

**PRESENTATION ON
NATIONAL HOUSING POLICY – 2001**

BY

**SALIM IQBAL
DIRECTOR GENERAL
NATIONAL HOUSING AUTHORITY**

**2ND BUILD ASIA INTERNATIONAL
EXHIBITION & ICCI CONFERENCE
EXPO CENTRE, KARACHI
AUGUST 28 – 30, 2006**

NATIONAL HOUSING POLICY – 2001

- ✍ INTRODUCTION / BRIEF BACKGROUND**
- ✍ MAJOR HOUSING PROBLEMS & ISSUES**
- ✍ STRATEGY**
- ✍ AIMS AND OBJECTIVES**
- ✍ POLICY MEASURES**
- ✍ IMPLEMENTATION STATUS**
- ✍ CONCLUSION**

INTRODUCTION

- ✍ All Governments have responsibilities to take appropriate action in order to promote, protect and ensure proper realization of provision of adequate housing for its citizens
- ✍ The housing situation in Pakistan has continuously deteriorated over past many years due to ineffective policies of previous governments which resulted in a huge housing backlog of around 6 million housing units in the country
- ✍ In order to improve housing situation in the country, the Government formulated National Housing Policy – 2001 emphasising on the fundamental requirements of creating a favourable and conducive environment in the country, and to promote and facilitate this sector where the role of Government has changed from provider to facilitator

MAJOR HOUSING PROBLEMS & ISSUES

- ✍ There is multiplicity of housing related issues in the country, mainly generated by population explosion
- ✍ The housing backlog
- ✍ The annual additional requirement
- ✍ Unchecked growth of squatter settlements, Katchi Abadis, encroachment of state and vacant land
- ✍ Land suitable for housing is becoming scarce particularly in and around urban centers
- ✍ Non-availability of affordable land specially for low income groups
- ✍ The Housing stock is also rapidly aging
- ✍ Shortage of affordable housing finance
- ✍ Due to inflationary trends in the economy, the cost of building material have sky rocketed.

STRATEGY

- ✍ To provide for an effective institutional capacity building frame work responsive to the grass roots devolved powers
- ✍ To provide enabling strategy, capacity building aiming at empowering all stake holders to play an effective role in human settlements planning and management
- ✍ Community participation to improve the housing conditions of the low-income population
- ✍ Role of Government as a catalyst and facilitator

AIMS AND OBJECTIVES

- ✍ Housing development through capacity building of formal and informal sector
- ✍ Facilitate availability of suitably located and affordable land and develop land delivery process
- ✍ Encourage indigenous approaches in Research and Development to support housing activity particularly for low income groups
- ✍ Provision of safeguards against malpractices
- ✍ Resource Mobilization

AIMS AND OBJECTIVES

- **Provision of incentives through tax rationalization**
- **Provision of institutional incentives for improved housing delivery for the rural areas**
- **Encourage export oriented and import substitutions policies and rationalize tax and duties' structure**
- **A countrywide programme of developing small and medium size towns having growth potential**
- **Formulation of a system to monitor and evaluate implementation of guidelines provided under the Housing Policy**

MAIN SHORT TERM POLICY MEASURES - LAND

- ✍ **Identification of state and other lands by provincial and local governments for housing developments**
- ✍ **To enlarge land availability through land banking**
- ✍ **Development of unified, transparent and market oriented land disposal system**
- ✍ **Provision of trunk infrastructure to the public and private housing development schemes without additional charges within the planned areas**

MAIN LONG TERM POLICY MEASURES - LAND

- ✍ **Development of comprehensive land information system**
- ✍ **Development of master /structural and outline development plans**

MAIN SHORT TERM MEASURES – RESOURCE MOBILIZATION

- ✍ **Mortgage financing**
- ✍ **Earmarking of a substantial percentage of loan portfolio by Banks for housing**
- ✍ **Setting up of housing refinance window at State Bank of Pakistan**

MAIN LONG TERM MEASURES – RESOURCE MOBILIZATION

- ✍ **Floating of long term bonds by financial institutions and housing financial institutions**
- ✍ **Providing credit from community based finance & other sources**

POLICY MEASURES – ENHANCED CREDIT FACILITIES

- ✍ **Enhance annual disbursement of HBFC loans**
- ✍ **Formulation of affordable packages for low income groups by HBFC and other financial institutions**
- ✍ **Introduce bridge financing and bulk financing**

POLICY MEASURES – LEGAL AND FINANCIAL FRAMEWORK

- ✍ **Introduction of foreclosure laws to ensure effective recovery of loans and advances from the defaulters**
- ✍ **Simplification of procedures for land transactions**

POLICY MEASURES – INCENTIVES

- ✍ **Non-utilization fee to be charged on annual incremental basis only after notified handling over of plots**
- ✍ **Presumptive Tax Regime shall not exceed 1% on yearly receipts**
- ✍ **Rationalization of stamp duties and registration fee**
- ✍ **To extend credit facilities for BMR**
- ✍ **Exemption of import duties in excess of 10% on import of plant and machinery and spares**
- ✍ **Acceptance of guarantees issued by “A” rated insurance companies**
- ✍ **Rationalization of duties & taxes on major construction materials**

POLICY MEASURES – LOW INCOME, LOW COST & RURAL HOUSING

- ✍ **All new construction of houses on plots measuring upto 150 sq.yds & flats / apartments having an area of 1000 sft to be exempted from all types of taxes for a period of 5 years**
- ✍ **Provision of land for housing schemes to development agencies and private sector builders on concessionary rates**

POLICY MEASURES –RURAL HOUSING

- **Provincial Governments to examine the possibility of granting proprietary rights to individuals and families residing in houses constructed on “*shamlat deh*” and state land**
- **Subsidized micro loaning facilities to be extended for rural housing**
- **The role of local bodies in planning, determining needs and preparing action plans to mitigate the housing shortages shall be effectively defined including resource mobilization at the local level**

POLICY MEASURES – SLUMS & KATCHI ABADIS

✍ Provincial Governments to develop packages for upgradation/ relocation of Katchi Abadis

POLICY MEASURES – RESEARCH & DEVELOPMENT

- ✍ **Effective coordination**
- ✍ **Housing and construction materials' research and development through special tax concessions**
- ✍ **Use of indigenous material**

POLICY MEASURES – DEVELOPMENT OF INTERMEDIATE & SECONDARY TOWNS

- ✍ **A countrywide programme to be undertaken for development of satellite, intermediate, secondary and industrial towns**

IMPLEMENTATION STATUS

IMPLEMENTATION STATUS -LAND

✍ A total of 52,063 Kanals of state land has been identified in 33 Districts of the Provinces and ICT

✍ In the Punjab Province, amendments in the Land Acquisition Act, 1894 and Land Acquisition Rules, 1985 are under process. Islamabad Capital Territory has already amended Land Acquisition Rules based on Land Sharing Formula. Other Provinces are in the process of amending land acquisition laws

PUNJAB:

✍ Initially 3 Districts have been identified for computerization/ registration of land record. Process for development of a Comprehensive Land Information System has been initiated

✍ In Punjab Disposal of Land by Development Authorities (Regulation) Act 1998 has been amended to the extent of providing $\frac{3}{4}$ marla plots by ballot instead of auction

CONTINUE IMPLEMENTATION STATUS - LAND

SINDH:

✍ Work on computerization of land record/ registration has been started in 5 districts. Completion of inventory of unused government land and development of a strategy for releasing it to private investors is in progress.

✍ Government of Sindh has promulgated the Sindh Disposal of Urban Land Ordinance 2002. NWFP and Balochistan are in the process of amending their laws accordingly

NWFP/ BALOCHISTAN & ICT :

✍ Work on computerization of land record/ registration is in process

✍ Tenancy laws are being rationalized/under review in the provinces

IMPLEMENTATION STATUS - HOUSING FINANCE

- ✍ Bank's exposure to housing finance has been enhanced from 5% to 10% of their net advances.
- ✍ The maximum per party limit has been increased from Rs.5 million to Rs. 10. million. The maximum debt-equity for housing loans has been increased from 70:30 to 80:20.
- ✍ Banks have been allowed to deduct up to 3% of the income arising out of consumer loans for creation of reserve to off-set bad debts in this segment.
- ✍ The maximum loan tenure for housing finance has been increased from 15 years to 20 years.
- ✍ Banks and DFIs are extending credit facilities for balancing, modernization and replacement (BMR) of machinery used for housing and construction industry

CONTINUE IMPLEMENTATION STATUS -HOUSING FINANCE

- ✍ HBFC has introduced bridge financing and bulk financing for housing projects through escrow accounting together with appropriate safeguard
- ✍ HBFC and other financial institutions have formulated packages of preferential/ concessional rates with affordable system of instalments for repayment to provide affordable credit to low income groups
- ✍ Financial Institutions (Recovery of Finances) Ordinance has been promulgated to ensure effective recovery of loans from defaulters
- ✍ Tenancy Laws are being rationalized

CONTINUE IMPLEMENTATION STATUS - HOUSING FINANCE

- ✍ Property tax on rented property and for self-occupancy has been rationalized
- ✍ All new construction of housing on plots, measuring up to 150 sq.yds and flats/apartments having an area of 1000 sft, have been exempted from all types of taxes for a period of 5 years
- ✍ Stamp duties and registration fees are being rationalized for housing mortgage

CONSTRUCTION SERVICES SECTOR

- Income from property has been brought under Presumptive Tax Regime, Tax @ 5% of the gross rentals shall constitute full and final discharge of tax liability
- ✍ Stamp duties and registration fees are being rationalized
 - ✍ Tax @ 1% is charged on import of cement under clause (13G) of Part-II of Second Schedule to the Income Tax Ordinance, 2001. CED on wires and cables has been withdrawn to lessen cost of construction. For various other items action is in hand

KATCHI ABADIS

REGULARIZATION AND CONTROL OF KATCHI ABADIS IS IN PROGRESS. ACCORDING TO AVAILABLE FIGURES SO FAR IN PUNJAB 741 KATCHI ABADIS HAVE BEEN REGULARIZED WHEREAS IN SINDH 720 HAVE BEEN REGULARIZED

IMPLEMENTATION STATUS - PLANNING, ZONNING AND BUILDING REGULATIONS.

✍ Master plans / structural plans / outline development plans are under preparation / implementation

✍ Building code to the extent of Islamabad / Rawalpindi has been revised. For other Cities / Provinces, its revision is under process

BUILDING MATERIALS, CONSTRUCTION TECHNOLOGY AND RESEARCH AND DEVELOPMENT

✎ COUNCIL FOR WORKS AND HOUSING RESEARCH (CWHR) IS COORDINATING RESEARCH FOR DEVELOPMENT OF COST EFFECTIVE CONSTRUCTION MATERIAL/ STANDARDIZATION OF BUILDING COMPONENT

INFRASTRUCTURE DEVELOPMENT

✎ The matter has been taken up with Ministry of Water & Power and Ministry of Petroleum & NR for provision of trunk infrastructure

DEVELOPMENT OF INTERMEDIATE AND SECONDARY TOWNS

UNDER IMPLEMENTATION

LOW INCOME AND LOW COST /RURAL HOUSING

✍ Provincial governments are pursuing implementation with regard to land identification and allocation etc

WOMEN IN HOUSING COMMUNITY PARTICIPATION

✍ In all housing schemes of F.G. Employees Housing Foundation, a quota is reserved for allotment of plots to widows

✍ Widows are allowed to retain Govt. Accommodation for a period of 5 years or up to the date of superannuation of deceased husband whichever is earlier but for a minimum period of 3 years

INSTITUTIONAL AND LEGAL FRAMEWORK

✍ Housing Advisory Board has been set up in the Ministry for effective coordination, monitoring and implementation of National Housing Policy besides close interaction with the provinces and stakeholders concerned

✍ Committee on Cooperative Housing Societies constituted by the Government under the Chairmanship of Minister for Housing and Works is also currently formulating a uniform policy to effectively regulate the business/activities of cooperative and private housing societies which are presently involved in unauthorized sale of plots to the public without actually having land in their possession

✍ Government of Punjab has created Punjab Housing and Town Planning Agency (PHATA) for effective implementation of National Housing Policy

INSTITUTIONAL AND LEGAL FRAMEWORK

✍ Government of NWFP has set up Provincial Housing Department and Provincial Housing Authority (PHA) for effective implementation of National Housing Policy

✍ Governments of Sindh and Balochistan are also examining the structure and functions of these newly created housing departments in Punjab and NWFP in order to replicate them in their provinces

✍ At present Sindh Local Govt. Department (housing & town planning wing) is looking after the NHP implementation work

✍ In Balochistan the C&W Deptt. is at present carrying out implementation of NHP-2001. In Sindh province there is a proposal to create SHUDA for the purpose

CONCLUSION

✍ THE GOVERNMENT IS CONFIDENT THAT BECAUSE OF MULTIPLICATIVE EFFECTS ON THE ECONOMY, THE IMPLEMENTATION OF NATIONAL HOUSING POLICY IN ITS TRUE LETTER AND SPIRIT SHOULD DEFINITELY CONTRIBUTE TO THE REVIVAL OF HOUSING AND CONSTRUCTION SECTOR BESIDES, GENERATING MAXIMUM EMPLOYMENT OPPORTUNITIES, POVERTY ALLEVIATION AND OVERALL ECONOMIC DEVELOPMENT OF THE COUNTRY

THANK YOU

HIDDEN SLIDES

STAMP DUTY & REGISTRATION FEE

SL. NO	PROVINCE	STAMP DUTY ON LEASE DEED	STAMP DUTY ON SALE DEED	REGISTRATION FEE	AGGREGATE
1	Punjab	5% of the value of land/house	5% of the value of land/ house	1% of the value of land/ house	6. %
2.	Sindh	Flats: No fee up to Rs.5 Lacs, 5% on 1/20 th value of 5 to 10 Lacs. 5% on 1/10 th Value of Rs. 10 Lacs to 20 Lacs. 2% on occupancy value	3% of the value of land/house	1% of the declared sale value	Variable
3	Balochistan	5% of the value of land/ house	5% of the value of land/ house	1% of the value of land/ house	6. %
4	NWFP	3% of the value of land/ house	3% of the value of land/ house	2.5% of the value of land/ house	5.50%
5	ICT AREA	4% of the value of land/ house	4% of the value of land/ house	1% of the value of land/ house	5%

LAND IDENTIFIED FOR LOW COST HOUSING

Name of Province	Total number of Districts	Land identified in Kanals
Punjab	14	12786
Sindh	8	9277
Balochistan	8	9600
NWFP	02	2400
Federal Capital Area	01	18000
Total :	33	52063

STAMP DUTY/REGISTRATION FEE ON HOUSING MORTGAGE

PROVINCE	STAMP DUTY	REG. FEE	AGGR
Punjab	0.25% of amount invested	0.25% of amount invested	0.50%
Sindh	(I) Where the amount does not exceed 0.5 million 0.2 per cent (Advalorem) (ja) Where the amount does not exceed Rs.1.00 million: One thousand Rupees. (ii) Where the amount does not exceed Rs.1.00 million: One thousand Rupees. (iii) Where the amount exceeds Rs.1.00 million, but does not exceed 10.00 Million: Two thousand and five hundred rupees. (iv) (+) Rs.500/- for partnership: 1% of Investment.	0.2% of amount invested	Variable
Balochistan	2% of the sanctioned limit of the loan/Investment	1% of investment	3.0 %
NWFP	4% of the investment	2.5 % of loan/investment	6.5 %
ICT AREA	1% of investment	1 % of investment	2.0 %

THE END