

## Author

Babar Mumtaz

An urban planner/development economist, specialising in urban management and housing finance, with over 30 years' experience across the world.

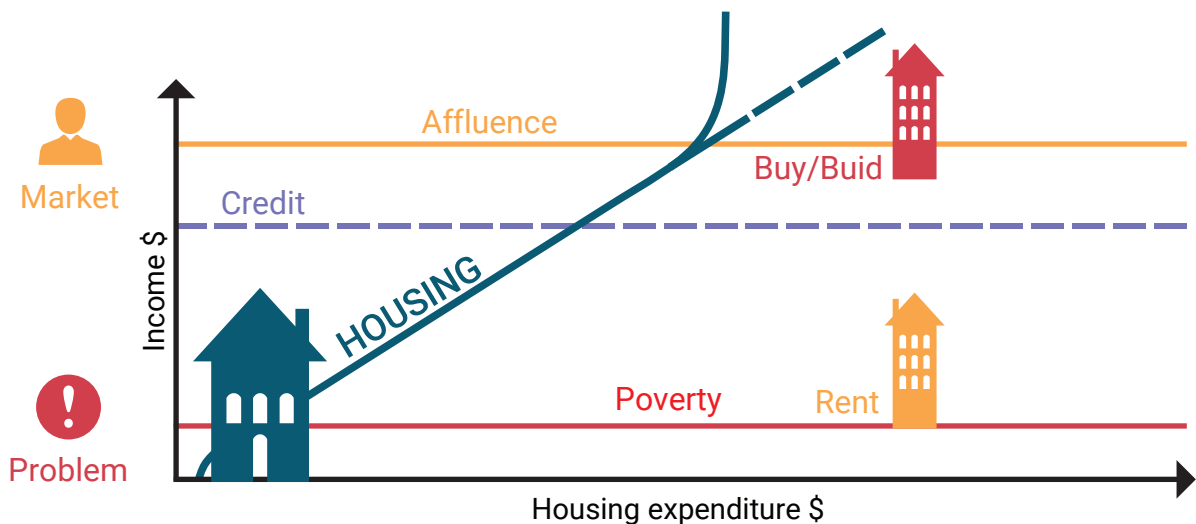
## Affordable Housing & Intra-gated Communities



Until the last century, housing was not really a problem – or at least not a social or societal problem. Only now has housing become a major concern as the modern mode of production evolved: separating home and work, worker and work place. Land shifted from the community to the individual and from place to product. Materials shifted from being locally (often freely) available to manufactured (often costly) products. Infrastructure shifted from public support to private enterprise.

### Housing Market

As is evident from the below diagram the market is geared towards individuals with high sources of income, those with enough affluence to purchase housing. Lines of credit from financial institutions can provide households with enough financial support to build or purchase their ideal home if they lack the means, while those who lack the economic strength can avail financial credit to rent or lease accommodation.



# Why the Market Fails to Supply the Housing Needed

- 🏠 The market cherry-picks
- 🏠 It is in the interest of the Market to ensure demand continues, not diminishes
- 🏠 The market campaigns against Government hand-outs (welfare) for consumers, but continuously seeks them for producers
- 🏠 The market does not meet demand, it creates demand
- 🏠 Most housing subsidies are designed to go to producers, not the households
- 🏠 The market also keeps wages as low as possible – making it more difficult to access affordable housing

## HOUSING POLICY

A housing policy states the Government’s housing intentions regarding WHO gets WHAT, by WHICH means.

  
**WHO**

categorisation of households

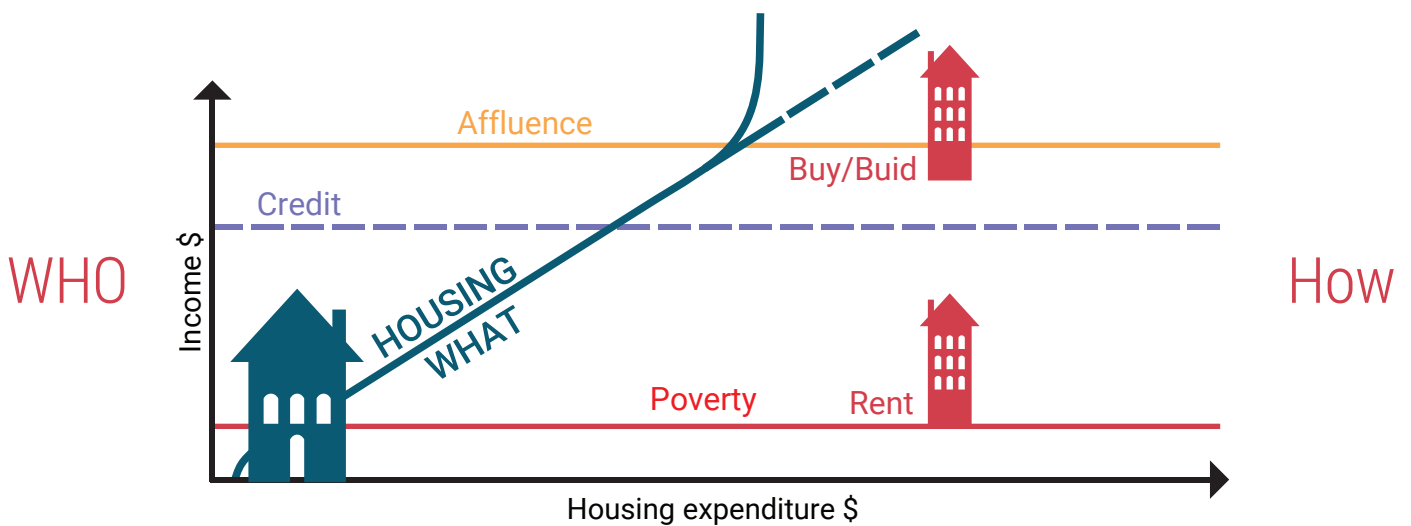
  
**WHAT**

types/tenure of housing

  
**WHICH**

rules, regulations, pricing and processing

## INFLUENCING THE MARKET: HOUSING POLICY



### VULNERABLE GROUPS

Age

Gender

Income

Location

Ethnicity

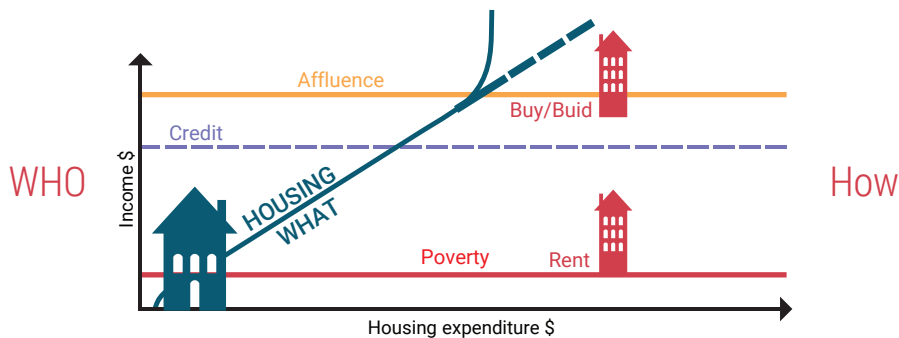


# VULNERABLE GROUPS

There's a need for Government Housing Policy to ensure that the needs of vulnerable groups are adequately met. Vulnerable groups include those who are of a senior age, those with disabilities, individuals who may be discriminated against due to their gender, ethnicity and location and finally those who cannot afford quality housing due to their insufficient income.

## GOVERNMENT IMPACT ON HOUSING

INSTRUMENT	OBJECTIVE	ASPECT
Building and planning standards	Maximum Housing	Affluence
(Housing) finance	Access	Credit
Construction standards & costs	Minimum Housing	Poverty
Housing legislation	Control	Rent
Welfare policy	Provision	Social Housing
Housing design (Housing Projects)	Costs	Housing
Urban planning	Availability	Land
Urban development	Costs	Infrastructure



## DELIVERING CHEAPER HOUSING: THE PROBLEM

- Unless it is properly managed, land allocation can end up being misused – from being a political, rewarding mechanism to a means of transferring wealth from the public realm to the well-off
- However, room for maneuver is very limited – and where government owns or controls it, land is probably the logical point of intervention

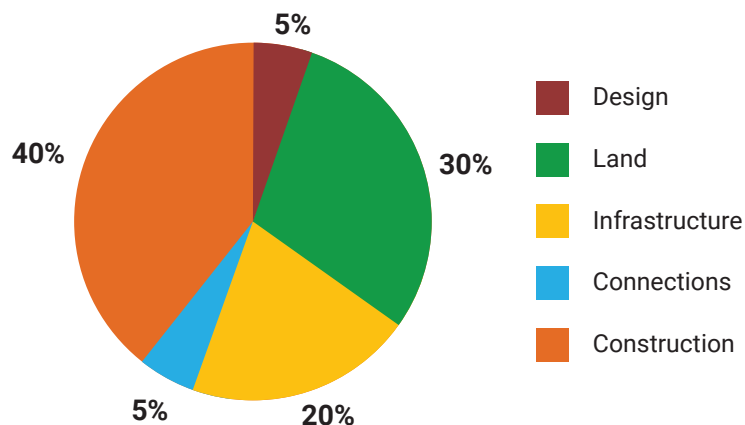


Diagram shows composition of different costs in the production of a house

## Why the Government Fails to Supply the Housing Needed ?

- 🏠 The Government is perceived to have a political agenda
- 🏠 Governments are paternalistic and patronising – they know what you want
- 🏠 Governments do not want to implement their predecessor’s policies
- 🏠 Most Governments can only supply 1/7th to 1/10th of the total housing demand
- 🏠 The Government wants to be seen as being benevolent (giving)
- 🏠 Everyone expects to be given something for “free” from the Government
- 🏠 The Government is unable to operate at the speed or scale that is needed

## Housing: Missing The Target for the Poor

	NEEDED	PROVIDED
LAND	Near, within existing development	On the edges
	Environmentally sustainable	Environmentally hazardous spaces
	Not Agriculturally productive	Well-drained Prime agricultural land
HOUSES	Affordable houses	Unaffordable houses
	Culturally acceptable houses	Culturally alien flats
FINANCE	Community-friendly	Anti-Community
	Accessible, Affordable finance	Inaccessible, Unaffordable Finance
INFRASTRUCTURE	Favourable Terms	Impossible Terms
	Efficient infrastructure	Wasted Infrastructure
PLANNING	Roads that nurture communities	Roads that keep communities apart
	Vibrant communities	Segregated communities
	Planned for people	Planned for cars
	Community-friendly	Anti-Community

## Housing Affordability in Pakistan

Some 500,000 new households are added annually but only 300,000 houses are produced each year. There is a “backlog” of some 4.3 Million low income housing units and over 150,000 added every year. The draft National Housing Policy proposes producing 500,000 housing units – over 5 years.

In other words, 100,000 annually: 20% of the total, or 30% of the shortfall

That is about the most ever produced by any Government scheme (which was in response to the earthquake and the floods)

It is close to the total produced by ALL Government schemes. Ironically, there was NO involvement/engagement of Housing Ministry, Department, Agency)

Relies on “free” Government land

Government Subsidy PKR 3.5 billion

Over 85% of the households own their house

93% are of permanent materials and over 70% have flush toilets

The vast majority of the houses are of 1(38%) or 2 (31%) rooms: i.e. were potentially “overcrowded”. Only 7% had 5 or more rooms

So the question is not so much of affordability per se but about adequacy and acceptability

## Affordability in Practice

There are two “typical” (topical) examples of Affordable Housing. Both of them raise serious issues and both are good, even successful examples of housing. But not necessarily of Affordability – at the level and scale that is needed, one is affordable but does not reach down far enough and the other is affordable but not by society and both are ultimately, unsustainable.

## Affordable Housing: 1. Ongoing Schemes

The continued expansion of townships is not sustainable and therefore not affordable for society

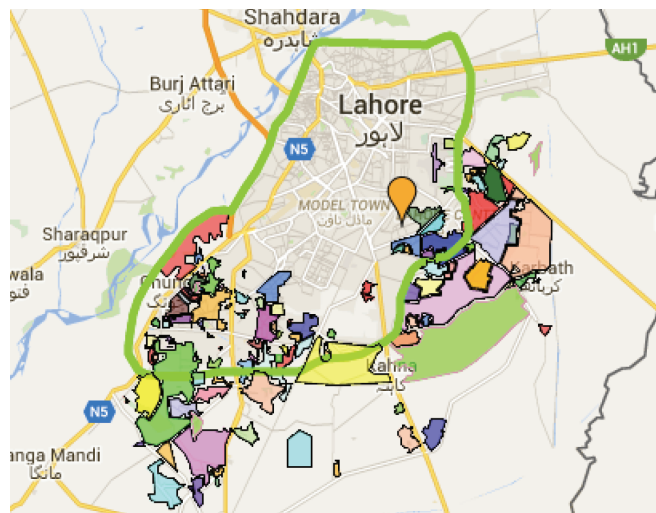
Nevertheless, it seems that the system is with us for now

A common feature of most such schemes is the inclusion of once rural villages whose lands have been taken over

The SOP seems to be that these settlements are seen as necessary nuisances – and it is assumed that with pressure from rising land prices, the remaining inhabitants will also succumb and sell their lands

## Affordable Housing: Ashiyana Scheme

	Total Price Pak Rupees	Down Payment Pak Rupees	Monthly Installment for 10 Years Pak Rupees	Application Fee non Refundable Pak Rupees
One Bedroom 500 Square. Ft	1,199,000	239,800	7,993	800
Two Bedroom 600 Square. Ft	1,399,000	279,800	9,327	900
Two Bedroom 600 Square. Ft	1,599,000	319,800	10,660	1000



## A viable solution for Affordable Housing: Walk-up Houses

INSTRUMENT	OBJECTIVE	ASPECT
Room size	12 x 12	144 sq.ft
House Size	2 rooms K+B	450 sqft
Add Setbacks	30%	675 sq.ft
Plot size	675 sqft	3 marla
Houses/Plot	1+2	3
Houses/Kanal	3.3 x 3	10
Land/House	450 sq.ft	2 marla

### Intra-gated Development Intra-gation – in Surrounded Schemes

Rather than arguing merely for the retention of intra-gated communities, we should call for the inclusion of such communities in all new housing schemes

Not only would they improve the quality of life for the Townships, they would enable the housing of the lower income groups in Affordable Housing

These inner cities could be planned as urban areas based on the needs of people and not cars; with employment and income generation, and urban infrastructure;

Of course there is no reason why they should be behind walls, nor that they should all be housed in a single location within a Township

### Intra-gated Development: What is Needed In-vention – in New Schemes

Once we accept this notion, we need to reconsider the planning and layout of new Township schemes and incorporate the city within

### Retro-vention – in Recent Schemes

We will also need to think about how we retain and integrate these in the current schemes: rather than looking to move to new schemes another 20kms away, there will be a demand to add-on vertically and subdivide existing plots

Rather than acting after the event, the process should be facilitated by planning for it now

### Re-invention – in Legacy Schemes

Continuing this theme, the lessons of integrated urban planning should also be extended to the “older” housing schemes, and indeed the cities themselves