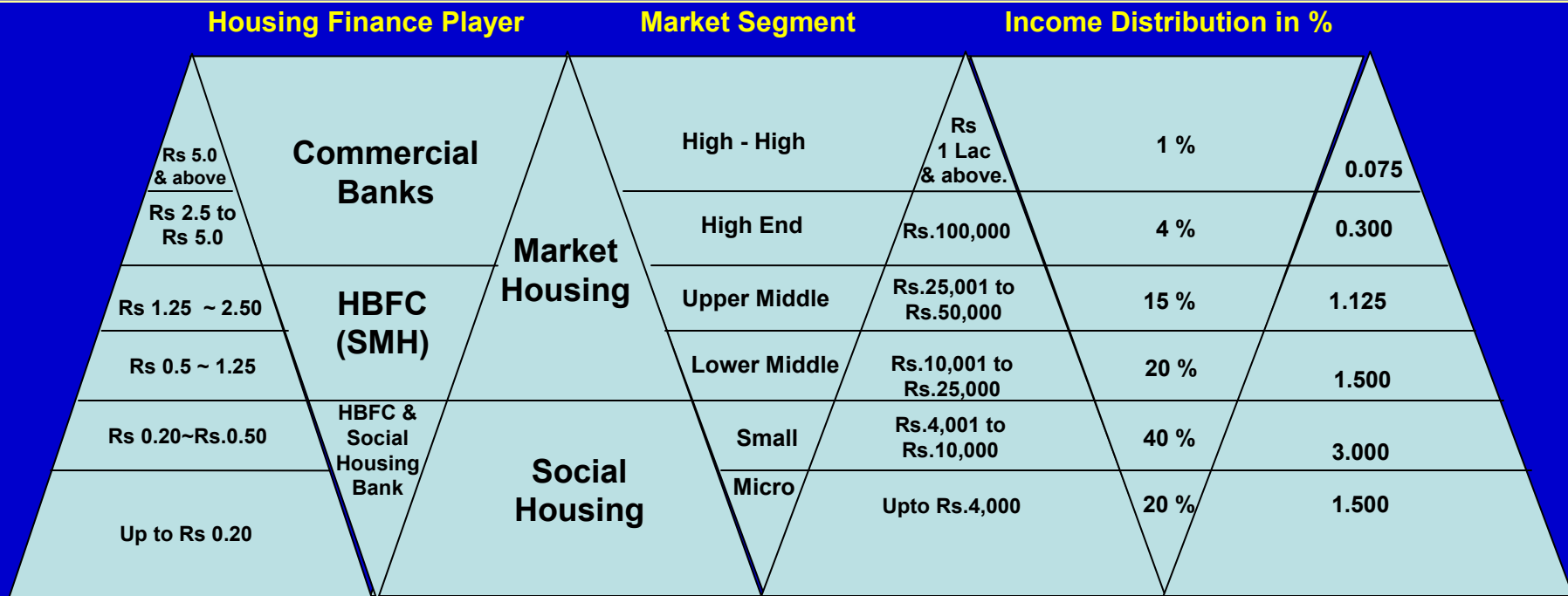
Demand / Supply

- Demand 850,000 units/year *
- Add. Depletion of existing stock 200,000 units/year
- Total demand 1,050,000 units/year
- Supply 300,000 units/year

Govts' Target : One million housing units per year

* As per Ministry of Housing & Works.

Housing Continuum



Mortgage Affordability
(Rupees in Million)

- Per Capita Income
- Minimum Wage Rate

Housing Market

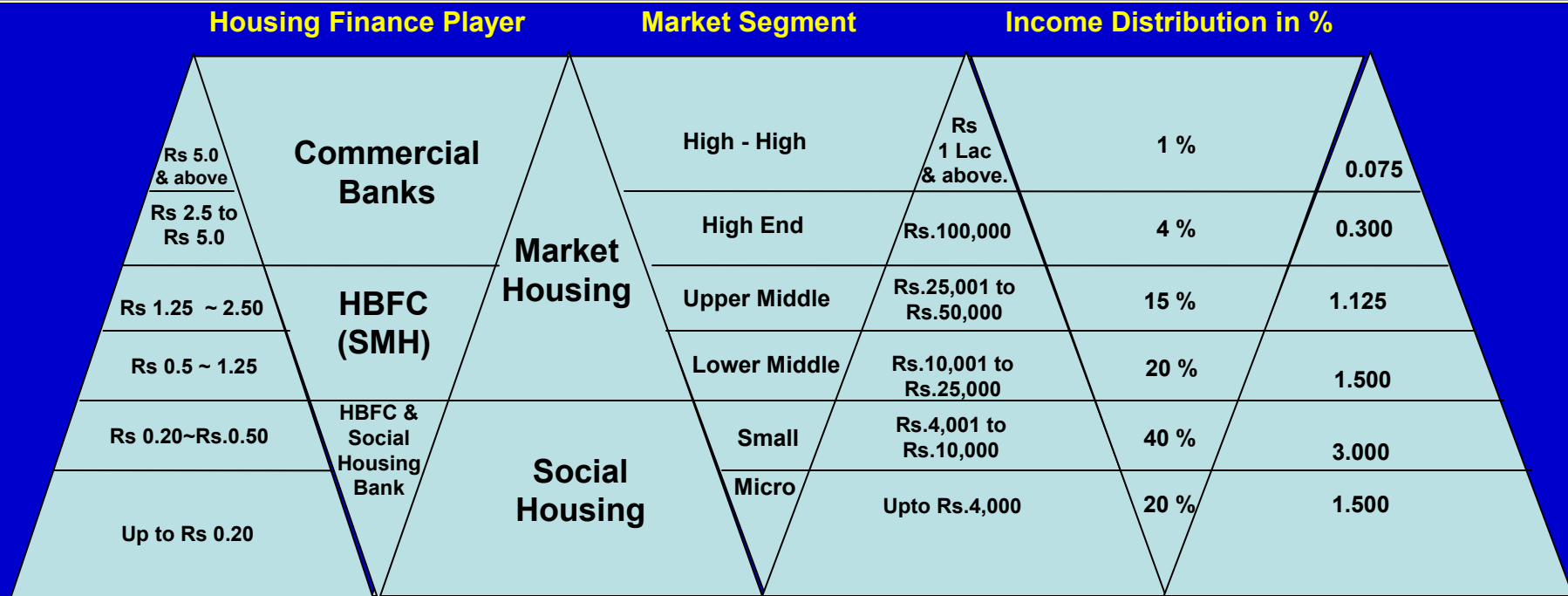
Rs.5,000 per month
Rs.6,000 per month

Income Distribution

Housing Shortage *
(In Million)

Total existing backlog is estimated at 7.5 Million units. The shortage in various income segments is assumed in the same proportion, as per income distribution pattern. However, actual shortage is much higher in low income segments as opposed to higher income segments.

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A three tier program

- The program to primarily address social housing segment will be in three tiers

– **P**ublic - **P**ublic **P**artnership 50,000 units/year

– **P**ublic - **P**rivate **P**artnership 250,000 units/year

– **P**rivate - **P**rivate **P**artnership 700,000 units/year *

* Existing supply 300,000 units per year.

Public - Public Partnership

Business Model

- Government to provide built up housing

Target Clientele

- Housing schemes for Federal and Provincials and cities Government employees
- Housing schemes for City District Government employees;
- Housing schemes for public sector employees- like Pakistan Railways, PIA etc.

Public - Public Partnership (cont)

Pilot Projects

- Construction of 37000 apartments for low paid employess(BPS-1 to 16) on or before retirement.
- Housing for Federal Government officers(BPS-17) and above). Apartments for BPS-17-19,semi – detached and detached house for officers of BPS-20 & above on retirement.
- Construction of 1000 apartments at G-10/2 & G-11/3, Islamabad. Another 1000 apartment at 1-16 is in pipeline.
- Construction of 10000 housing units at Kuri- Road, Zone-1V, Islamabad.
- Total of Federal Government Servant 358,130
- Applications received so far 220,000

Public - Private Partnership

Business Model

- Government's contribution in terms of land and infrastructure;
- Developers to build on competitive bidding, on standardized designs;

Target Clientele

- Corporate sector for labor colonies and Low income staff;
- Public sector Corporations;

Public - Private Partnership (cont)

Pilot Projects

- Gawdar – Baluchistan 63 Acre - HBFC
- Karachi – Sindh 100 Acre - HBFC
- Lahore – Punjab 20 Acre (micro Housing) - SAIBAN
- Peshawar-NWFP 100 Acre (land not yet procured) - HBFC

Private - Private Partnership

Business Model

- Government as facilitator
- Corporate Sector + Builder+ Financial Institutions
- Government as promoter through policy interventions
- Purely on market considerations

Target clientele

- Candidates for low and middle income housing
- Labour Colonies – to be promoted by industrial estates + industry+ builder+ Financial Institutions (Punjab Industrial Estate could take a start)

Public - Private Partnership (cont)

Pilot Projects

- Housing Societies being promoted by builders e.g. Heritage home at Lahore
- Flat/Malls/Apartment being provided by builders e.g. Maymar, Al-Azam
- New satellite town
- Retail Housing

Pro Poor Housing Program Organizational Setup

- Federal Housing Authority (FHA)
 - Provincial Housing Authority (Punjab)
 - Provincial Housing Authority (Sindh)
 - Provincial Housing Authority (Baluchistan)
 - Provincial Housing Authority (NWFP)
- A steering Committee to ensure that Federal and Provincial housing authorities have complete understanding, cooperation and support for the program.
- Federal and Provincial Governments to ensure, based on experience of the past in terms of failure in implementing National Housing Policy at provincial levels will be adequately addressed to.

Micro Housing & Housing Finance

Social Housing Company - Capital Rs 250m
(for Micro Housing supply)

Social Housing Bank - Capital Rs 500m
(For Micro housing finance)

HBFC's Board has approved and it is ready to launch these institutions

Sponsor a Shelter Foundation Separate Opportunity for charity

- Set up a separate and independent charity platform; contributions coming from:
 - Zakat Foundation;
 - Corporate Donations (Tax deductible)
 - Zakat contribution (donations from the individuals);
 - Beneficiaries to be selected in a transparent manner

Sponsor a Shelter Foundation (cont)

- HBFC has developed a blue-print for the proposed foundation.
- Proposed initial contribution of Rs 1 Billion to be contributed as follows:

– Zakat Foundation:	Rs. 500 Million
– HBFC	Rs. 250 “
– Corporates/Individuals:	Rs. 250 “

Other measures

- State Bank of Pakistan to promote long term instruments of finance:
- FBR to devise fiscal support measures;
- Government to approach multilateral agencies (World Bank, Asian Bank, Islamic Development Bank) for:
 - Long term Funds
 - Technical Assistance for Low cost construction materials and technologies;
 - Program review based on international experience

Raising long Term Funding

- Govt. to float “Housing Bonds” through National Saving Organizations. The funds so raised to be passed on to financial institutions /Banks for housing finance for low and middle income segments of population.
- Long term loans from Multilateral agencies like World Bank, Asian Bank, Islamic Development Bank.
- Refinance window of SBP
- Pakistan Mortgage Refinance Company-PMRC being set up by SBP,IFC and the Financial Institutions (Capital Rs. 2 Bn)
- Promote Mortgage backed instruments like Sukuk, Securitization , REITs etc.

Measures to Lower Cost of Housing

- Land at affordable prices
- Residential infrastructure upto construction site - from the state
- Standardization – Layout plans, designs, engineering, windows, doors etc.
- Low cost housing technologies – to be imported.
- Low cost Constructions Materials – to be developed
- Built-in Cross-subsidies and smart-subsidies

Thank You

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