

The Need for a Sound Housing Policy in West Pakistan

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Housing Needs

1. Policies on housing, or for that matter on any subject, depend on the needs and the desired goals to be achieved. Therefore, it seems imperative to first acquaint ourselves with the needs in this sphere.

2. The following estimates of housing needs refer only to the Urban Areas of West Pakistan. The definition of the Urban Area is the same as used by the Housing Census and the Census of Population, 1961.

3. Housing needs could be derived as a result of the following phenomena :—

- (i) That each family should have its own house. This includes the reduction of over-crowding from the present 1.33 families per dwelling unit (urban areas) to the desirable density of 1.0 family per dwelling.
- (ii) The demand arising out of the natural increase in population and the consequent increase in the number of new families.
- (iii) The demand due to urbanization, that is the movement of population from rural areas to urban areas ; and
- (iv) Replacement of sub-standard or dilapidated houses. ✓

4. The attached Table No. 1 indicates that a total number of about 551,000 dwellings were needed in 1960 to reduce the overcrowding in the urban areas of West Pakistan. It may be noticed that the highest number of dwellings, needed on this account, are in Lahore Division (195,625) : Karachi Division comes next (110,477) and Sargodha Division (65,002) stands at the third position.

5. Table No. 2 shows the number of dwellings needed due to an increase in population and the movement of population from rural areas to the urban areas during 1960-65. A total number of approximately 558,000 dwellings are required on this account. Karachi Division stands at the top (150,070), Sargodha Division at the second position (100,000) and Lahore Division at the third position (79,800).

6. Table No. 3 refers to the number of sub-standard dwellings which

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needed replacement in 1960. The total need in this respect amounts to about 358,000 dwellings or 21 per cent of the dwellings that existed in 1960. The condition was worst in Karachi Division needing 102,700 dwellings to replace. Multan and Hyderabad Divisions followed Karachi needing 43,000 and 39,808 dwellings respectively.

7. It may be mentioned here that the above estimates are based on a sample survey of the housing conditions conducted by the Housing and Settlement Agency in January, 1964 when it was revealed that about 20% of the Katcha dwellings and 10% of the pucca and semi-pucca dwellings of urban areas needed replacement, due to their dilapidated condition. This percentage was, however, adjusted according to the local housing conditions (and the commonly used materials and standards.

8. In view of the above mentioned needs, an estimate of total accumulated need for dwellings by 1965 is given in Table No. 4. The total number of dwellings needed in 1965 was estimated to the tune of approximately 12 lakhs (11.97 lakhs). The highest number being 286,450 for Karachi Division : Lahore and Sargodha Division followed with 213,930 and 171,200, respectively.

9. Table No. 5 gives the estimate of accumulated and recurring needs of dwellings by five years' periods from 1965 to 1985 including the need arising out of population increase, local migration and replacement due to wear and tear of the buildings in Graph No. 1 gives an idea of needs projected up to 2010 A.D.

ⓧ Policies

10. Having determined the needs, we must also set the goals to be achieved in order to build sound policies for the attainment of our goals. Sound policies are always based on certain basic principles as discussed below.

11. It is a well known fact that positive relationship exists between the living conditions and productive capacity of the people. Better housing has a "profound effect on social and political stability which are pre-requisites of economic development. In West Pakistan the low per capita income of the people and the resources at the disposal of the Government are not in scale with the magnitude of the complex needs of the Province in terms of housing and related community buildings and facilities. The high rate of urbanization is making the housing problems more acute in the urban settlements while the countryside is plagued with problems that are equally grave but more static in nature."¹

1. Doxiadis Associates; Housing in West Pakistan—Existing Conditions, Problems, Policies, Programmes—D. A. Athens, 1964.

Goals

12. Considering the above, the policies on housing should strive to achieve the following goals :—

- (i) To create a physical and social environment in which people can attain fulfilment as individuals and as members of socially harmonious communities.
- (ii) To reduce the present average occupancy density of 1.33 families per dwelling to 1.0 in urban areas of W. Pakistan.
- (iii) To eliminate all slum dwellings in the urban settlements, through the construction of new dwellings with all the essential community facilities in which the slum dwellers should be resettled.
- (iv) To provide with dwellings those of the refugees who are not included in the slum clearance programme.
- (v) To provide all the necessary community buildings, e.g. schools, mosques, markets, administrative buildings, community centres, etc. required for the proper functioning of the old and new communities.
- (vi) To achieve in all settlements, the minimum housing standards regarding building materials and community facilities.

13. It becomes duty of the Government to take the administrative and other actions necessary for the fullest possible mobilisation of materials, technical and human resources in its effort to solve the serious housing problems.

Basic Principles

14. In view of the goals set and the magnitude of the problem, of which cost is considered to be the most important deterring factor and in taking any large scale action some basic principles are evolved as follows :—

- (i) The scale of the problem is such that the Governmental intervention becomes a must with the necessary organizational set-ups and policies.
- (ii) Housing policies should give top priority to the problems of the lower income groups who are not in a position to help themselves.
- (iii) The private building activity should form an integral part of the general housing policies. As such, the private participation in the form of financing and construction of dwellings should be mobilized to the maximum through proper incentives and assistance. In such a joint effort it is the primary responsibility of the Government to create the general conditions and prepare the framework within which individuals will invest their capital and effort for the construction of new dwellings at an increasing number, to keep pace with the increasing needs of the population.

- (iv) As a principle, the action in this respect should be phased into long-term and short-term programmes.
- (v) Responsibilities should be fixed as to who should look after a particular class of people. This will include the housing provision for industrial workers, Government employees, shelterless refugee families, slum dwellers, and other low-income groups etc.
- (vi) Policies should be developed on the basis of Governmental assistance in boosting up of private building activities and for the Government-sponsored projects.

Various forms of Governmental assistance in other countries and Pakistan

15. It would perhaps be useful for the purpose of this paper to review the various forms of Governmental assistance and the policies under which such assistance was made available in countries other than Pakistan, before dealing specifically with the policies and forms of assistance hitherto made available in West Pakistan.

U.S.S.R.

16. The example of the USSR perhaps deserves to be mentioned first as housing in USSR is being given a very high priority. The land and means of production are entirely state controlled, and that the adoption of method of industrialising housing construction to the maximum, standardization of design, prefabrication, intensive and extensive research on building materials, etc. have been followed vigorously by the Government.

17. The state interest in housing in USSR is said to have been great. "About two-third house building work is through State building organization on capital invested by the State. Remainder work is done by collective farms, house cooperatives and individuals by extending loans and paying for the engineering equipment, the installation of amenities and providing buildings for cultural and various service establishments. The importance attached by USSR to this State activity is borne from the fact that about 38% of all the capital invested in the National Economy is spent on resolving the housing problems."²

18. The above-mentioned action, in pursuance of its policies to be discussed in the following paragraphs, revolved around some very ambition goals (targets). Up to 1962, USSR has put up 1720 Townships and 3220 Town-Type settlements. About 50 million people (nearly quarter of entire population) have been re-housed during the past 5 years. Nearly 6000 model flats are allocated daily and they hope to solve the problem of housing by 1970 *i.e.* during their next

2. Qureshi, A. R., *Housing in USSR*, Lahore 1963.

5 years plan when the present 7-year plan ends in 1957.

19. The policies and programmes being followed by the Government of the USSR recognise the fact that provision of houses for the masses cannot be met except by direct intervention of the Government but through a well developed and rationalised policy.

20. Realising the necessity of a state policy on housing, the group of building technologists which visited USSR in July 1963 under the United Nations Technical Aid Programme, recommended that³ :—

- (i) In each country the state should enunciate a clear-cut housing policy, which may aim at effecting, in the short run, rapid improvement in housing conditions in selected sectors, and at providing, in the foreseeable future, a decent dwelling to every family, complying with such minimum standards of space and amenities as may be prescribed by the National Government. Requisite priority and funds should also be allocated for Housing Programme in the national development plans, taking into account the need for housing and the overall resources.
- (ii) The state should assume a major role in the solution of the housing problem, particularly provision of social housing for low income families and financing of housing with subsidies and loans.
- (iii) In all countries the state should subsidise the housing *at least for low-income families and finance the provision of social housing in large and growing towns within the frame-work of their development plans*. Due to limitations of resources, priority may have to be given in the early stages to the provision of subsidised housing to certain selected groups, such as industrial workers and miners, plantation labour, low-paid employees of the Government local bodies and public undertakings, displaced slum dwellers and squatters, and handicapped, disabled or aged persons with low incomes.
- (iv) The state should also promote the construction of non-profit housing by individuals, housing cooperatives, building societies, organized groups of employees and other by granting them easy credit facilities and making available to them developed building sites, controlled building materials and technical services at reasonable cost.

3. Qureshi A. R., Housing in USSR, Lahore 1963.

Europe, N. America and Oceania

21. While reporting on the dwelling supply in Europe, North America and Oceania, a United Nations⁴ Report (1963) says that, "satisfactory levels of housing output have been achieved and sustained in the most developed countries of Europe and in Australia, Canada, New Zealand and the United States over the past decade, by comparison with population growth and the housing stock itself." The report further says, "the improvement of housing and related conditions has been in the forefront to Government policies during the decade and has received an adequate share of available investment resources as these expanded. This was due partly to the sheer magnitude of housing shortages after the Second World War and also more importantly in the long run, to acceptance and encouragement to the improvement of housing and related conditions."

22. The report further analyses that most of the European countries have been aiding the housing activity, though the proportion of aid has been reduced gradually. "In countries with centrally planned economies, national, regional and local Governments have taken on wider functions in building and financing housing. This represents a departure from an earlier policy, whereby the bulk of housing was provided by industrial or agricultural enterprises so as to ensure that the limited amount of housing being provided was closely coordinated with economic development. Another new policy emphasis was that of expanding the house-building efforts of individuals and cooperatives, *as building materials became more freely available*, to release supplementary personal resources and efforts. State assistance to the individual and cooperative sector has included the reduction of cost by the supply of fully developed land either free of charge or at economical rents, of buildings materials, and equipment either free or at modest cost, and of free plans and technical assistance ; by tax exemption, and by Government Loans."

23. In the countries under reference, more notably in the Federal Republic of Germany and the United Kingdom, the States have lifted controls on rents, in order to reduce the gap requiring subsidy between old and new rents, in addition to the stimulation of individual or private activity.

Africa, Asia and Latin America

24. The position of dwelling supply in Africa, Asia and Latin America has also been reported upon in the aforementioned report of the United Nations. The report says that housing output has lagged behind gross needs in some less developed countries of Southern Europe and most countries of Africa, Asia, and Latin America, during the last decade. Production of

4. United Nations, World Social Situation 1963, U.N. 1963.

dwellings for the lower income groups has not received much attention. The situation in urban areas becomes more acute, where the "absence of such dwellings in permanent materials sooner or later results in squatters settlements." The production of small family dwellings by small-scale contractors has been accompanied neither by vigorous public research, development of minimum economical standards, and greater efficiency and productivity of contracting management and labour, nor by the creation of savings-for-homes institutions to provide a focus for small savings.

25. The ratio between the cost of dwellings and income of the family is considered to be the key to housing policy in developing countries. The report draws attention to this fact by emphasising that "if in fact the ratio between the cost of an average dwelling and per capita income is ten to one, it would require virtually all investment resources in a typical developing country to build ten dwellings per 1,000 inhabitants per year, which has been estimated as the annual housing needs of developing countries."

26. In view of the above a fresh approach towards the solution of the problem is suggested in this report. The fresh approach should try to fix the cost per dwelling which can be afforded by the mass of the population. The primary need is for communal services. A developed building—lot on which a family can erect its own temporary structure is the first step towards achieving improved housing conditions. Given the necessary public intervention and funds, this can be provided for every urban family at a rent it can afford. The next steps towards achieving various improved shelter standards must be made through maximum use of non-monetised resources; mobilization of personal savings with a home as a tangible objective; research into economical design, improved use of local materials in place of expensive imported materials; and increased productivity of building labour and management."

27. An example has been quoted in the report under reference with regard to the cost income ratio. In Africa, "even at the most favourable ratio, a dwelling costs at least one year's income of a worker. This requires provision of long-term credit facilities at reasonable charges. There is not sufficient accumulation of capital in most developing countries to enable the total credit required to be found from internal sources."

U.A.R.

28. The United Arab Republic has been heading in the right direction of development planning since 1960. The Ten Year Plan (1960-70) is designed to double national income with emphasis on industrial and residential construction. Out of a total planned investment of \$3627 million during the first five years of the plan, building and construction will absorb \$1622 million which amounts to one half of total investments. This will increase to \$1829 million

during the second five-year plan. As a result, total output of building and construction will increase by 45 per cent by the end of the ten year plan.

29. The increase in employment which will accompany industrial growth will require new housing in addition to rebuilding and remodelling the old residential sections in order to cope with the new changing industrial community. Thus we find that about one fourth of total investments during the first five year plan is allocated to housing and distributed as follows :—

<i>Type of Housing</i>	<i>Amount of investment</i> <i>(Million US \$)</i>
Urban Housing (addition)	.. 306
Replacement in Towns	.. 30
Housing in present rural areas	.. 43
Housing in newly reclaimed lands	.. 23
Total	.. <u>402</u>

From this table it can be seen that no aspect of housing is being ignored in U.A.R. and that allocation is made for the different types of housing so that tangible achievements could be made in the overall framework of housing development.

U.S.A.

The U.S. Government has become increasingly involved in the Housing of that country since 1892 when Congress provided funds for investigation of slums in cities of 20,000 inhabitants or more. The steps take to provide housing are summarised below :—

- (i) *Organizations.*—Various Organizations were created by Congress to meet housing needs during World War I. United States Shipping Board and Emergency Fleet Corporation were authorised to provide housing to their employees, Bureau of Industrial Housing and Transportation and United States Housing Corporation were created. National Housing Act 1934 which aimed at accelerating the rate of new construction led to development of organization for catering Housing. Federal Housing Administration was created to implement objectives of National Housing Act 1934. The United States Housing Act 1934 led to creation of Housing Authority and was succeeded by Federal Public Housing Authority in 1942 and by Public Housing Administration in 1947, which provides loans and annual contribution to local public housing agencies for low rent housing and slum clearance projects. Recently a housing ministry has

been created to take of the Housing subject which speaks of the deep interest which the United States is taking in this respect.

- (ii) *Statistics.*—The Bureau of Census conducts regular Housing Census as such Censuses were conducted in 1940, 1950.
- (iii) *Funds.*—While proper organization to tackle housing was being developed through these Acts, United States Government was also supporting the functions of these organizations by Acts aiming at providing house building funds through loans and system of mortgages. Under Emergency Relief Construct Act 1932 Reconstruction Finance Corporation was created. Federal Home Loan Board Act was passed in 1932 and was followed by House Owners Loan Act 1933. National Industrial Recovery Act of 1933 authorised use of Federal Funds to finance low cost housing, slum clearance, and subsistence homesteads which helped stimulated employment during the National economic depression. Under National Housing Act, 1934, Federal Mortgages Association was created as a subsidiary body to Reconstruction Finance Corporation.
- (iv) *Rent Act.* The development of these organizations backed by the Acts providing funds and loans gave the basic framework for tackling general housing problems. A logical step was the enactment of Housing and Rent Control Act of 1947. The 1937 Housing Act was amended subsequently in 1949 and 1954 to keep it effective for broader public housing programmes in the light of conditions obtaining with the passing of time.
- (v) *Special Housing.* Notwithstanding the above actions for General Housing, the housing requirements of defence personnel were entered by Lanbam Act 1940, Servicemen's Readjustment Act 1944 (aimed to assist retraining veterans to purchase housing on liberal basis), Veterans Emergency Act, 1947. Housing requirement of farmers were also looked after by Federal Government action was initiated as early as 1917.

31. The Spirit of the Government is reflected in United States Government National Housing Policy declared in 1949, quoted here:—"The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production sufficient to remedy the serious housing shortage, the elimination of sub-standard and other inadequate housing through the clearance of slums and blighted areas, and the realization, as soon as feasible, of the goal of decent home and a suitable living environment for every American family. The

policy to be followed in attaining the national housing objective shall be:—

- (i) private enterprise shall be encouraged to serve as large a part of the total need as it can ;
- (ii) Governmental assistance shall be utilised where feasible to enable private enterprise to serve more of the total need ;
- (iii) appropriate local public bodies shall be encouraged and assisted to undertake positive programmes ;
- (iv) Governmental assistance to eliminate substandard and other inadequate housing through the clearance of slums and blighted area, shall be extended to those localities which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid ; and
- (v) Governmental assistance for decent, safe, and sanitary farm dwellings and related facilities. The Housing and Home Finance Agency and its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions or duties with respect to housing shall exercise, their powers, functions and duties under this or any other law.⁵

32. It is quite clear from the above that emphasis has been laid on the role of private enterprise which is given assistance and incentives by the Government is introduced where private enterprise does not respond well.

33. Home Financing thus may be divided into four major aspects :—

- (i) The availability of a primary lender who is willing to make the loan, based on the credit standing and other qualifications of the borrower (the home purchaser).
- (ii) The available supply of mortgage funds on the part of the lender, in order that he may make the loan.
- (iii) A supply of funds on the part of long-term investors who are willing to purchase the mortgages from the primary lenders (*i.e.* a secondary mortgage market).
- (iv) A supply of construction money, or credit, permitting the builder to undertake the new construction in the first place.

Each one of the above factors must be favourable for the continuity and enhancement of new construction.

Forms of Government assistance given in Pakistan

34. Assistance from the Government in the field of housing depends mainly on the magnitude of the problem, the priority given to it by the Govern-

5. Beyer Blen H., *Housing A Factual Analysis*; Macmillan Co. New York, 1958.

ment and the extent of private contribution. The existing shortage of housing stock could be tracked out from the following reasons :—

- (i) In the pre-independence period the whole approach was colonial. In selected cities civil lines and cantonments provided housing for civil servants and military in segregated areas. No study of existing conditions and common man's housing need was done. This resulted in continuance of village character in most of our towns. Municipalities were incorporated but for maintenance only. Improvements were introduced in these cities only where British Government wanted efficient functioning of economic activity.
- (ii) One of the history's largest migratory movement of about 9 million people took place at the time of creation of Pakistan, in 1947. This migration resulted in an influx of shelterless immigrants which far exceed the number who left this part of Pakistan thereby posing serious problem of housing the immigrants.
- (iii) Building activity almost stood still in the following few years of instability, due to the above-mentioned reason.
- (iv) Lack of investment in building construction was noticed even in the relatively bigger urban areas near the borders of West Pakistan.

35. Original city dwellers were out-numbered by immigrants from various cultural backgrounds. The social structure of the past broke down under pressure of new comers. The neighbourhoods (Mohallas) were no more self-sufficient. People began to look to Government, for city scale facilities and services.

36. The Central Government took up the role of welfare state and pursued certain policies for the rehabilitation of the shelterless immigrants by diverting them to various villages, towns and cities. However, the largest concentrations were at Karachi (then Federal Capital of Pakistan), Lahore and Lyallpur, the major urban centres at that time. Further steps regarding the rehabilitation rested with the then Provincial Government. Most of the immigrants concentrated within the former Punjab Province.

37. Recognising the gravity of the problem the Pakistan Government as well as the Provincial Government, before their unification into one Unit, took quite a few measures to cope with the problem. This also recognised the necessity of direct and indirect assistance from the Government. Some of the more important measures taken were the following :—

- (i) Rent Restriction Act 1959.

- (ii) Municipal Administration Ordinance 1960.
- (iii) The Punjab Town Improvement Act 1922, later amended from time to time to include similar Acts in force in the former Provinces of North West Frontier and Sind. This Act enables the Government to set up Improvement Trusts with powers to prepare development schemes and general improvement schemes etc., for specified parts of the towns.
- (iv) The Government of Pakistan imposed a special tax in 1949 to raise additional resources for tackling this problem. The West Pakistan Government also started levying of rehabilitation tax in 1956. In 1951 a Rehabilitation Tax Committee was set up by the Government of Pakistan to formulate policies and principles for the administration of the tax collections, meant for the rehabilitation of refugees.
- (v) The establishment of House Building Finance Corporation in 1952. For the period ending 6/1964 the House Building Finance Corporation sanctioned 10092 loans to the total amount of Rs. 17.84 crores in West Pakistan. However, much of the growth of housing was aggregate of houses lacking planned approach. The Government in order to introduce planned growth took the following measures.
- (vi) The creation of Urban Rehabilitation Department in 1952 under the Rehabilitation Tax Committee for the settlement of displaced shelterless persons in accordance with the policies laid down by the Rehabilitation Tax Committee. This Department undertook 33 urban areas aiming to settle about 49,000 shelterless/displaced families by 1960 out of an estimated total of 147,000 families, at an approximate cost of Rs. 112 million.
- (vii) The creation of Karachi Development Authority through an order in 1957. The authority took over the functions of the Karachi Improvement Trust and was empowered to prepare and executed development and improvement schemes.
- (viii) The creation of National Housing and Settlements Agency in 1959 under the Ministry of Rehabilitation and Works, Government of Pakistan. The activities of this Agency were mainly confined to the Greater Karachi Resettlement Programme for the rehabilitation of the immigrants. This Agency was re-designated as West Pakistan Housing and Settlements Agency, in 1962 when the administration of Karachi was brought under the West Pakistan Government. The activities of the Agency

now cover the whole of West Pakistan. The former U.R.D. had been amalgamated in this Agency.

- (ix) The creation of Capital Development Authority in 1960 under the Ministry of Rehabilitation and Works has also generated considerable building activity in and around the new capital, Islamabad.
- (x) Some encouragement to cooperative Housing was also given by the Government. Most of the cooperative housing societies, however, were intimidated by the Government servants thereby restricting the membership to the Government servants only.

38. There are 18 Improvement Trusts operating in West Pakistan but, except for a few, their contribution in the way of initiating and developing new residential schemes has not been of much significance.

39. Most of the new development has taken place outside the municipal limits in the cities which have their Improvement Trusts. The Town/Municipal Committees or Corporation usually concern themselves only with the security of plans and issuing of building permissions within their defined boundaries to individuals only. Quite often they do not have sufficient funds to offer any developed residential scheme to the public. Their role has, therefore, remained very limited.

40. The various Satellite Towns set up under the former Urban Rehabilitation Department, (now amalgamated in the West Pakistan Housing and Settlements Agency), had a primary focus on the rehabilitation of the immigrants. The schemes offered easy instalments for the payment of the cost of developed plots. Loans were offered by the House Building Finance Corporation for the construction of residential houses in the instalments commensurate with the physical progress achieved on construction.

41. In the early stages of efforts towards rehabilitation, in some of the schemes even developments cost and land acquisition charges were not realised from the low-income allottees of plots, or the cost of development was subsidised by the Government and some of the schemes offered constructed nucleus house on amortisation basis.

42. The magnitude of the problem of housing is increasing in geometric progression. The first plan provided 7.7% of the total plan allocation for housing. In 2nd Plan it was raised to 14.9% but in the 3rd plan it stands at 12.4%. This reduction will have far reaching effects in multiplying the back-log at the end of 3rd Plan and the housing shortage will seriously affect the smooth functioning of our settlement, consequently economic activity will be hampered.

43. The necessity of direct and indirect assistance to the housing sector is clearly manifested in the various 5 year plans of the Government. These short-term plans, in the context of an overall policy and long-term programmes, could well be considered a yardstick to measure the importance and priority given to the various economic and social welfare sectors of the development economics. During the 2nd Five Year Plan the Government undertook "a larger share of the burden of providing refugees housing and to meet a small proportion of the pressing requirements for adequate water supply and for housing of key Government officials in new Administrative Development Headquarters."⁶

44. The allocations in the Housing and Settlements sector were revised by the Government in 1961. "Almost one half of the increased allocation had resulted from the decision of the Government to construct 80 per cent of the nucleus houses for low-income groups instead of the 20 per cent provided in the original plan, in view of the paucity of private investment in this field. The overall target of low cost housing had not changed but as a result of the increased investment of the public sector in this field and no corresponding reduction in the target of private investment in housing, the target of other private construction had implicitly increased in real terms. The provision for public sector aid to local bodies had also been raised since these local bodies had not been able to mobilise their own resources on the scale envisaged in the original plan. The increased allocation for Government Servant's housing and Government buildings had become necessary particularly in view of the recent creation of three new Divisions and about a dozen Sub-divisions, and the need for establishing new Regional Administration and Technical Headquarters."⁷

45. Table No. 6 gives the details of the revised 2nd Five Year Plan (1960-65) allocations in the Public, Semi-public and Private sectors. The sub-totals obtained in the table for these sectors respectively are Rs. 843.20, Rs. 518.00 (total Rs. 1361.20 and Rs. 1,135.00 millions. It is quite obvious from this analysis that in order to accept an estimated investment of Rs. 1,135.00 million by the private sector, the public and semi-public allocation had not only to be matched but enhanced by about 4 per cent.

46. The details of the proposed Public and Private Sector Programme for the 3rd Five Year Plan (1966-70) for West Pakistan, are given in Table No. 7. It will be noticed from this table that Rs. 1,084.62 million have been allocated in the Public and Semi-Public Sector, while Rs. 1,300.00 million is expected to be the private investment in this field.

6. Government of Pakistan, The 2nd Five Year Plan (Revised Estimates), Karachi Government Printing Press, 1961.

7. *Ibid.*

47. The Planning Commission has agreed that unfortunately even during the 3rd Plan period it will not be possible to meet the whole demand for the housing needs due to the scarce resources. It is, however expedited that the major burden will be borne by the private investment and the community efforts. It is on this account that a provision of Rs. 1,300 million in the private sector in the Third Plan has been made and it is hoped that the gap caused by the smaller allocation in the public sector will be filled in by the comparatively higher allocation earmarked for the private sector in the Third Plan."

48. During the Second Plan period a total number of approximately 58,000 plots were developed and families settled on these. The Third Plan target in this respect is to develop a total number of 200,000 plots in the public, semi-public and private sectors. This number includes a limited number of constructed nucleus houses. Water supply and sewerage arrangements were made in 14 and 8 cities respectively during the 2nd Plan period while the target for these arrangements for the 3rd plan are 30 and 12 cities respectively.

49. The House Building Finance Corporation (under the Central Government) has played a significant part in the field of housing in West Pakistan. The Corporation has, however, been faced with the limitation of financial resources available to it for offering loans to individual builders and to the Cooperative Housing Societies. These loans range between Rs. 2,000 to Rs. 40,000 repayable in 15 years at an interest of 6% (presently 7½%). The land and house to be constructed, is mortgaged with the Finance Corporation till the payment of the final instalment. The sanctioning of loan and mortgage is governed by some other terms and conditions too as laid down in the agreement for loan which includes such requirements as the location of the plot in an approved scheme, construction up to certain level and investment up to certain amount on the construction before the applicant is eligible for the loan etc.

50. The House Building Finance Corporation has been expanding its resources since its creation, though in its early stages (1953 to 1960), about 81 per cent of the loans given related to the Federal area of Karachi while the remaining 19 per cent loans were distributed over the rest of West Pakistan. The total amount of loans sanctioned during the above period was Rs. 7.53 crores. A substantial increase in the amount of loans has, however, been recently reported. The loans granted amounted to Rs. 5.54 crores during 1964-65. The amount earmarked for West Pakistan for the Corporation during 1965-70 is Rs. 5.0 crores (Rs. 10 crores for East Pakistan). The total amount allocated to this and other similar organizations in semi-public sector in West Pakistan for the period 1965-70 is as follows :—

	<i>Million Rs.</i>
Aid to local bodies, trusts and authorities	.. 40.00
Aid to cooperative housing	.. 40.00
Industrial workers housing Corporations	.. 20.00
House Building Finance Corporation	.. 50.00
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Total	.. 150.00
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Note.—Total 3rd Plan allocation in the Public Sector for West Pakistan, excluding Rural water supply and sanitation, is Rs. 1,105 million, the public part of the semi-public sector is Rs. 150 million and the estimated expenditure by the private sector is Rs. 1,300 million.

51. It has been pointed out in the outline of the Third Five Year Plan that, "besides the House Building Finance Corporation, as yet no other credit or savings institutions have been developed for encouraging housing. The present credit policies are too restrictive for housing credit and possibilities of long-term loans for house building or large-scale housing enterprises are rather limited."

52. The Graph No. 2 details out the public and private financing of the long-term housing programme which has been prepared by the Housing and Settlement Agency.

Policies

In the light of the preceding facts the policies that could be considered for meeting the needs of housing in West Pakistan may be summarised as follows :—

- (i) Housing should be given top priority in the social welfare aspects of planning.
- (ii) Government assistance should be increased and extended till such time that the private sector considers housing as a more profitable and relatively attractive venture. House Building requires more capital investment for a longer period with less profits than other capital making ventures. Encouragements to the private sector should include such measures as revision of the present taxation system on properties and the procedures with regard to time and interest on loans granted to individual and cooperative housing societies.

- (iii) Special loans for low income housing should be made available to individuals and other private entrepreneurs. The interest on these loans and the period of repayment should be especially favourable for the low income housing. A special tax holiday period should be made available to the individuals, cooperative housing societies and private entrepreneurs for undertaking construction of approved types of houses for low and middle income groups.

53. A house owner at present pays House Tax, Property Tax and Income Tax on the earnings from the same property. There is a need to either consolidate at a reduced rate, all these taxes or, to abolish some of these taxes on newly constructed houses up to a certain period. In order to attract the big investors income from rents of low income houses should not be taxed for a certain period. This step is sure to attract cooperative housing societies, banks, insurance companies, private entrepreneurs and other organizations. However, action in this respect has to be coupled with the availability of loans to these bodies to cover part of their investment and proper powers for the regular recovery of instalments.

54. A housing policy is a prerequisite to any positive action in this field. The policy should lay down the priorities to be given to various programmes, e.g., slum clearance, urban renewal, low income housing, refugees rehabilitation, etc. The policies should also determine the income groups which need assistance by the Government, the extent of assistance needed by each group and the provision of such community facilities as cannot be arranged by individuals. The whole policy should actually be geared to achieve certain short-term programmes in the context of a long-term programme. These programmes should, by necessity, include such items of work as surveying, planning, designing and experimentation.

55. The supply of construction material should be regular and in abundance and also at reasonable prices. The stress should, however, be laid on the exploitation and use of indigenous materials and encouragement of the related industries for their production or processing. The encouragement of related industries should include, inter alia, extending of necessary loans, facilities for the import of basic machinery, simplifications of procedure of giving the permission for and installation of such industries. A phased action for the setting up of such industries will be necessary. The aim of this policy should be to make the house construction a workable venture rather than an unending headache.

56. The Housing and Settlements Agency should be reorganized as a Housing Development Board/Urban Development Board and made an effective

Central Body to coordinate all the activities relating to housing in West Pakistan. This will necessitate vesting of more power and transferring to it the administrative control of all such bodies which are dealing with the problem of housing, *e.g.*, the local bodies Improvement Trusts, Cooperative Housing Societies, Industrial Workers Housing Corporation etc. These Development Authorities may be allowed to carry on within their present status and powers but there is a need to have close coordination, rather collaboration with these Authorities and the Town Planning Development through a Central Body so far as the implementation of housing schemes is concerned.

57. The prime necessity at the moment is of having a housing legislation for West Pakistan to control the development within the residential zones of a city/town. The present legislation, in the shape of Town Improvement Act, etc., does not deal with the various problems of the field effectively and in totality.

58. The Housing Legislation should deal with the procedure of land acquisition, collection or preparation of feasibility reports, site selections procedures, etc. The execution of housing schemes should preferably be done by specially created construction wings under the various executing agencies.

59. A revolving funds should be created by the Government with the participation of private investment, in the shape of housing bonds or a loan for housing may be floated by the Government in order to get the assistance from the private sector. This fund could be placed under the control of the proposed Housing Development Board which in turn may grant loans to the local bodies for initiating and implementing the housing schemes for its population. The details such as the terms and conditions of loans/housing bonds etc. could be worked out for this purpose. The actual construction could be carried out by private construction firms on behalf of the local bodies.

60. The above suggestion could derive benefits from the results of similar efforts in most of the Latin American Countries. A United Nations Report in this respect says that the Housing Financing structure in most Latin American countries includes specialised national house-building corporations or institutes, financed by direct allocations from the national budgets and by compulsory purchase bonds ; by private, semi-public or Government-owned mortgage banks, relying for investment funds to a great extent on compulsory purchase bonds ; by direct house-building or house-bond-purchase by social security funds, saving banks and insurance and investment companies, or by direct house-building or compulsory housing-bond-purchase or specific tax contributions to housing built by private firms and persons.

61. A detailed study of the above mentioned methods, coupled with our own experience of Government demand and actual schemes, could help in arriving at some very useful conclusions to tackle the ever increasing demand for better and adequate housing in West Pakistan.

TABLE 1. *Total Number of Dwellings needed to Reduce Density to 1.0 (196) (Urban Areas W. Pak.)*

Division	Families	Dwellings	Need
Peshawar ..	135,170	103,872	31,298
D.I. Khan ..	21,275	19,355	1,920
Rawalpindi ..	181,838	143,125	38,713
Sargodha ..	284,466	219,464	65,002
Lahore ..	500,200	349,575	150,625
Multan ..	233,861	176,587	57,274
Bahawalpur ..	87,031	67,813	19,218
Khairpur ..	116,915	92,489	24,426
Hyderabad ..	162,476	119,306	43,170
Quetta ..	45,155	38,252	6,903
Kalat ..	15,057	12,654	2,403
Karachi ..	453,199	342,722	110,477
West Pakistan ..	2,236,643	1,685,214	551,429

TABLE 2. *Total number of Dwellings needed due to Population increase in migration 1960-65 (Urban Areas—W. Pak.)*

Division	Number of dwellings
Peshawar	40,010
D.I. Khan	1,700
Rawalpindi	35,012
Sargodha	100,000
Lahore	79,800
Multan	58,400
Bahawalpur	17,930
Khairpur	20,900
Hyderabad	45,000
Quetta	5,450
Kalat	3,600
Karachi	150,070
West Pakistan	557,872

TABLE 3. *Total number of Substandard Dwellings Needing Replacement (1960)*
(Urban Areas, W. Pak.)

Division	Total No. of dwellings	Dwellings needing replacement	Percentage
Peshawar	103,572	14,836	14
D.I. Khan	19,355	3,180	16
Rawalpindi	143,125	15,476	11
Sargodha	219,464	30,800	14
Lahore	349,575	39,808	11
Multan	176,587	63,400	36
Bahawalpur	67,813	23,590	35
Khairpur	92,489	13,790	15
Hyderabad	119,306	43,000	36
Quetta	38,252	5,040	13
Kalat	12,654	2,100	17
Karachi	342,722	102,700	30
W. Pakistan	1,685,214	357,720	21

TABLE 4. *Total accumulated Dwellings Needs by 1965 (Urban Areas, W. Pak).*

Division	Dwellings
Peshawar	70,150
D.I. Khan	4,220
Rawalpindi	71,800
Sargodha	1,71,200
Lahore	2,13,930
Multan	1,56,070
Bahawalpur	51,640
Khairpur	50,110
Hyderabad	1,00,200
Quetta	14,930
Kalat	7,300
Karachi	2,86,450
W. Pakistan	11,97,460

Cumulative needs have been calculated on the following basis :—

Reduction of density to 1.0	..	551,429 (Table 1)
Needs due to population increase and movement	..	557,872 (Table 2)
Substandard dwellings needing replacement	..	357,720
	..	<u>1467,021</u>
Minus the estimated building activity (1960-65) public and private sector		269,580
	..	<u>11,97,441</u>

TABLE 5. *Total Accumulated and Recurring Needs in Dwellings by 5 Years Period. (Urban Areas—W. Pak.)*

Five year period	By 5-year periods	
	Urban Dwellings in thousands	Cumulative Urban Dwellings in thousands
Accumulated needs (up to 1965)	1,197	..
Recurring needs 1965-70	866	2,063
1970-75	1,065	3,128
1975-80	1,203	4,331
1980-85	1,309	5,640

TABLE 6. *2nd Plan (1960-65) Revised Plan Allocations (November 1961)*

I. PUBLIC SECTOR

(a) West Pakistan		<i>Million Rupees</i>
(i) Basic Development	..	20.40
(ii) Refugee Housing	..	113.00
(iii) Govt. Servants Housing	..	34.50
(iv) Urban water supply schemes	..	85.70
(b) Central Govt.'s Programme		
(i) Greater Karachi Re-settlement Programme		370.00
(ii) Town Planning for Karachi	..	1.80
(iii) Central Govt. Servants Housing & Buildings		15.00
(iv) Housing & street needs of special areas of West Pakistan	..	2.80
(v) New capital of Islamabad	..	200.00
Total	..	<u>843.20</u>

II. SEMI-PUBLIC SERVICE		No
(a) West Pakistan		
(i) Improvement Trusts and Sanitation Board Programme ..	68.00	So
(ii) From own sources, private investment and loans ..	106.00	
(iii) Industrial Worker's Housing Corporation (Government contribution) ..	6.00	
(b) Central Government's Programme		
(i) KDA housing schemes from own sources, private investment and loans ..	200.00	
(ii) Greater Karachi Bulk water supply and Sewerage project. (Govt. contribution only)	130.00	
(iii) Industrial Workers Housing Corporation (Government contribution only) ..	8.00	
Total ..	518.00	
III—Private sector's estimated investment ..	1,135.00	
Grand Total ..	2,496.20	

Note.—Allocations for rural water supply, Government Offices and Buildings and some other similar allocations have not been included in this table.

Source.—Planning Commission, Government of West Pakistan, Revised list of schemes included in the 2nd Five Year Plan 1960-65, Karachi, Government of Pakistan Press, November, 1961, pp. 73-77, 109, 139, 153 and 155.

TABLE 7. *Third Plan (1965-70) Provisionally approved Allocations for West Pakistan*

	<i>Million Rupees</i>
1. Basic Development ..	18.20
2. Housing Scheme clearance and general ..	243.60
3. Government Servants housing ..	119.39
4. Urban water supply scheme ..	274.17
5. Frontier Regions (special) ..	2.36
6. Aid to local bodies ..	150.70
7. Lahore Improvement Trust ..	276.20
Total ..	1,084.62
Private sector estimated investment ..	1,300.00
Grand Total ..	2,384.62

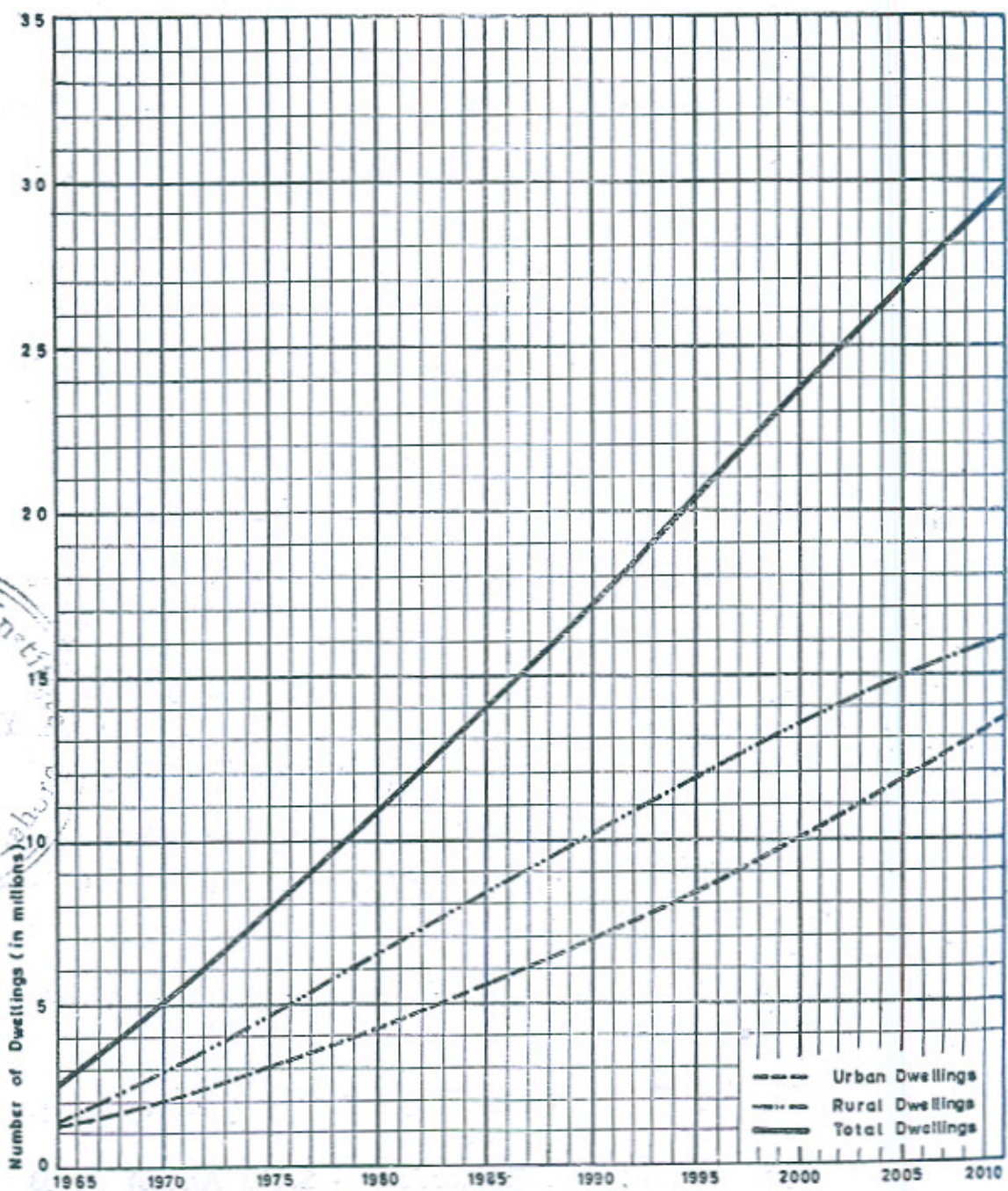
Note.—The allocations for rural water supply, Government Offices and Buildings have not been included in this table.

Source.—Planning and Development Department, Government of West Pakistan the proposed public sector programme of West Pakistan for the Third Five Year Plan 1965-70, dated December, 1964, Lahore Government Printing Press, 1965, pp., 44, 158-182.

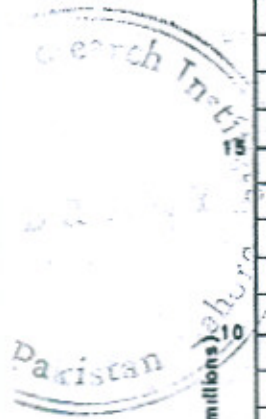
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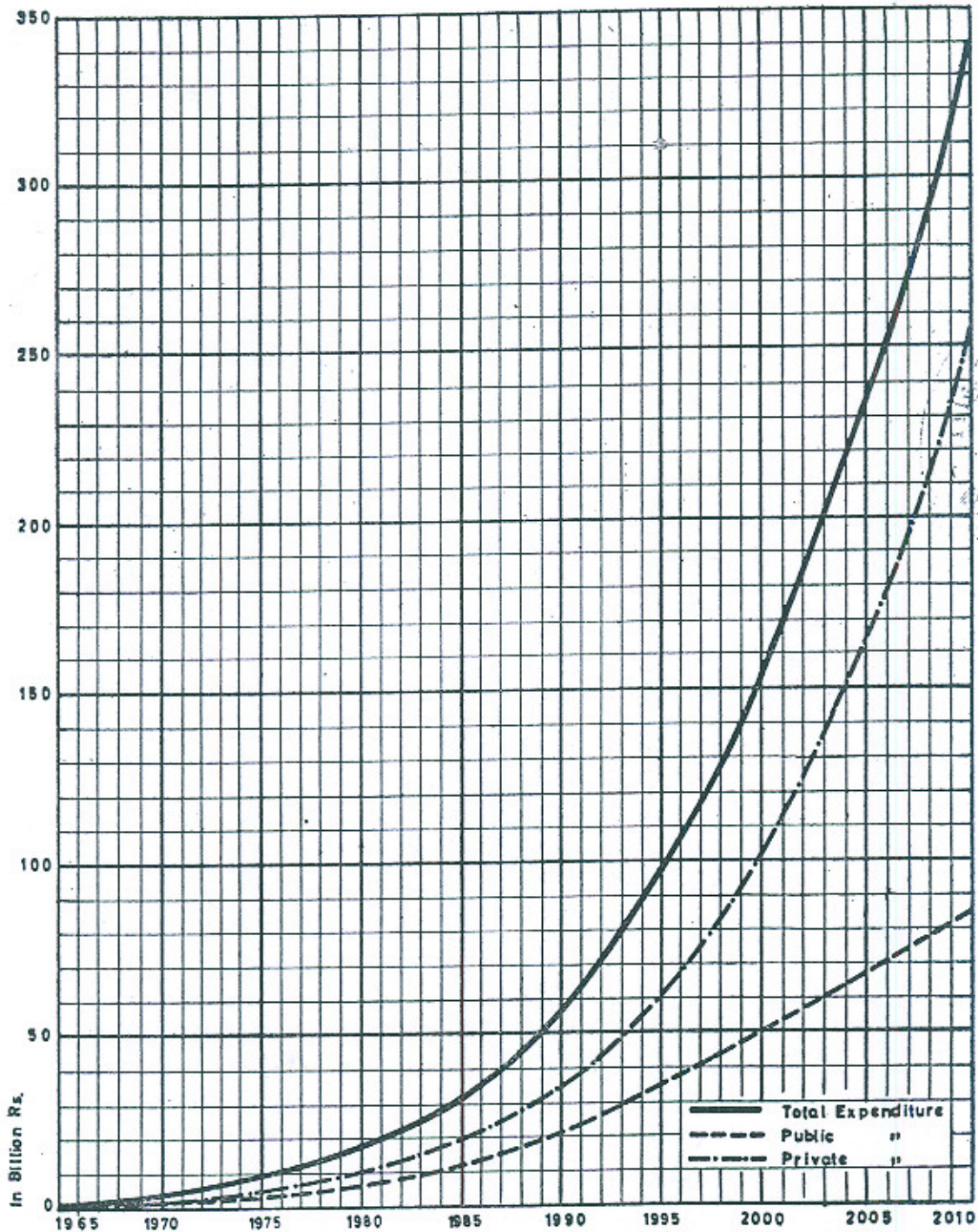
WEST PAKISTAN ACCUMULATED AND FUTURE NEEDS IN URBAN AND RURAL DWELLINGS



Graph 1



WEST PAKISTAN PUBLIC AND PRIVATE FINANCING OF THE LONG TERM HOUSING PROGRAMME



Graph 2

