

Opportunities and Challenges in Affordable Housing in Nepal

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Housing

- Housing is a basic need with food and clothing and every household needs a dwelling unit for shelter and growth of family.
- Housing is a “process” not a “product”. Housing is more than a physical structure.
- Houses and buildings are different. Houses are where people live but may not be a permanent structure.
- Buildings serve for various purposes including residences and are permanent structures.



Source: [How climate change affects the only nomads of Nepal \(next.blue\)](#)

Attributes of Housing

Location – with respect to work places and facilities

Plots- size, shape, topography, orientation

Infrastructure- road access, water supply and sanitation, drainage, electricity, internet, schools, hospitals, police station, places of worship, cremation places etc.

Physical structure- Design of house, no. of rooms, no. storeys, material, color, texture, row house, townhouse, bungalows, apartments.

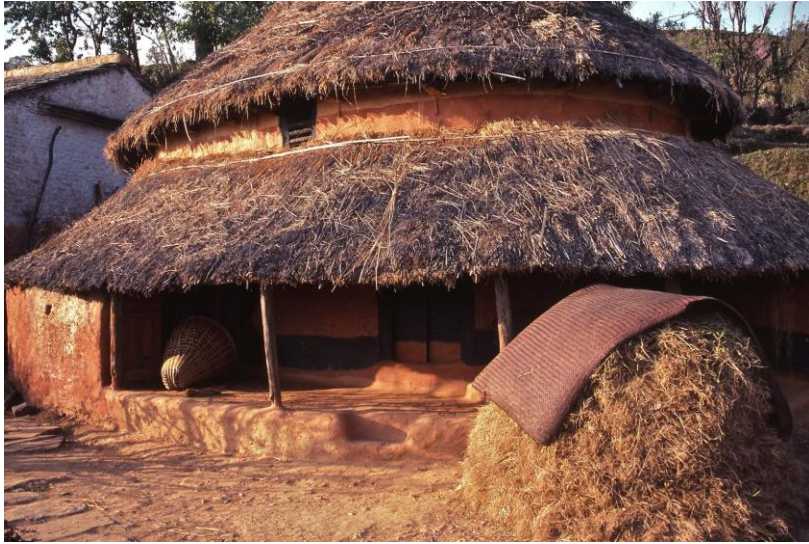
Finance – family savings, soft loans, subsidies, grants

Tenureship- self- owned, rented, squatted, leased, staff accommodation

Housing Situation in Nepal

(Source: Population of Housing Census 2021)

Description	Numbers	Remarks
1. Total Population of Nepal	29,164,578	Rate of growth 0.92 percent
2. Number of Household	66,60841	
3. Household size	4.4	
4. Self- owned house	86 %	
5. Rented	12.8 %	
6. Institutional and others	1 %	Includes squatter housing
7. Vacant houses	Approx. 5 Lakhs	6% of total



Provision of Basic Services

Source: Population and Housing Census 2021

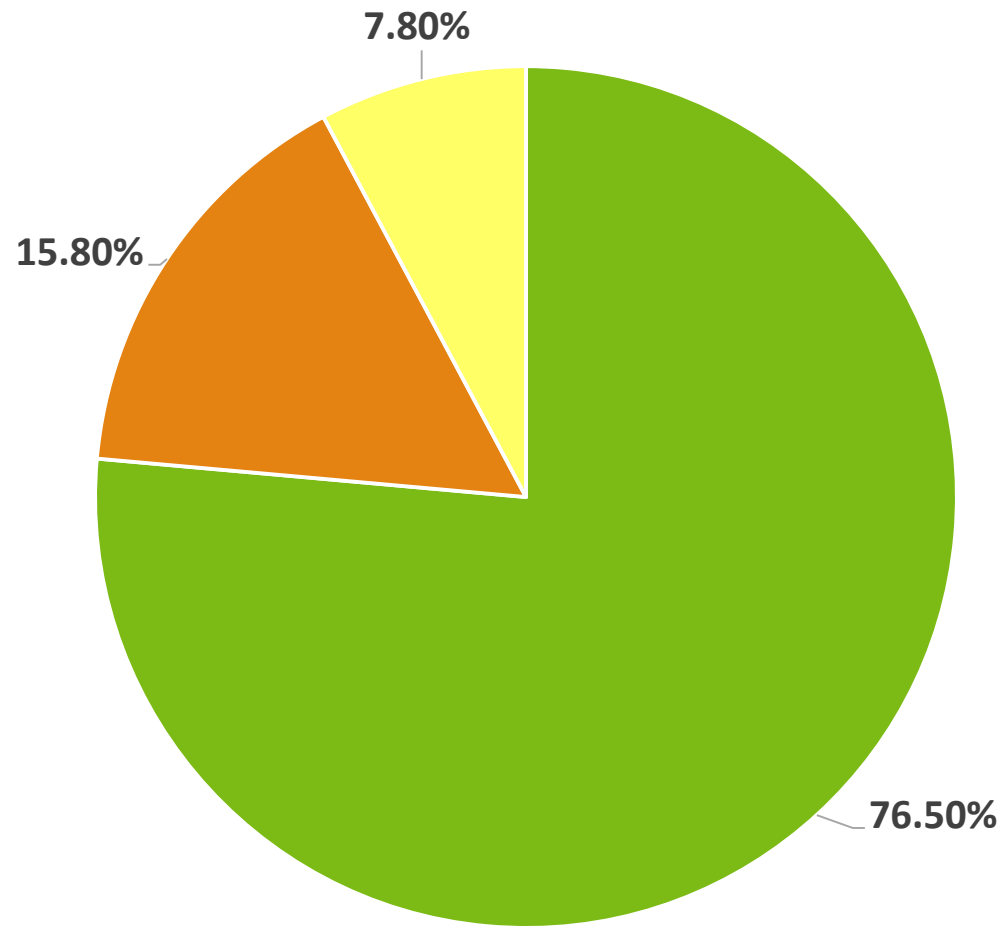
Description	Numbers	Remarks
1. Access to water supply and	93 %	
2. Households using flush toilets	65%	
3. Households with basic sanitation	95.0%	4.5 % have no access to sanitation
4. Access to electricity	99 %	
5. Access to telephone	73 %	
6. Households with improved cooking(electricity, LPG, Bio gas)	45	

Quality of Houses

Source: Population and Housing Census 2021

Description	Numbers	Remarks
1. Pakki (Permanent)	76.5 %	
2. Ardha Pakki(Semi- Permanent)	15.8 %	
3. Kachchi(Temporary)	7.8 %	

Quality of Houses



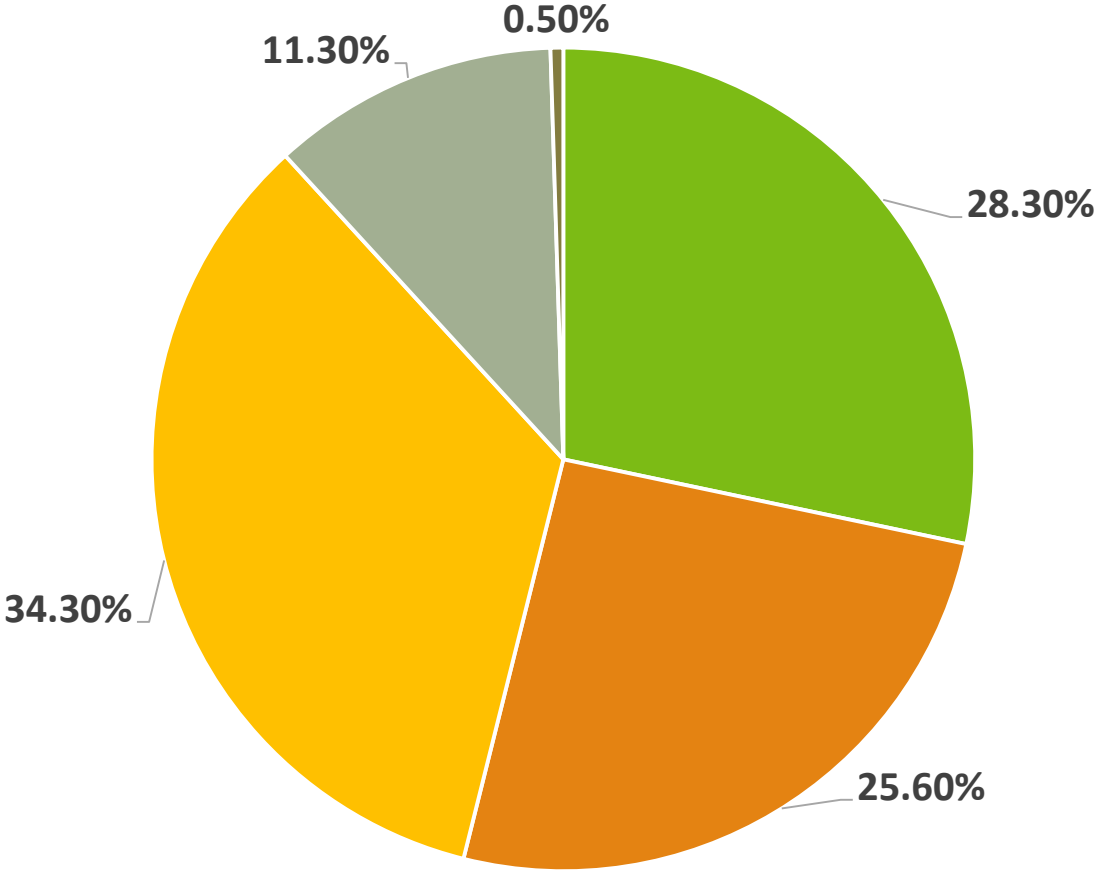
■ Pakki (Permanent) ■ Ardha Pakki (Semi-Permanent) ■ Kachhi (Temporary)

Distribution of Housing units by Combined Housing Quality Ranking

(Source: Population and Housing Census, 2021)

Housing Quality ranking	No. of Households	Percentage
1. Most Adequate	18,83,954	28.3
2. Adequate	17,06,009	25.6
3. Moderate	22,82,714	34.3
4. Less adequate	7,53,345	11.3
5. Least adequate	34,819	0.5

Distribution of Housing units by Combined Housing Quality Ranking



■ Most Adequate ■ Adequate ■ Moderate ■ Less Adequate ■ Least adequate

Housing Situation in Kathmandu Valley

(Source: Housing and Population Census, 2021)

Description	Numbers	
1. Total Population	29,36,462	
2. Number of Households	7,84,608	
3. Number of houses	4,37,324	
4. Self-owned	48 %	
5. Rented	51 %	
6. Institutional	0.8 %	
7. Other types	0.5 %	Includes squatters
8. Number of Municipalities with more renters than owners	14 out of 18	Chandragiri, Kageshwori-Manahara, Shankarapur, Dhakshinkali have more owners than renters.



National Economy and Housing

(Source: Nepal Rashtra Bank, 2018)

1. Total Investment in real estate and housing sector	NPR. 88 billion	
2. Total Investment by commercial banks	NPR. 12 billion	
3. Total Investment by financial companies	NPR. 10 billion	
4. Contribution of real estate and housing to GDP	8 %	
5. Share of housing in total national investment per year	12-35 %	
6. Investment in real estate in Kathmandu	42. % of national	

Current Laws Governing Housing Sector

Constitution of Nepal

Right to Housing Act, 2018

Apartment Ownership Act, 1997

Town Development Act, 1989

Kathmandu Valley Development Act, 1989

Local Government Operation Act, 2017

Building Act, 1994 and National Building Code, 2003

Land Registration Act, 1964 with amendments, 2021

Policies Governing Housing Sector

National Shelter Policy, 2011

Annual Budget and Programs of Federal and Provincial Governments

Monetary Policy issued each year by Nepal Rashtra Bank(NRB)

Policy decisions of Local Governments

Institutions involved in Housing Development

- Department of Urban Development and Building Construction(DUDBC) under Ministry of Urban Development
- Concerned ministries of Provincial Governments
- Employees' Provident Fund
- Citizen's Investment Fund(finance)
- Commercial Banks and Financial institutions(finance)
- Town Development Committees(Land development)
- Kathmandu Valley Development Authority(Land Development)
- Private Land Developers (Plotting)
- Private Housing Developers(Apartments and Group Housing)
- NGOs(housing for poor)

Government's Housing Programs

- *Janata Awas Karyakram* (People's Housing Program)
- *Surakshit Nagarik Awas Karyakram* (Safer citizens' housing program)
- Housing for Earthquake Affected Families
- Housing financing Schemes by Employees' Provident Fund, Citizen Investment Trust and commercial banks

Private Housing Development approved by KVDA in Kathmandu Valley

Source: Nepal Institute for Urban and Regional Studies(NIURS),2022

Districts	Land development (no. of plots)	Group housing (No. of houses)	Apartments (Number of units)	others	Total
Kathmandu	5062	4320	11350	17	20749
Lalitpur	2880	2828	4997	0	10705
Bhaktapur	1440	190	45	1	1676
Total	9382	7338	16392	18	33130

Private Sector and Housing

- Private sector entered into housing business in late 1990s. The first group housing project was launched by Ansal- Chaudhari in Bagdole and Hattiban in Lalitpur.
- After the enactment of Apartment Ownership Act, 1997 and the Regulation in 2003, private developers ventured into group housing and apartment housing.
- Apartments and group housing projects gradually became attractive for developers, investors, buyers and real estate agents.
- Private housing development revolutionized the conventional owner-built system and informal housing construction.

Challenges in Housing

- Poor quality of dwelling units
- Loss of housing stock due to commercialization in cities and natural disasters in villages.
- The existing owner- built system is draining out time, energy and financial resources of individual households
- Land ceiling for housing projects is a major constraints developing well-planned townships.
- More incentives to unplanned settlements and owner-built houses compared to organized housing by private developers.
- Legal and policy constraints in encouraging foreign investment.

Opportunities

- Growing number of senior citizens and returnees from foreign employment
- Government's policy of allowing foreign national to buy apartments.
- Increasing demand of well - designed and furnished dwelling units in major cities of Nepal.
- Prospects of cooperative housing for low and middle-income groups in peri-urban areas.
- Prospects of mobilization of funds for housing projects from individuals and commercial banks.

Challenges faced by Private Developers

- Complexities in getting approval from government agencies including local municipalities.
- Frequent changes in policies and regulations that create fear and uncertainty for investors.
- Issues in land acquisition due to family disputes, disputes over the boundary and titles.
- High cost of land which makes the project commercially not viable.

Challenges faced by private developers...

- Inadequate public infrastructure such as road access, water supply, drainage and sewerage that imposes additional financial burden to the developers.
- Stringent lending criteria in housing projects and high interest rates lead to housing products unaffordable.
- Ambiguous land use and zoning regulations that lead to legal cases and public protests delays the implementation of the projects.
- Disruptions of supply of construction materials, unavailability of skilled manpower and environmental issues also affect timely completion of housing projects.

Major Issues in Housing Development

- Narrower land market and lower delivery of serviced plots
- Government's inability to provide basic services and facilities.
- Low priority for cost effective, inclusive, safe and resilient building design and construction.
- Inadequate access to housing finance.
- Low capacity of government in disaster risk reduction, resettlement and reconstruction.



Major Issues...

- Constraints in financing conservation of heritage settlements .
- Less incentives for Promotion of private housing development.
- Inadequate budget for social housing programs for marginalized and underprivileged communities.
- Growing number of vacant and abandoned houses in rural areas.
- Weak linkage of housing and real estate sector with national economic growth.

Conclusions

- Nepal's housing situation compared to other countries in the region is better in terms of ownership and quality of physical structure.
- Delivery of serviced plots through government and organized private sector is very low compared to informal land sub-division.
- Delivery of basic services is inadequate in terms of quantity and quality.

Conclusions...

- Planned settlements and organized housing colonies are not encouraged by current policies of the government.
- Housing and resettlement programs for marginalized communities and those affected by disasters are inadequate.
- Increasing use of imported materials is maximizing carbon footprint from building construction and adding cost of construction.

Recommendations

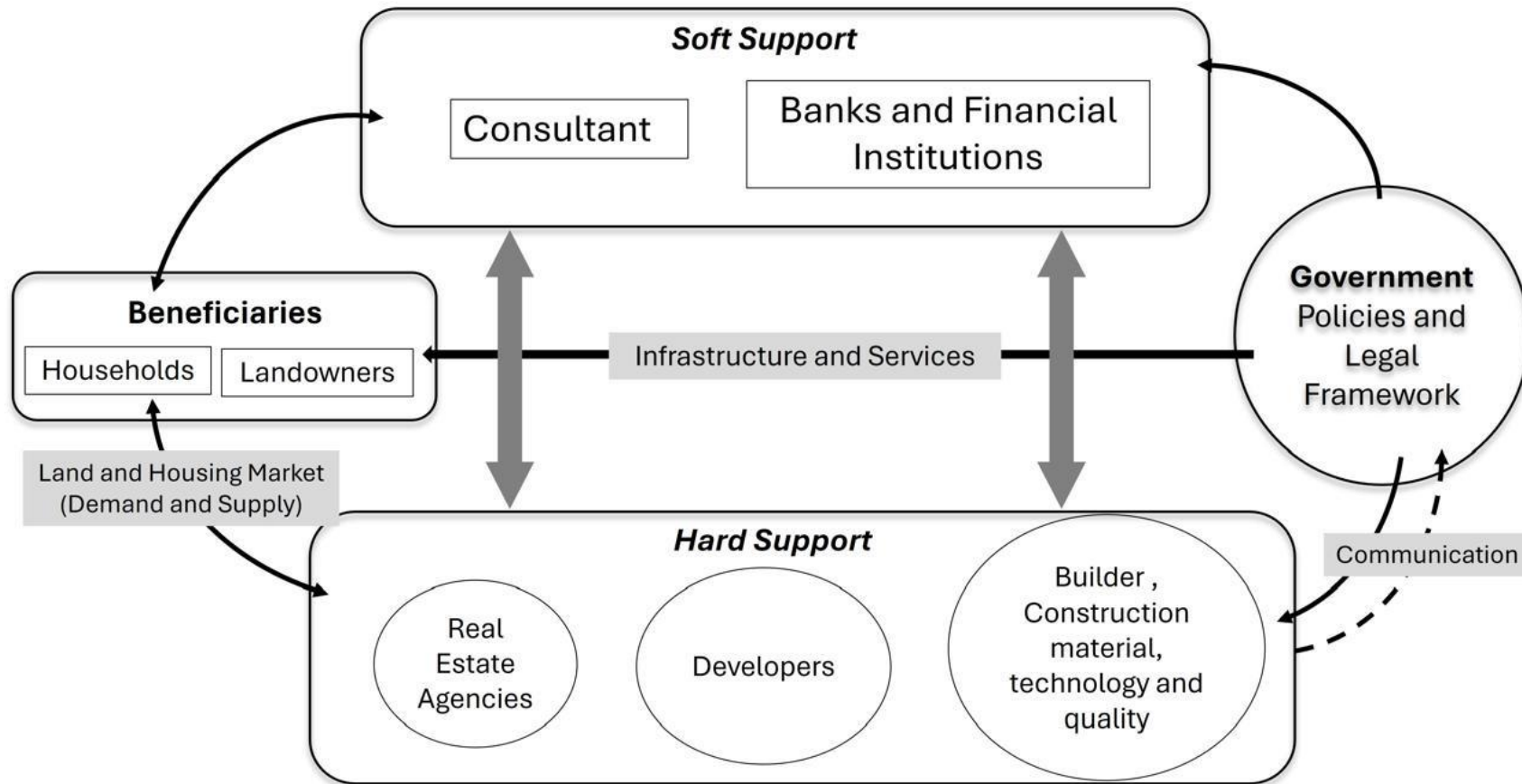
- Amend relevant acts and regulations
- Launch 'House Pooling' schemes for slum improvement and conservation of heritage settlements in major cities
- Develop integrated settlements for disaster affected families with housing, education, health and employment opportunities.
- Build well-organized staff quarters in major cities
- Minimize carbon footprint in housing construction by promoting local materials and indigenous technology
- Devise innovative financing mechanisms for low-income families
- Launch squatter and slum improvement and relocation programs

Way Forward

- Housing sector needs to be integrated into the overall economic development of the country.
- Housing being a social and economic good, it has direct linkage with the society as well as the market.
- In Nepal, where economy is oriented towards socialism, it is the responsibility of the government and the private sector to work together to provide adequate housing for all citizens.
- All the actors of housing development as outlined in the figure below have to be mobilized to achieve the long -term goal.

Role of Major Actors

Major Actors of Land and Housing Development



Thank You

