

CPEC

Policy Paper Series

Contextualizing Housing Cooperation under CPEC

Dr. Amir Khan

Policy Head: Socio-Economic Impacts of CPEC, CoE-CPEC

Asad Chudhary

Research Assistant, Socio-Economic Impacts of CPEC, CoE-CPEC

Saira Ali

Research Associate, Socio-Economic Impacts of CPEC, CoE-CPEC



Ministry of Planning,
Development & Reform



Pakistan Institute
of Development Economics



A PUBLICATION OF
CENTRE OF EXCELLENCE
CHINA-PAKISTAN ECONOMIC CORRIDOR



www.cpec-centre.pk

GET MORE

Contextualizing Housing Cooperation under CPEC

By

Amir Khan¹, Muhammad Asad Chudhary², Saira Ali³

Housing is considered as a most serious policy concern across the world. It has been deepening since last few decades due to high population growth, migrations, changing demographic patterns, and urban sprawl⁴. Economic rationales, social dividends and political responses are further compounding the urban sprawl and housing problems globally and the very case of Pakistan is no exception. In Pakistan there are more than 5 million backlogs of dwelling units as per the latest evidence provided by the Pakistan Bureau of Statistics (PBS) in the recent population census of 2017⁵ (see table 1 & 2). However, historically Pakistan has valuable experiences to deal with the formidable housing problems since independence due to huge influx of more than 8 million refugees. Since then Government of Pakistan involvement in responding to housing sector issues have received high policy priority. Land reforms projects during the Ayub Khan and Z.A Bhutto regime also tried to address the housing problem in the country. During the 1980s Prime Minister Muhammad Khan Junejo gave revolutionary PM's Five Point Socio-Economic Program with the particular focus on housing for the poor⁶. Afterword, in the first National Housing Policy of 2001 followed by 2007 also mention affordable housing as a policy target but unfortunately, these policy documents were not implemented in true letter and spirit. There are

¹ Head of Policy, Socio-Economic Impacts of CPEC Division, CoE-CPEC

² Research Assistant, Socio-Economic Impacts of CPEC Division, CoE-CPEC

³ Research Associate, Socio-Economic Impacts of CPEC Division, CoE-CPEC

⁴ Kingsley. G (2017). Trends in Housing Problems and federal housing assistance. *Metropolitan housing and communities policy centre*

⁵ Pakistan Bureau of statistics (2017 census)

⁶ GOP, E. (1987). Shelter for Homeless. Pakistan Canvas. Karachi Development Author.". July.

following policy measures adopted in Pakistan as well as in other developing countries to address the housing problems.

- “Housing program”, adopted in 1950s in which government constructed and provided people with housing unit but soon it was realized that this program is not doable because of the resource constraints.
- “Site and service schemes” in which developed land and essentials services like roads, water supply, drainage, sewage, and electricity etc. are being provided and then allocated plots to the people of diversified income groups. Soon it was realized the program is not serving the poor. However, the program continued as it is the only model which facilitate the planned urban growth and filtering up.
- Provision of only land for housing this model provides the land and asked the poor or homeless people to build houses themselves incrementally as was in the case of “*Khuda ki basti*” in Hyderabad Sindh province of Pakistan.
- Finally, upgrading model in which improvement of human settlement/habitat according to which government helps marginalized segments of society to improve their living conditions through LGRD system, MNA/Senator/MPs programmes. The rationale is if we cannot provide the poor with a standard house/land at least upgrade their human settlement by providing them with essential social services and some physical infrastructure, such as, water supply, drainage, sewage and street pavement etc.

China Pakistan Economic Corridor (CPEC) is the endeavor to provide the pre-requisites to initiate the economic development activities. According to the research studies the key fundamentals to initiate the socio-economic activities are the provision of soft and physical infrastructure including road, rail, ports and fiber optics to ensure connectivity and energy infrastructure. These essentials infrastructure would expedite the process of economic development. Despite of these projects, 11 node cities including Gilgit, Peshawar, Islamabad, Lahore, Multan, D.I Khan, Sukkhar,

Hyderabad, Karachi, Quetta and Gwadar are also considered under CPEC long term plan (CPEC-LTP) to turn them into the key economic hubs. These cities are centered around CPEC projects. According to CPEC-LTP these node cities would be developed as per China's model of urbanization which would attract and ultimately encourage the flow of population and FDI. This would not only happen in the node cities and their respective catchment areas but also in the areas particularly along the three main alignments under CPEC as shown in Map1.



MAP 1. CPEC ROUTES

Therefore, CPEC is associated to major human settlement which are the engine of economic growth. This has raised a serious concern amongst social scientist, geographers, economists, town planners etc. as if appropriate measures such as land use planning and zoning, provision of decent housing, jobs, income generating activities and allied services are not provided it might result into urban sprawl/unplanned expansion. This upsurge and unplanned expansion would affect adversely socio-economic activities and the quality of life of the common people. Therefore, special attention on front of urban planning and housing are mandatory at

this point of time. Pakistan so far has not defined any housing and urban planning policy with reference to CPEC. This area demand huge investment therefore, the key aspect of CPEC-LTP “Cooperation” can be capitalized to improve this sector. Hence to address the rapid growth of cities and living conditions of the citizen following policy recommendations are being proposed;

POLICY RECOMMENDATIONS:

Based on the CPEC-LTP published in December 2017, livelihood cooperation is key consideration for the improved future of the people especially the deprived segments. In this regard cooperation between the China and Pakistan for improving livelihood is must and housing is perceived as an integral component of livelihood. Following are the major policy recommendations regarding cooperation in housing sector;

1. Establish cooperation amongst the line ministries of federal governments of Pakistan and China in order to develop housing sector specific policy guidelines and framework to address relevant policy issues. In this regard line ministry of Government of Pakistan is recommended to build capacity in following areas;
 - Formulating a country specific regulatory frameworks for housing sector particularly the design, tenancy, access to the basic essential services and housing taxation laws;
 - Managing national housing issues and making strategies to deals with shortage of affordable housing in different areas of the country;
 - Formulate parameters like Housing Price Index (HPI) and Housing Access Index (HAI) for strengthening evidence/data availability to frame policies in housing sector of Pakistan;
 - Incentivizing non-governmental affordable housing industry and engaging private sectors entities to invest in housing;

- Technological advancement and skills enhancement of labor force in housing industry;
 - Implementing the concept of floor-space ratio in densely populated or inner urban areas of the country
2. Establish cooperation amongst the provincial governments with concerned Chinese authorities in housing sector particularly regarding their capacity building are direly required because housing is the provincial subject as per the constitution of Pakistan. The major areas of capacity building of provincial governments regarding housing sector includes;
 - Acquisitions and development of suitable sites for housing;
 - Coordination in civil works for the development of housing infrastructure;
 3. Establish cooperation among the Municipal/local government institutions with prime focus on the capacity uplift of Pakistani local government institutions in their assigned subject. The capacity building of local government institutions regarding housing sector in the following areas are recommended;
 - Control land development, land use planning and land zoning for the agricultural, commercial, residential, civic use, industrial purposes in their respective jurisdiction;
 - Providing public amenities in ;
 - Construction and maintenance of the water and sanitation services, small bridge and public buildings;
 - Solid waste management particularly focusing on recycling;
 - Improving other municipal services related to housing sector development and maintenance.
 4. Establish cooperation in financial sector particularly regarding developing the effective financial products for housing in Pakistan. In this regard deliberative consultation among Pakistani and Chinese financial institutions are

recommended in order to learn from Chinese financial sector experience in the housing financing.

5. Establish cooperation among the civil society organizations of both countries which will work as catalyst in adopting the changes in human settlement /habitat due to change in urban patterns and city designs.
6. Establish cooperation among corporate organizations especially real estate builders to enhance the capacity of local real estate industry effectively address housing sector matters.
7. Establish cooperation on institutions working on the urban planning and city design (provincial authorities and educational institutions) of both countries in order to address housing sector issues.
8. Government should act as facilitator rather than developer in the housing sector. As facilitator government should manage to implement site and service schemes e.g. Some pending schemes in housing deficit areas should be given special attention, such as, Regi Model Town Peshawar, I-15 Islamabad, and Fatima Jinnah Town in Multan. Along the CPEC specific routes covering almost one third of the country's districts (almost 60 in number) urban sprawl and unplanned housing/ settlement growth should be avoided. In this regard following are the policy recommendations;
 - Land which is not the prime agricultural land should be acquired in the relevant districts along the CPEC route;
 - Government should be more concerned about suitable land acquisition and development of infrastructure to facilitate housing services on the incremental basis;
 - Identify major human settlement and urban centers along the CPEC route which have potential to become growth engine and socio-economic hubs and develop locality specific housing strategy.

9. Effective reforms on internal front in housing sector are direly required. Therefore, it is recommended to establish working relationships with Chinese counterparts experiences to timely address issues are following;

- Reforms in the revenue and municipal departments to address issues of red-tapism;
- Efficient system of taxation in housing sector;
- Rationalizing the costs of land for housing by managing speculations through effective policy interventions.
- Encouraging vertical high rise growth of cities and other human settlement to avoid sprawls;
- Conducting land use planning and zoning by creating land availability and improving the role of local governments.

Province/Area	Population			% average Annual Growth (1998-2017)			Household Size		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
KHYBER PAKHTUNKHWA including FATA	29,626,670 (83)	5,875,294 (17)	35,501,964 (100)	2.6	3.05	2.65	8.25	7.85	8.2
PUNJAB	69,442,450 (63)	40,547,205 (37)	109,989,655 (100)	1.7	3.0	2.1	6.5	6.2	6.4
SINDH	23,006,242 (48)	24,848,268 (52)	47,854,510 (100)	2.1	2.7	2.4	5.5	5.6	5.5
BALUCHISTAN	8,928,428 (72)	3,406,701 (28)	12,335,129 (100)	3.1	4.2	3.4	6.8	7.0	6.9
FEDERAL CAPITAL TERRITORY	994,365 (50)	1,009,003 (50)	2,003,368 (100)	7.0	3.4	4.9	5.9	5.8	5.9
Total	131,998,155 (63)	75,686,471 (37)	207,684,626 (100)	2.07	3.01	2.40	6.55	6.12	6.39

(Figure in parenthesis is percentage)

(Source: PBS, GoP, Islamabad provisional findings)

Table2: Housing Units by Housing size, Tenure and Rural Urban categorization

Housing Size (number of rooms)	Rural				Urban				Overall Total			
	owner occupied	Rented	Rent free	Total	owner occupied	Rented	Rent free	Total	owner occupied	Rented	Rent free	Total
Small houses (1-2 rooms)	11,130,086 (87)	480,650 (4)	1,173,748 (9)	12,784,484	4,488,828 (65)	1,951,899 (28)	434,328 (6)	6,875,055	15,618,914 (80)	2,432,549 (12)	1,608,076 (8)	19,659,539
Medium (3-5 rooms)	5,555,055 (92)	246,915 (4)	228,191 (4)	6,030,161	3,391,263 (76)	911,373 (21)	133,513 (3)	4,436,149	8,946,318 (85)	1,158,288 (11)	361,704 (4)	10,466,316
Large (6-9 rooms)	969,323 (95)	21,981 (2)	28,250 (3)	1,019,554	680,863 (88)	68,189 (9)	21,429 (3)	770,481	1,650,186 (92)	90,170 (5)	49,679 (3)	1,790,035
Total	17,654,464 (89)	749,546 (4)	1,430,189 (7)	19,834,199	8,560,954 (71)	2,931,461 (24)	589,270 (5)	12,081,685	26,215,418 (82)	3,681,007 (12)	2,019,459 (6)	31,915,884

(Source: PBS, GoP, Islamabad provisional findings)