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Housing for the Poor

By Tasneem Siddiqui

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Mailing Address: PO Box 2342, Islamabad, Pakistan.

Telephone ++ (92-51) 2278134, 2278136, 2277146, 2270674-76

Fax ++(92-51) 2278135, URL: www.sdpi.org

Housing for the Poor

Tasneem Siddiqui

Successive regimes in Pakistan have used housing for the poor as a political slogan. But it is ironic that in spite of investment of billions of rupees, lot of experimentation and umpteen housing policies, majority of the urban poor are still without proper shelter. Albeit the number is growing. Their last refuge are the ever-sprawling katchi abadis where the threat of eviction is always imminent, physical infrastructure is inadequate and basic amenities minimal.

What went wrong with Gen. Azam's built-up units' scheme at Korangi; KDA's metroville and open-plot development scheme in Orangi; site and services schemes launched by various development authorities all over the country; model villages of Z.A. Bhutto; low-cost, joint ventures in Surjani; Mr Junejo's three and five marla schemes followed by Zakat housing; and such other initiatives in different parts of the country? What were the common weaknesses of these projects and programmes? What is the role of the private sector and cooperative societies in solving this problem? Have direct subsidies ever reached the target groups in Pakistan? And finally, what are the core issues on this subject which are generally not taken into account or are conveniently ignored? These are some of the questions we would like to examine in this paper.

But before we proceed further, let us have an overview of the housing Situation in Pakistan:

- There is a backlog of about 6.2 million houses in the country with an incremental demand of about 0.25 million units per year;
- 50 per cent families live in one-room tenements, their family members ranging between 8 to 15;
- Urban centres are growing at a rate of nearly 5 per cent as against the national growth rate of 2.7 per cent;
- Both rural and urban areas are badly deficient in basic infrastructure.
- Barely, 50 per cent people have access to piped water while sewerage services are available only to 35 per cent;
- As a result of the high population growth rate and unprecedented urbanization, over-densification of existing low-income settlement has taken place in the cities causing acute congestion with allied problems of pollution, unemployment and crime;
- In cities like Karachi, Lahore, Quetta and Faisalabad, there is a phenomenal increase in the number of katchi abadis because the existing settlements have reached the saturation point and the government is not able to meet the increasing demand for land, especially for the low-income groups;

- Even if the government does try to rescue the poor, the concept and mechanism followed by it and its various agencies for allocation of land and its development favour the rich and the affluent middle classes at the cost of the poor. These policies automatically elbow them out; and
- The land supply systems have resulted in strange distortions and paradoxes in major cities of Pakistan. For example, in Karachi alone, over 2,00,000 plots (most of them small in size) are lying vacant, but at the same-time 50 per cent people are living in katchi abadis.

Apart from political rhetoric, or wasting precious public resources on projects that don't work, our planners, economists, bureaucrats and politicians have never tried to understand the dynamics of the problem. For a number of years, housing, for them, was a low priority area. Some of them still argue that investment in this sector is unproductive.

There is a general misconception about the low-income groups in Pakistan. They are usually lumped together with the middle class. No effort is made to see them as a group apart on the basis of their monthly household income and expenditure. Our planners ignore the fact that in Pakistan the rich and the affluent middle class are hardly 20 per cent of the total population. The rest belong to either the lower middle class or the poor section. While the bulk of this class has an average household monthly income of Rs.3,500 or less, about one-third of our total population lives below the poverty line and is barely surviving. This one-third also includes the 'wretched of the earth' who hardly have any assured cash income and lead a sub-human existence.

Now let us see the core issues in housing for the poor. Firstly, there is consensus among all development practitioners that providing built-up units to the needy is neither feasible nor desirable. Especially in a country like Pakistan where the backlog is over six million housing units, no government would ever have the resources to provide a small plot or house to each shelterless family at the state's expense or at subsidized rates.

Secondly, experience has shown that the basic need of the shelterless people is a piece of raw land with minimum services where they can build their house with their own resources incrementally. Thirdly, the majority of the low-income people in Pakistan have the willingness and capacity to pay for services, provided the cost is recovered in easy instalments. In some urban areas where land is very expensive, the state can help them by subsidizing the cost of physical infrastructure-providing housing loans at a low rate of interest, repayable in a longer time span and making provision of allied services at government expense. Fourthly, important issues in providing land to the urban poor are: (a) targeting, (b) affordability, (c) ease of entry, and (d) possession when needed.

The basic flaw in most of the projects devised to meet the shelter needs of the low-income groups (like Gen. Azam Khan's Korangi Township or Mr Junejo's Zakat housing) was that the end-product either did not reach the target groups, or they could not retain the benefits because the planners were and still are woefully ignorant about the economics, culture and sociology of

the low-income people. Unfortunately, our technocrats and planners alike follow the concepts, strategies, planning standards and designs of the advanced countries-First World. Their approach lacks the human angle and rather than try to bring about a qualitative change in the lives of the target groups, it lays emphasis on physical outputs and quantitative results.

It is also interesting to note that our ruling elite and the professional groups have always preferred engineering solutions to solve the social-sector problems. The reasons are obvious. Thus we find housing units without occupants, infrastructure without users, basic health units without doctors and medicines, and beautiful Iqra and primary school buildings sans teachers and the taught.

In the ultimate analysis, the whole exercise proves to be totally irrelevant and, therefore, fails miserably to solve the problem(s). In Korangi's case, the township could not take off because of high cost of transportation, poor cost recovery, lack of social infrastructure and coordination between different agencies. In Mr Junejo's case, to-date, over 18,000 built up units from Zakat fund remain vacant all over Pakistan because of wrong site selections, inappropriate designs and hasty selection of beneficiaries.

Having failed to solve the shelter problem through built-up units and metroville schemes, of late the development authorities all over Pakistan have turned into 'developers'. This means that projects are announced before they are physically commenced and the public is asked to apply for a plot with advance payment. This system is now in vogue in all major cities and the development authorities amass huge sums of money and keep them in fixed deposits or use them in other projects. In most cases, the actual development takes 10 to 15 years. This method of providing plots has two severe limitations: (a) in view of the huge backlog in housing (especially for the urban poor), these plots will always be in short supply resulting in speculation and rise in prices, prohibiting the purchase of these plots by the genuine buyers from the poorer section of the population; (b) allottees/buyers generally do not purchase these plots for habitation.

Everyone knows that plots in Pakistan are considered a sound investment and as a cushion against galloping inflation. Here real estate has always been a safe and profitable business. Those who have surplus money purchase plots for meeting their future needs like childrens' education or dowry of their daughters. In view of these factors, whenever a scheme is announced, speculators with huge sums of money at their disposal make it almost impossible for the needy to get a plot in the ballot. Once developed, these plots are sold at a premium. Studies show that each plot changes hand 4-5 times before a house is constructed, thus increasing the price artificially.

Apart from these fundamental problems, a number of practical problems further discriminate against the target group of low-income households:

- a) the cost is too high. Poor people, with a monthly household income of Rs.3,500 or less, cannot afford to pay even 25 per cent of the total cost which is usually demanded along with the application as a down payment;

- b) because of the time-lag between allotment and development, the schemes do not cater to the immediate needs of the low-income groups;
- c) to get a plot, people must apply for it, fill a set of forms and fulfil a whole series of formalities. Given the unequal relationship between the government and the people (especially the poor and the illiterate), and given the time wasted in bureaucratic red tapism, the poor, even if they are willing to wait for years, cannot and do not apply for these plots, and finally
- d) even if they cross all the hurdles, it is not necessary that they get a plot. The number of applications always far exceeds the number of plots available. In most cases, successful allottees are investors and speculators.

As a result of these factors, huge housing-scheme sites lie idle for protracted periods of time, while, the need for cheap housing keeps increasing since nothing is being done for the needy groups.

Private and Cooperative Sector: Almost the same story holds true for the provision of housing by the private sector, with the additional problem that in some cases the developers disappear after collecting money from the purchasers. The private developers, no doubt, cater to the needs of the middle income groups, but the poorer section remains out of their purview as the smallest apartment normally costs around Rs.300,000. Similarly, a fully serviced plot of 120 square yards would cost around Rs.80,000. Even in low-cost built-up unit schemes in Surjani, which were announced 17 years ago amid much fanfare, houses constructed on plots of 84 square yards were booked for Rs.45,000 - 50,000; and in most of the cases, the down payment was around Rs. 8,000.

In this scheme, external development was to be done by government agencies; this has not been done uptill now in spite of a lapse of 16 years. The time-lag between allotment and actual development of plots in private sector schemes is sometimes more than in the case of plots provided by the development authorities. In Karachi, in some such schemes, the plots have not been fully developed even after 20 years of sale.

Very often, the supervision and also the quality of construction, cause innumerable difficulties to the purchasers. Also, joint-venture schemes, such as those undertaken by the Hyderabad Development Authority, have failed because of: i) poor standard of work by the private developers; ii) delays in generating the funds; iii) poor supervision by the HDA staff; and iv) lack of coordination between different agencies.

As regards cooperative movement, its performance in Pakistan is rather poor. But in the housing sector, it has catered to the needs of only the middle and higher income groups, and that too to a limited extent. The poor have always remained outside its purview.

In conclusion, very clearly, both government and private sector's efforts at alleviating the low-income housing problem have grossly failed in most respects. Targeting has not been done. All the options offered have been unaffordable to the poor. Allotment procedures often have been

biased against the poor. Finally, the time-lag between allotment and actual development, a priori, excludes those households with meager or no savings and in urgent need of shelter.

In the meantime, because of a high rate of migration and the resultant demand for smaller plots, land-grabbing for housing has assumed the proportion of a parallel system. Illegal sub-dividers or dallals occupy large tracts of vacant state land (especially in Sindh) and sell it to the urban poor at affordable prices, pocketing all the sale proceeds in the process.

According to conservative estimates, each year, in Karachi alone, about 1,000 acres of state land is occupied by land-grabbers and sold to the needy. Huge financial loss running into crores of rupees caused to the government, year by year, is of little or no importance to the state functionaries. They are getting their share under the table anyway.

Owing to the ease of entry, lack of standards and low-cost, such illegal sub-dividers provide suitable housing opportunities for the bulk of the urban, low-income population. However, they cannot be the solution to the urban, low-income housing problem. The government needs to find a formal alternative to illegal sub-divisions; but such an alternative must be equally affordable and accessible for the urban poor.

Can it be done? Can the formal sector learn anything from the dallals and try to reach the target groups? Can rules be bent for them for cost recovery in easy instalments and price reduced by changing the mode of development?

Can our planners start admitting that, more often than not, the subsidies are hijacked by people other than the target groups?

We are waiting for these questions to be answered.