

Pakistan: Low Income Housing Initiatives

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In 1947 when the country got independence, there was a large influx of immigrants from across the border who mostly settled in Karachi, followed by Lahore and Rawalpindi. At that time the Government launched many resettlement schemes for low cost/low income category. However, this momentum was not maintained. These cities continued to face the problem of large scale urbanization and the issue of illegal habitat/squatter settlements/slums. The current population of Pakistan is around 160 million people, which makes it the world's sixth most populous country. Nearly one-fifth of the country is very poor, with monthly income not exceeding Rs 4,000 (\$ 50) thus making it a good candidate for micro-housing and housing finance. Another 40% of the population has an income level of up to Rs 12,000 (\$150) per month which creates a demand for low cost/low income housing and housing finance.

Karachi is the largest city in Pakistan with a population base of 15 million. According to an estimate nearly half of the Karachi metropolitan consists of squatter settlements (Katchi Abadis). The city has 600-800 such squatter settlements with nearly 7-8 million people living in these habitats/slums posing a major challenge to urban planners. The net urbanization in Karachi only is about one-quarter of a million people from interior of Sindh and Punjab province. The situation in other major metropolitans like Lahore, Rawalpindi, Peshawar and Faisalabad is relatively better but not much different.

In order to meet this challenge of Low Income/Low Cost Housing, we find very few examples of initiatives by the Public and/or Private Sector. Following is a discussion of some important initiatives. The discussion is divided into three parts with first an outline of projects in public sector only, followed by projects done under public private partnership and finally a discussion of projects done by the private sector only.

A. Public Sector Projects

- a) Korangi Town Project, Karachi
- b) Surjani Town, Karachi
- c) Liyari Expressway Projects, Karachi:
 - Taiser Town
 - Baldia Town
 - Hawksbay Town

B. Public-Private Partnership projects

- a) Al-Azam Apartments, Karachi
- b) Maymar Apartments, Karachi
- c) Khuda Ki Basti (KKB)
 - KKB Karachi
 - KKB Hyderabad
 - KKB Lahore

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C: Pure Private Sector Initiatives

- (a) Bahria Town (Awami Villas), Rawalpindi
- (b) Heritage Homes, Lahore

A: Public Sector Projects

(a) Korangi Town

In 1958, the Government launched two low income housing schemes for the rehabilitation of squatters under the “Greater Karachi Resettlement Program”, namely Korangi Township and North Karachi Township. The projects were funded by the World Bank and were conceived and implemented in the early 60s by the then Governor General Azam Khan for the rehabilitation of squatters. The project took a mere six months from the date of commencement to the handing over of the keys to the settlers. The scheme initially did not have the desired success due to lack of essential services such as transport, schools and health services. Also some of the allottees sold their rights in order to make money and then went back to their slums. However, over a few years time, with the development of missing infra structure, the project turned out to be a great success. Since then, the slum dwellers have been praying for another Azam Khan.

(b) Surjani Town

The low income housing scheme was launched in Deh Surjani in the late 80s. The housing project consisted of building 10,000 housing units, consisting of 1-2 rooms accommodation. It was to be implemented by Karachi Development authority (KDA) with the financial assistance from the World Bank. Under the scheme, pieces of land were allocated to different Developers/Builders for construction according to the laid out plans/designs. The builders were required to do construction using low cost technologies and preferably low cost construction materials such as Steel Mill Slag and Pre-cast slabs, etc. The cost of one-room unit of 280 Sq.Ft covered area was Rs 40,000 and two-room unit of 385 Sq.Ft covered area was Rs 48,000. This included the cost of land @ Rs 8,000 per plot as subsidized by the Government.

The House Building Finance Corporation (HBFC) provided mortgage finance to people needing financial assistance and HBFC financing was commenced in 1987-88. The average loan size from HBFC per client was Rs 35,000.

In this case also the construction of housing units was not supported by a simultaneous provision of residential infrastructure such as water, electricity, health clinics, schools, and especially transport to the city. In the absence of transport facilities the low income people found it difficult to commute to the city in order to earn their living. As a result, most of the units remained unoccupied for a much longer period. This resulted in loan default to HBFC, who was unable to do any foreclosure as well. As of 2006-7 nearly 7,500 HBFC accounts in the area were Non-Performing with an outstanding loan of about Rs 557 mn. After about 15-20 years, with the growing

housing shortage in low income category and with almost no supply, the habitat was started in the Surjani Town area. Gradually, the area developed some residential infrastructure and transport support, enabling the poor to move to the area. HBFC has now started some loan recovery drive from the area, though it is quite difficult to get money from chronic defaulters and in many cases, people with title/ownership defects.

(c) Lyari Expressway Project

In the distant past, Lyari river used to pass through the outskirts of Karachi city. Over the years, however the river bed became a favorite illegal habitat for squatters. To manage the worsening traffic issue the Government planned to build an Expressway over Lyari River (Lyari Express Way- LEW) and eventually needed to clear the right of way for the construction (Right of Way-ROW). In the year 2000-2001 the project area (ROW) started from the downstream side of Super Highway Bridge to the upstream side of Maripur Road Bridge. In order to clear the Right of Way for 16.4 Km of LEW Project, the government decided to remove encroachments/settlements from the river bed within the proposed ROW. The crucial segment of LEW project was the resettlement of 24,419 family units (about 147,000 persons) who were living on the river bed, i.e., the ROW of LEW project.

Resettlement Colonies: For the resettlement of displaced families the government decided to build three Colonies, namely:

- (i) Hawksbay Town (Scheme-42)
- (ii) Taiser Town (Scheme-45)
- (iii) Baldia Town (Scheme-29)

By way of resettlement incentives for the people the Government made the following offers/incentives:

- i) An 80 Sq Yrds developed/serviced Plot per family (free of cost)
- ii) Rs 50,000 cash as Facilitation Money per family
- iii) Resettlement of the effected families in more conducive living conditions, moving them away from the un-served, unplanned and totally unhygienic environment of the river bed.

Two independent surveys were conducted for demarcation of the ROW and of the affected families. Forums of Public Representatives were set up to address any public grievances. The allotment of the plots in three Resettlement Colonies was done according to a previously laid down criteria which is as follows:

- i) Hawksbay Town for the displaced families from the downstream stretch of Lyari River
- ii) Taiser Town for the displaced families from the upstream stretch of the Lyari River
- iii) Baldia Town for the displaced families from the middle reach of Lyari River.

Provision of Residential Infrastructure and Services at the new Settlement scheme

The planners of LEW have ensured that the three Resettlement Colonies are adequately equipped with all the residential infrastructure and essential services including transport, by the time the Schemes are ready for resettlement. The absence of these services and infrastructure at the planning stage was the main cause of failure of Surjani Town Scheme. Thus, the three Townships are being equipped with:

- Transportation
- Drinking water
- Sewerage System
- Electricity supply from national grid
- Fuel gas
- Schools (Total 42 schools in three schemes by Public Sector and NGOs)
- Dispensary/Medical clinics
- Parks & play grounds
- Banks, post offices, hawker market, community worship places etc

The success of the LEW Scheme is obvious from the resettlement progress on site and the fact that the price of the plots have already gone up more than 10 times since the launch of the scheme.

B. Public-Private Partnership projects

There are not many private sector initiatives for low cost /low income housing in Pakistan. A brief summary of some of these initiatives is given below:

(a) Al-Azam and Maymar Builders

The two builders/ developers namely Al-Azam (in 60s) and Maymar (in 70s), were allocated government land at a concessional price to develop low cost high rise apartments for the low-income category. Though it was not a Private-Public Partnership Model in the true sense, the model served its purpose. These two builders could be genuinely termed as pioneers of developing the concept of low-cost apartments in Karachi and of making a meaningful contribution to fulfilling the housing shortage in the low-income category. However this spirit did not continue over time by the Government and/or the Builders.

(b) Khuda-ki-Basti (KKB) by SAIBAN

In 1987, Mr. Tasneem Siddiqui, a civil servant, who at the time was the Head of Hyderabad Development Authority (HAD), launched a micro-housing scheme titled “Incremental Developmental Housing Scheme” on the concept of incremental or

progressive housing. The scheme was initially implemented and managed by HAD, the public sector institution. Later on, an NGO that was associated with the project management was registered as SAIBAN in 1990. Mr. Tasneem Siddiquie founded SAIBAN, with an initiative to meet housing needs of very poor and very needy sections of the society who are the real candidates for micro-housing solutions.

The HBFC, public sector housing finance institution with a business focus on Small and Medium Housing finance came forward to provide micro-housing loans to these people. SAIBAN launched housing schemes in Hyderabad, Karachi and Lahore based on the concept of 'Incremental or Progressive Housing. Under this scheme, a poor and needy family is invited to personally visit the reception of KKB on site. After initial verification, the family is given a one-room temporary residence on rent at the site. Once the management at KKB is convinced of the genuineness of the family's need, they are allotted a plot on site with payment in installments. The family is then permitted to start construction on an incremental basis subject to their financial means. Technical and other support in construction is provided by the management. The ownership of the plot is conditional to living on site and is non-transferable. This prevents any speculation or misuse of the scheme.

The laid-out-plan is based on 50:50 model, whereby 50 % of the land is reserved for residential plots, 30 % for internal roads, 15 % for amenity plots and 5% for commercial plots. SAIBAN partly works on a Cross-Subsidy model, since it holds 10 % of plots and the commercial areas to be sold at the going market rates once the scheme is inhabited.

The schemes are adequately equipped with residential infrastructure, utilities and public transport, and have been successful enough to motivate its architects to launch similar schemes in other cities.

KKB-Hyderabad: In 1987, the first scheme (KKB-1) was allotted 190 Acres of land in Gulshane Shahbaz, Hyderabad, which was subdivided into 3,180 plots of size 80 Sq.yards. Later another small size scheme (KKB-2) of 100 plots was launched in Hyderabad.

KKB-Karachi: The KKB-3 project was initiated by SAIBAN in 1999 near Surjani Town in association with Malir Development Authority (MDA). The project was implemented in two phases. Phase-1 consisted of 60 Acres and Phase-2 of 40 Acres, with a total land area of 100 Acres. The scheme developed 2,856 plots of 80 Sq. Yards each. Today the KKB-3 has a population of about 20,000 people. The average cost of the plot was Rs 40,000 wherein 25 % was to be paid in advance and the balance in easy monthly installments. The scheme was developed in strict compliance with prevailing laws of Town Planning, with ample provision for schools, hospitals/dispensaries, places of worship, community centers, play grounds and commercial areas. The residential infrastructure was also provided right at the initial stage.

KKB-Lahore: The KKB-4 project in Lahore was started by SAIBAN in association with Acumen Fund of USA. At present it consists of 20 Acres of land, and efforts are being made to procure more land in the adjoining area. The layout plan of KKB-4 is based on a community concept that is divided into blocks of 23 housing units each, and a park in the center of each block. In order to ensure greenery and conserve water, the Scheme is equipped with water recycling facilities as well.

C. Pure Private Sector Initiatives

(a) Awami Villas Lahore, a project of Bahria Town

The project was launched in Rawalpindi by a private developer to build low cost housing units using low-cost construction technology from Malaysia. Phase-1 of the project called “Awami Villas” is in progress and the builder plans to launch similar projects after the successful completion of Phase-1.

(b) Heritage Homes Lahore, a project of Sahir Associates

This is a unique initiative by Sahir Associate in which the Builder has donated the land for first project of 400 housing units. The construction cost was also well managed by the Builder. The design of the housing units and the layout plan of the scheme with an average cost of Rs 1 million compares well with any modern locality and is equipped with all amenities of life. It is also a community-based design consisting of self sufficient residential blocks. The scheme received an overwhelming response from the needy and poor, and after careful scrutiny of applicants, the final allotment was made through balloting. The Builder aims to launch similar low income housing schemes in the future as a Private-Public partnership.

Conclusions:

1. To ensure proper and efficient management, as well as long term sustainability, the housing supply in social housing sector should be driven by Public-Private Partnership Module.
2. The large-scale Builders from the private sector and Association of Builders and Developers have an important role to play in promotion of Low Cost Housing.
3. NGOs have an important role to play in implementation & management of such projects, more so in micro-housing schemes.
4. The schemes may build in some kind of Cross-Subsidy Models to lower the cost.
5. In view of the rising and unaffordable land prices, such schemes are generally developed in outskirts/suburbs of the cities. Therefore it is essential for their success that the habitat is livable and equipped with essential amenities of life.

6. It is critical for the success of such schemes that planning & implementation of essential services like transport, schools and hospitals are ensured right in the early planning and execution stage.
7. Provision of residential infrastructure like internal road network, sewerage and utilities make such low-income schemes attractive, since the squatters in the city slums may live in a very unhygienic environment but have access to all other essential services including transport.
8. The title/ownership should be tied to the owner living. It should be non-transferable for a longer period of time to discourage speculators/land mafia getting a hold of them.
9. Transparent identification and screening of beneficiaries

Recommendations

The Workshop needs to come up with a set of recommendations:

1. To share lessons learned from different successful models and experiences in the region and in other countries.
2. To develop a mechanism for sharing low-cost construction technologies and low-cost construction materials.
3. To standardize role of Large-Scale Builders in promotion of low-cost housing schemes, transparent and efficient models of Private-Public Partnership and development of transparent & tested PPP Contracts.
4. To strengthen the role of the state in providing subsidized land, external infrastructure, and electricity.
5. To prepare standard guidelines on selection and screening of beneficiaries