



**Government of Pakistan
Ministry of Housing and Works**



NATIONAL HOUSING POLICY 2025



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National Housing Policy 2025

FOREWORD..... i

TABLE OF CONTENTS..... ii

1.0 BACKGROUND OF THE NATIONAL HOUSING POLICY 1

1.1 Introduction..... 1

1.2 Situation Analysis..... 1

1.3 Policy Formulation Process..... 2

2.0 STRATEGIC POLICY FRAMEWORK 4

2.1 A Vision Statement..... 4

2.2 Goal and Objectives of the National Housing Policy..... 4

3.0 STRATEGIC THEMES OF THE NATIONAL HOUSING POLICY 6

Theme 1: Land for Housing..... 6

Theme 2: Housing Finance..... 10

Theme 3: Construction Services, Technology and Building Materials..... 13

Theme 4: Planning and Development of Intermediate and Secondary
Towns..... 21

Theme 5: Slums/Katchi Abadis and Squatter Settlements..... 23

Theme 6: Affordable/Low cost, Rural, and Rental Housing Including
Housing for Marginalized and Disadvantaged Population..... 25

Theme 7: Institutional and Legal Framework..... 33

Theme 8: Green, Energy efficient, Climate and Disaster resilient Housing..... 38

Theme 9: Capacity Building and Knowledge Sharing..... 41

4.0 IMPLEMENTATION, MONITORING, EVALUATION, AND REVIEW 43

FOREWORD

Housing is more than a basic human need; it thus provides the basis for economic development, social well-being, and national development. Further, an inclusive housing policy provides shelter and fosters human dignity, security, and opportunity for individuals and families. Recognizing the immense importance of housing to sustainable development, this National Housing Policy has been constituted with utmost care to cater to the emerging needs of a burgeoning population while guaranteeing equal access to affordable, safe, and resilient housing.

The very formation of this policy is a sign of the government's commitment to giving every citizen a decent place to live. The policy aims to reconcile the demand and supply gap while concentrating on affordability, sustainability, and inclusivity. By applying modern construction technology, innovative financing solutions, and environmentally friendly practices, we visualize a housing sector that meets the aspirations of all sections of society, particularly the marginalized communities.

This housing policy supports the national development plans and incorporates the international obligations under the provisions of the SDGs, especially Goal 11 on 'Sustainable Cities and Communities'. It provides a strategy for interventions that prioritize protecting prime agricultural land by adopting the approach of compact and vertical development, slum upgrading, urban regeneration, rural housing development, and climate-resilient infrastructure. The policy stresses enhancing public-private partnerships, community-based initiatives, and regulatory reform, which create an enabling environment for housing development.

The National Housing Policy seeks to rekindle the collaborative efforts among all stakeholders, including federal, provincial and local government, private sector players, civil society organizations, and the general public. The successful implementation of this policy shall hinge on our collective resolve through its effective implementation and continuous adjustment to emerging challenges and opportunities.

We firmly believe this National Housing Policy will provide an instrument for socio-economic growth, improve living conditions, and foster inclusive communities nationwide. Let us work together to build a future in which every citizen has access to safe and affordable quality housing, in which housing is not to be seen as a privilege for a lucky few but as a right for all.

CHAPTER 1 - BACKGROUND OF THE NATIONAL HOUSING POLICY

1.1 Introduction

Housing is one of the basic human needs. The Universal Declaration of Human Rights (proclaimed by the UN General Assembly on December 10, 1948) asserts the provision of housing and other social services as fundamental human rights. Therefore, national governments are responsible for providing housing to their citizens. The provision of housing, particularly for low and middle-income strata of the society, could not attract the proper attention of the regimes in Pakistan on account of the lack of resources. However, it is essential to mention that since the outset of development planning in Pakistan, housing and settlements have been a vital ingredient of the five-year plans. Pakistan's urban and housing policies, other than those in standalone reports, are usually reflected in its five-year plans.

The existence of a policy on a particular socio-economic realm reflects the solemnity of the regime. Pakistan's first national housing policy was formulated in 2001, about 53 years after her emergence as an independent country in 1947. The same policy remained in vogue for the last 24 years till the beginning of 2025. However, despite all policies, strategies, visions and frameworks, the challenges of the cities in Pakistan, including affordable housing, have worsened. The situation has reached a critical point, necessitating an immediate review of the existing National Housing Policy 2001, identification of the gaps and weaknesses in the proposed strategies and implementation frameworks, and amendment of the same to accomplish the desired goals and objectives relating to the housing sector.

1.2 Situation Analysis

Pakistan, with a population of 241.5 million, as per the latest census of the year 2023, ranks in the top 5th in the world in terms of population. The 1st population census in Pakistan was conducted in 1951 with a population of 33.7 million, so there was a sevenfold increase in population between the 1st and the last census. Likewise, cities in Pakistan have witnessed an accelerated pace of urbanization. The average annual population growth rate in urban areas is 3.67% compared to 1.88% of the rural population growth rate. The data reflects that the urban population growth rate (3.76%) is even higher than the country's overall population growth rate (2.55%). The urban population was 36.44% in 2017 and 38.88% in 2023.

Interestingly, in Islamabad, the Federal Capital, there has been a continuous decline in the urban population share from 65.7% in 1998 to 50.37% in 2017 and 46.91% in 2023. One possible reason is the shifting of the population to suburbs, which causes an increase in the percentage share of the population in rural areas. This also reflects the phenomenon of urban sprawl, a rapid and unplanned expansion of urban

areas, and the invasion of development in the rural area of Islamabad, which leads to the conversion of agricultural land into residential and commercial areas.

Natural population growth in conjunction with urbanization adversely affects urban infrastructure and services, including housing - one of the key components. The massive demand for housing and meagre supplies, particularly in cities, has aggravated the problem. The housing shortage in the country's urban areas is estimated to be 9 million. Because of these circumstances, about 50% of the urban population finds no other way but to reside in slums and Katchi Abadis.

1.3 Policy Formulation Process

The forethought and sagacity of the current ruling regime attached enormous concern to having an updated housing policy to successfully handle the most challenging housing issue in both urban and rural contexts. The policy formulation process began with the review of the existing policy, i.e. Housing Policy 2001. A vigorous review of the existing policy revealed that it discussed the usual urban issues such as housing shortage, paucity of housing finance, unchecked growth of slums and squatter settlements/ Katchi Abadis, the inadequacy of affordable housing schemes, increasing inflation and skyrocketing building materials & construction costs. However, it became clear that these issues require more than just identification-they demand innovative approaches and tools to tackle the housing issues, underscoring the need for creativity and forward-thinking in policy formulation.

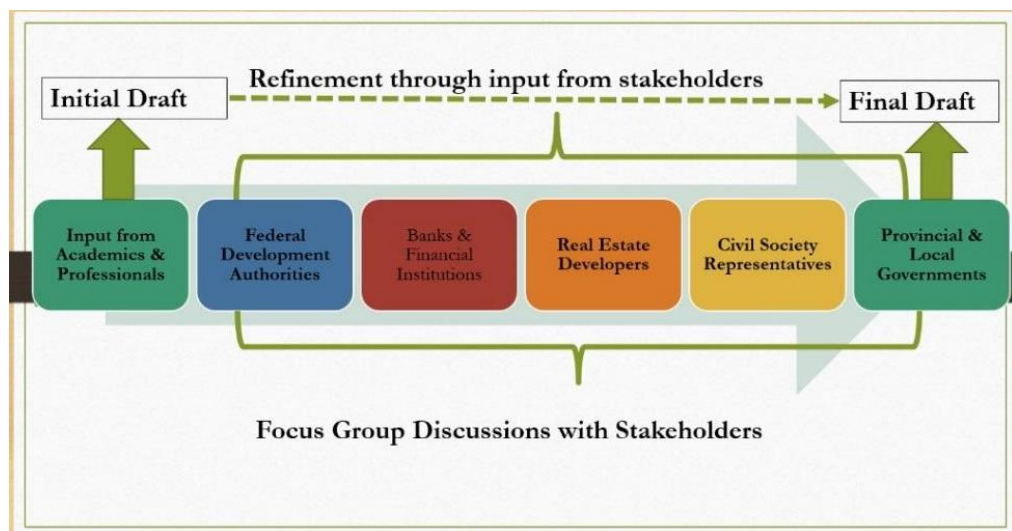


Figure 1: Policy Formulation Process

As shown in Figure 1, the policy formulation process began after reviewing the existing Housing Policy 2001 and engaging in brainstorming sessions with academics and professionals. The input from these stakeholders was not just valuable, but integral to the process, helping identify strategic themes/subject matter relating to the housing

policy and prepare the initial draft of the housing policy. It followed a series of focus group discussions with key stakeholders such as federal and provincial development authorities, local government departments, real estate developers, banks and financial institutions, and civil society representatives. The synthesis of suggestions drawn from these stakeholders enriched and refined the initial draft into a concluding one, demonstrating the crucial role they play in shaping the housing policy.

CHAPTER 2: STRATEGIC POLICY FRAMEWORK

2.1 The strategic framework acts like a beacon of light and provides guiding principles for formulating the National Housing Policy. It requires crafting a thoughtful vision, goals, and objectives around which the policy revolves. The brainstorming sessions with the key stakeholders helped craft the housing policy's vision statement, goal and objectives.

Vision Statement: “Adequate, Affordable and Sustainable Housing for All”

The fate of a country's future lies in the well-being of its citizens, and housing is the foundation of a decent and prosperous society. This vision reflects our unwavering commitment to ensuring every individual and family has access to a safe, affordable, and environmentally friendly home.

Adequate housing ensures enough housing units to fulfil the growing demand due to the accelerated rate of urbanization and natural population growth in urban and rural areas of Pakistan.

Affordable Housing guarantees that each family, particularly those from low and middle-income groups, has access to housing at an affordable price within their means. Shelter is one of the cornerstones of social integration and economic advancement.

Sustainable housing requires environmentally responsive design, energy efficiency, and climate change adaptation. It is compatible with green building, adequate land use, and innovative applications to minimize environmental impact while maximizing affordability and liveability.

Our vision is not just a policy statement; it's a promise to build strong, flexible, and equitable communities. We are committed to ensuring every resident has a home to return to. Through innovation, good governance, and most importantly, public-private partnerships, we are working towards making this vision a reality. Our goal is to ensure that housing is not a right of the privileged but a fundamental right for all.

2.2 Goals & Objectives of the National Housing Policy:

The "Goal" and "Objectives" of the housing policy are given below.

Goal: *Adequate supply of Affordable Housing Accessible to All*

The key **objectives** of the national housing policy are specified as follows:

- i. To increase the supply of adequate housing for all income groups to cope with the existing housing deficit of 9 million housing units and the recurring demands by the year 2050.
- ii. To promote efficient land utilization through compact, mixed-use, vertical medium to high-rise development, along with Transit-oriented Development (TOD), curb urban sprawl and the consumption of arable agricultural land.
- iii. To increase the access of ordinary citizens of low and middle-income groups to housing finance and embed the mortgage financing mechanism into the service structure of employees in government and autonomous bodies.
- iv. To prioritize and provide easy access to finance to developers launching housing projects, particularly for society's middle and low-income strata.
- v. To promote the construction of energy-efficient, climate change and disaster-resilient housing.
- vi. To initiate urban regeneration in built-up areas, including slums and Katchi Abadis, and informal settlements often lacking basic services and infrastructure.
- vii. To promote the supply of constructed apartments by public and private developers - local and international - to enhance the supply of housing units and curb the phenomenon of land speculation and non-development of plots/land meant for housing.
- viii. To establish a national housing data bank/repository along with a collection of updated housing surveys, research reports, and case studies of best regional and international practices at the relevant federal and provincial ministries for knowledge sharing and capacity building

CHAPTER 3: STRATEGIC THEMES OF THE NATIONAL HOUSING POLICY

The National Housing Policy 2025, a response to Pakistan's urgent housing crisis, is built around nine (09) critical themes identified in the brainstorming sessions with key stakeholders. Each theme encapsulates a significant subject matter along with a set of allied housing issues. The following passages delve into each theme's issues and suggest policy measures to overcome them.

3.1 Theme 1: Land for Housing

3.1.1 Issues

3.1.1.1 Land- A Scarce Resource- in Conjunction with Urbanization

Land, a precious, scarce, and non-renewable resource, is particularly under immense pressure in the urban context due to rapid urbanization. Cities in Pakistan, like those in other developing countries, are experiencing a rapid pace of urbanization, leading to a massive demand for housing. This demand is needed to serve the needs of our expanding population, particularly for low and middle-income urban populations.

Therefore, efficient land utilization is indispensable for all urban uses, including housing. Modern urbanism offers curative measures in the form of compact and high-rise development embodying a mixed land use pattern. Such development provides an increased number of housing facilities over a comparatively small parcel of land and work opportunities in proximity to the living area, offering a promising solution to our housing challenges.

The accelerated urbanization rate in Pakistan also puts great pressure on agricultural land in the peri-urban areas in the major cities of Pakistan. The urbanization attracted by the concentration of development activities in the major cities of Pakistan possessing fertile agricultural land is eating away its food basket, leading to food security issues. It necessitates discouraging the urbanization of cities with fertile land and utilizing the available land with utmost efficiency for various land uses, including housing. A low-rise and horizontal development with single or double-storey dwellings need to be eschewed to rescue agricultural land that is being exploited relentlessly and converted into built-up area. Compact and medium to high-rise development, including condominiums, is a viable approach to housing demand. This approach will help efficiently utilize precious land, stopping the urban sprawl and preserving the prime agricultural land, a prerequisite for our food security.

3.1.1.2 Exorbitant Land Prices

Land prices within cities/towns and nearby are expensive to match the affordable housing requirement. Thus, purchasing high-priced land at competitive market rates makes it quite challenging for the government and the private sector to

provide low-cost and affordable housing for the masses. Moreover, holding land for speculative purposes further adds to the issue of exorbitant land prices.

3.1.1.3 Illegal Occupation & Poor Enforcement:

The illegal occupation of precious government and private land by the land mafia limits the provision of land for housing development. Poor enforcement on the part of regulatory bodies due to collusion with the land mafia may be one of the major reasons.

3.1.1.4 Under-utilization of Government land:

The government land within and outside the major urban centres is either poorly utilized or vacant without any use and thus vulnerable to encroachment. Properly utilizing this precious land may provide the government with an optimal revenue generation option and affordable housing for the masses.

3.1.2 Policy Measures

3.1.2.1 Employing the Land Banking Approach

The regulatory regimes at all levels (federal/provincial/district/local) should utilize the 'Land Banking' tool to make land parcels available for affordable housing for the population's low- and middle-income strata. A detailed and accurate record of potential patches of land suitable for affordable housing should be available with the regulatory regimes, and such land parcels should be purchased or acquired at market rate by employing 'The Land Acquisition Act, 1894' well advance in time. It should align with the information about the future growth trends of towns/cities provided in the outline development plans/structure plans or spatial plans of the towns & cities. The federal and provincial governments should institute funds to ensure land purchase and procurement for low-cost and affordable housing.

3.1.2.2 Land Pooling by Engaging the Small Landowners

The landowners in possession of small land parcels in the vicinity of towns/cities need to be engaged in housing activity through 'Land Pooling' – a planning strategy to organize and unify small land owners to amass enough land suitable for apartment/housing scheme purposes. This approach ensures that the land owners are shareholders in the housing activity and can benefit from their equity. The concerned development authorities and local government departments should attractively engage the small land owners to make land available, particularly for cheap and affordable housing.

3.1.3 Growth Boundaries and Green Belts

3.1.3.1 Issues:

Most of the towns and cities in Pakistan do not have designated growth boundaries. In a planned and formal set-up, green belts of a certain width and area are usually provided around the city/town to earmark city limits for containing development within the limits. However, in Pakistan, very few cities have employed this planning tool in their Master plans or Outline Development Plans. Its consequences are being born in the shape of sprawled and uncontrolled linear development. The absence of growth boundaries makes scarce, precious, green raw land readily available for development within cities and peri-urban areas. It causes hindrance to achieving the goals of compact development and efficient utilization of land.

3.1.3.2 Policy Measures

The planning instruments such as Outline Development Plans (ODPs), Structure Plans, Spatial Plans and Regional Development Plans must define the growth boundaries of respective cities/towns based on the scientific prediction of future growth directions and urbanization trends. The growth boundaries could be time-bound and must be widened and redefined once the objective of efficiently utilizing land and achieving compact development has materialized within the previously defined boundaries.

Green belts around cities should be provided to define the city limits and growth boundaries. They should serve as food baskets to cater to the needs of nearby cities. The green belts should also be used for recreational purposes for citizens, such as open spaces/country parks, joy lands, and theme parks.

3.1.3 Land Hoarding and Speculation

3.1.1.1 Issues

Although land hoarding and speculation may induce monetary benefits for investors, they generate negative externalities in terms of idle land that neither provides housing nor agricultural produce. They have been observed as one of the factors inflating land prices and making affordable housing unavailable, underscoring the need for immediate policy measures.

3.1.1.2 Policy Measures

Land hoarding and speculation in housing schemes need to be discouraged. Not only individual investors but also the big developers indulge in land hoarding and speculation. It necessitates that the regulatory authorities devise well-defined specific rules and regulations to penalize the owners of plots in housing schemes that are not

built within a given construction period. Similarly, land developers who cannot develop housing schemes within the stipulated timeframe must be severely penalized. The regulatory measures to dispel hoarding and speculation are levying substantial non-utilization charges after a certain period, i.e. three or five years. Only one house in a subsidized housing scheme for one family should be allowed in any part of the country. Open file systems in any housing scheme should be discouraged.

3.1.4 Land Consolidation and Comprehensive Land Information Systems

3.1.4.1 Issues

Shortfalls in land consolidation and inadequacy of comprehensive land information systems give birth to many land ownership issues. Although several initiatives in various ruling regimes in Pakistan have been taken for land consolidation and the institution of land record information and management systems, there is still a long way to go to achieve the goal of an accurate and dependable system. The lack of land consolidation in urban regions in general and particularly in Islamabad and Pothohar region, is a significant cause of land disputes and sham land records, making it very challenging to have a compact chunk of land available for housing purposes that is free from all sort of encumbrances.

3.1.4.2 Policy Measures

The current state of affairs calls for urgent action to establish independent land record information and management authorities at federal and provincial levels by employing the latest technology measures like geo-tech mapping and tagging, etc. Another option is to outsource the land record information and management system to a third party. Then, it may also be resolved through a public-private partnership arrangement.

3.2 Theme 2: Housing Finance

A house (or apartment) is usually the most expensive asset most families possess in developing countries, including Pakistan. Housing is generally considered affordable if the monthly rent or mortgage instalment of a housing unit is not more than 30% of the tenant/purchaser's gross income so that the other household expenses, including food, education and health, are not compromised (HBFC, 2024,). The high inflation rate and skyrocketing property prices in Pakistan make it difficult for most families to keep the monthly rental expenses or mortgage instalments within affordability limits. Therefore, housing purchases become next to impossible without external financing from financial institutions.

3.2.1 Issues

- i. Low mortgage penetration due to the high cost of borrowing.
- ii. Reluctance of lending institutions due to poor implementation of Foreclosure laws
- iii. There is inadequate focus on low—and middle-income housing groups, who are expected to pay the instalments at market rate in 3-5 years as per the practice in vogue without fixed / low-interest rate bank loans of 10-20 years tenure.
- iv. Absence of regulatory regime framework for developers/builders and lack of protection to the interest of buyers.
- v. Complex real estate registration/approval and compliance process.
- vi. Manual handling of land records leads to ownership title disputes, thus limiting adequate mortgage financing
- vii. Higher taxation issues/valuation system for taxation

3.2.2 Policy Measures

The following policy measures are suggested to improve access to housing finance.

- i. Flexible & small loans with affordable interest rates to build or improve homes incrementally.
- ii. Micro-financing could be provided through local NGOs that have experience in working with microfinance initiatives
- iii. Fixed Term loans are available for different periods, such as 10, 20, and 30 years.
- iv. Re-introduce the option of mark-up subsidy for low-cost and affordable housing. This subsidy could only be for the eligible poor income class emanating from a credible database
- v. Introduction of Mortgage Bonds for easy access to finance.
- vi. Establishment of an Apex Housing Finance Institution.
- vii. Expand the role of microfinance institutions (MFIs) like microfinance banks and non-profit organizations.

- viii. Strengthening of 'Foreclosure laws' regarding enforcement mechanisms like eviction from property on default
- ix. End-user financing model for apartment projects.
 - x. To provide reasonable funding for mortgage financing, Banks may keep 10% of their respective private sector credit available for the housing and construction industry.
 - xi. Develop a risk management framework to mitigate risks associated with mortgage financing (Insurance, etc.).
 - xii. Strengthening of Pakistan Mortgage Refinancing Company (PMRC) through budgetary support and enhanced collaboration with banks and financial institutions for subsidized credit facilities.
 - xiii. Launching of awareness campaigns and financial literacy programs to educate consumers.
 - xiv. Development of innovative mortgage financing products to cater for all income groups like:
 - a. Incremental Housing and Microfinancing
 - b. Community Based Housing Projects (Pool Resources, local NGOs & groups)
 - c. Subsidized Rental Housing
 - d. Takaful Based Housing Insurance products
 - e. Help to buy equity loans (First time home buyers)
 - f. Fixed for life mortgages (Fixed Rate)
 - g. Green Mortgages
 - h. Buy to let Mortgages (Individuals with properties for rental income)
 - i. Offset Mortgages (Mortgages linked to savings Accounts)
 - xv. Collaborate with real estate developers to offer mortgage financing options for consumers/allottees.
 - xvi. Develop digital mortgage platforms with blockchain-based solutions for secure and transparent mortgage financing.
 - xvii. Encourage Fintech companies to develop innovative mortgage financing solutions.
 - xviii. Strengthening the HR capacity of financial institutions in mortgage financing.
 - xix. Tax incentives for the development of low-cost housing.
 - xx. Simplification of bank loan system as well as a system of bank scrutiny of documents required for obtaining loans for housing development
 - xxi. Establish a Real Estate Regulatory Authority (RERA) to regulate the country's real estate sector, including real estate agents, builders, and developers. It will help provide a single platform to all stakeholders and regulate issues like land documentation, departmental NOCs, environmental clearances, duties and taxes, etc., bringing transparency to the sector. Monitoring real estate agents, builders, and developers would also be possible and practical by creating RERA, which would encourage builder and developer finance through the formal banking sector.

- xxii. Reducing transaction taxes on the sale/purchase of properties will facilitate easy access to finance and private sector involvement.
- xxiii. Priorities for the first-time home buyer through low/fixed interest rate affordable housing loans on 10-30 years tenor with lower tax rates.

3.3 Theme 3: Construction Services, Technology and Building Materials

3.3.1 Introduction

Housing construction services, technology, and building materials vary depending on the region, availability of materials, climate, and other related factors. National Housing Policy aims to provide a framework for developing affordable, sustainable, high-quality housing in Pakistan. This policy promotes self-sufficiency by reducing reliance on imported materials, technologies, and services by adopting locally sourced building materials, indigenous construction techniques, and home-grown innovations. By enhancing efficiency in construction services, encouraging climate-resilient technologies, and strengthening the local supply chain, the policy seeks to lower housing costs, minimize environmental impact, and improve structural durability. Additionally, it aims to build a skilled workforce, enforce strong regulatory mechanisms, and incentivize private sector participation, ensuring a resilient, self-reliant, and inclusive housing sector that meets the needs of present and future generations.

The following paragraphs discuss various aspects and issues and suggest policy measures relating to the theme.

3.3.2 Affordability

3.3.2.1 Issues:

High housing costs make accessing adequate housing complex for low and middle-income groups. The reliance on expensive imported materials, outdated construction techniques, and costly labour contributes significantly to these expenses. Inefficient construction processes and high land costs further exacerbate affordability challenges. There is a strong need for cost-saving strategies in material selection, construction methods, and service delivery to make housing more accessible.

3.3.2.2 Policy Measures:

- i. Promote cost-effective and locally available construction materials through government incentives and research investment.
- ii. Promote using Building Information Modelling (BIM) and digital tools for cost efficiency.
- iii. Promote community participation in the development of infrastructure and construction of buildings.

3.3.3 Sustainable and Climate-Resilient Building Practices

3.3.3.1 Issues:

Construction practices in Pakistan often rely on energy-intensive materials and inefficient building techniques, leading to significant environmental impacts and increased vulnerability to climate change. Traditional brick production, for example, relies heavily on Fixed Chimney Bull's Trench Kilns (FCBTKs), which emit large amounts of carbon dioxide and air pollutants, contributing to poor air quality and greenhouse gas emissions. To address these challenges, it is essential to integrate sustainable construction practices in the housing sector that prioritize energy efficiency, low-embodied energy materials, and climate-resilient design, ensuring long-term environmental and economic sustainability.

3.3.3.2 Policy Measures:

- i. Prioritize sustainable materials like recycled and low-embodied energy alternatives.
- ii. Implement regulations and financial support for upgrading brick kilns to cleaner technologies like Zigzag Technology.
- iii. Encourage sustainable cement production by promoting alternative low-carbon cement, improving energy efficiency in manufacturing, and supporting research on eco-friendly cement alternatives.
- iv. Integrate energy-efficient technologies such as insulation, passive cooling, and solar panels with some incentives (Financial & Regulatory).
- v. Mandate climate-resilient building techniques to withstand extreme weather events.
- vi. Promotion of modern building technology through import substitution and set up of industries in Economic Processing Zones.
- vii. Development and upgradation of the building code by the Pakistan Engineering Council regularly.
- viii. Create a nationally recognized green certification program for buildings that meet specific sustainability criteria.
- ix. Establish a monitoring and reporting system to track the adoption of sustainable construction practices, ensuring that developers comply with incentive programs and sustainability guidelines. Regular reports on the uptake of these practices help identify gaps, bottlenecks, or barriers, allowing for adjustments to be made to the policy framework.
- x. Provide tax exemptions and financial incentives for the adoption of sustainable construction technologies. These incentives can reduce the high initial costs associated with green building practices, making them more accessible and attractive.

- xii. Establish dedicated research funds to support the development of climate-responsive and energy-efficient building technologies. This would encourage innovation in locally sourced, sustainable materials and methods better suited to the region's climate and environmental challenges.
- xiii. Organize awareness campaigns and capacity-building programs to educate developers, builders, architects, and other stakeholders about the financial and environmental benefits of sustainable construction practices.
- xiv. Provide training on available incentives, green technologies, and climate-resilient construction methods to ensure the industry is well-equipped to meet sustainability targets.

3.3.4 Promotion of Locally Sourced Building Materials

3.3.4.1 Issues:

Heavy reliance on imported materials increases construction costs and carbon footprint. Despite the availability of local resources, there is significant potential to expand the use of locally available materials in construction.

3.3.4.2 Policy Measures:

- i. Strengthen collaboration between professional bodies, environmental agencies, and academic institutions to establish guidelines for sustainable construction.
- ii. Support research on alternative, low-impact building materials through government funding and industry-academia collaboration.
- iii. Prioritize indigenous materials such as gypsum, lime (choona), stone, mud bricks and compressed stabilized earth blocks.

3.3.5 Advancement of Construction Technologies

3.3.5.1 Issues:

Traditional construction methods in Pakistan often lead to inefficiencies, higher costs, longer timelines, and more material waste. These outdated practices hinder productivity and limit the potential for sustainable development. Modern technologies like prefabrication, modular systems, and Building Information

3.3.5.2 Policy Measures:

- i. Balance labour-intensive and modern construction technologies to improve efficiency while preserving employment opportunities.
- ii. Incentivize prefabrication and modular systems for cost and material efficiency.

- iii. Promote BIM and digital construction tools for better planning and waste reduction.
- iv. Encourage green building technologies for enhanced thermal performance
- v. To reduce costs, introduce prefabricated uniform building elements like windows, ventilators, doors, bathroom accessories, kitchen accessories, sanitary and electrical fittings etc.

3.3.6 Development of Skilled Labour and Workforce

3.3.6.1 Issues:

A gap in specialized training programs leaves workers without the expertise to embrace emerging construction techniques and sustainable practices. This leads to continued reliance on outdated methods, which hampers productivity, sustainability, and innovation. The shortage of skilled labour further restricts the adoption of advanced technologies like prefabrication, modular construction, and energy-efficient practices. As the demand for sustainable, resilient, and cost-effective solutions grows in response to rapid urbanization, housing needs, and environmental challenges, the role of a well-trained workforce becomes even more critical. Without a strategic focus on upskilling and reskilling, the industry will face persistent inefficiencies and struggle to integrate innovative and sustainable practices.

3.3.6.2 Policy Measures:

- i. Establish technical training programs for traditional and modern building technologies.
- ii. Study successful global models as case studies, adapt them to local needs and implement tailored training programs to address workforce gaps in traditional and emerging building technologies.
- iii. Strengthen collaboration with universities and vocational institutions.
- iv. Develop construction sustainability, resilience, and safety guidelines through professional bodies like PCATP and PEC.
- v. Skilled labour force certification programs for the construction industry should be initiated in collaboration with government and private training institutes. A certificate should be made mandatory after an initial preparatory period of 3 to 5 years for practice in construction fields like masonry, plumbing, electrician, HVAC, shuttering, floor fixing, etc.

3.3.7 Strengthening Building Codes and Standards

3.3.7.1 Issues

The lack of stringent building codes and weak enforcement results in unsafe, energy-inefficient, and non-resilient housing. Many buildings are constructed without

proper adherence to safety regulations, leaving them vulnerable to natural disasters such as earthquakes and floods. Furthermore, the absence of strong codes leads to inefficient use of materials and energy, contributing to higher operational costs, increased carbon emissions, and environmental degradation.

3.3.7.2 Policy Measures:

- i. Enforce updated building codes for sustainability, safety, durability, and energy efficiency
- ii. Implement special regulations for earthquake and flood-prone areas
- iii. Establish a national quality control system for construction materials
- iv. Enforce international best practices for mid and high-rise construction
 - v. The regulatory bodies like PEC, PCATP, EDB, etc., are to be tasked with preparing and updating the codes where desired
 - vi. Give local climate due considerations while preparing building regulations

3.3.8 Enhancing Construction Supply Chains and Infrastructure

3.3.8.1 Issues

Inconsistent supply chains and the lack of locally manufactured, high-quality materials and building components contribute to construction delays and inflated costs. These inefficiencies in the supply chain undermine affordability and hinder material availability, further delaying project completion. The construction sector's reliance on imported materials increases vulnerability to external market fluctuations, leading to unpredictable costs and supply shortages. A comprehensive policy approach is recommended to strengthen local supply chains, encourage domestic production of high-quality materials, and enhance transportation infrastructure to ensure timely, cost-effective material delivery.

3.3.8.2 Policy Measures:

- i. Invest in strengthening local supply chains to ensure steady and cost-effective material availability
- ii. Incentivize local industries to manufacture high-quality materials, building components and assemblies
- iii. Improve transportation infrastructure for efficient material delivery

3.3.9 Waste Management and Circular Economy in Construction

3.3.9.1 Issues

The construction sector in Pakistan generates large amounts of waste, with limited systems for effective recycling and reusing materials. Inefficient waste management practices contribute to environmental degradation, increase construction costs, and deplete valuable resources. The lack of infrastructure and technology to handle construction waste properly limits the adoption of circular economy principles, hindering the sector's potential to minimize waste, reduce costs, and incorporate sustainable building materials.

3.3.9.2 Policy Measures:

- i. Develop a national strategy for recycling and reusing construction waste.
- ii. Establish Monitoring and Compliance Frameworks, including audits, reporting mechanisms, and penalties for non-compliance. The introduction of green certifications and incentives for developers who meet sustainable construction targets should further reinforce adherence to waste management practices
- iii. Encourage markets for recycled materials through financial incentives and regulatory support.
- iv. Encourage collaboration among key stakeholders, including construction companies, material suppliers, research institutions, and universities, to drive innovation in sustainable materials and waste management technologies
- v. Develop specialized training programs for industry professionals, including architects, engineers, contractors, and workers, to build capacity in sustainable construction practices, reusing and recycling techniques, and the use of eco-friendly materials

3.3.10 Vertical Living: Ensuring Safety and Sustainability

3.3.10.1 Issues

The increasing demand for vertical housing in urban centres of Pakistan can outpace the integration of essential safety, infrastructure, and material resilience measures. As a result, many high-rise residential developments may be constructed without proper attention to critical factors such as fire safety, disaster resilience, and sustainable design. The lack of fire-resistant materials, inadequate emergency response systems, and insufficient disaster preparedness in these buildings can expose residents to significant risks. Additionally, the growth of vertical housing may overlook the need

for energy-efficient designs, climate-resilient construction, and robust materials that can withstand natural disasters like earthquakes and floods. This highlights the need for comprehensive policy measures to ensure that vertical developments prioritize safety and sustainability in their design and construction.

3.3.10.2 Policy Measures:

- i. Establish regulations requiring fire-resistant materials, advanced emergency response systems, and innovative safety technologies in medium and high-rise buildings.
- ii. Introduce and implement building codes that mandate energy-efficient designs, materials, and earthquake-resistant structural systems tailored explicitly for vertical living.
- iii. Ensure fire safety measures meet international standards and are adapted to local conditions. This can include automatic sprinkler systems, smoke detection and alarm systems, and fire-resistant facades and materials.
- iv. Establish a robust monitoring framework to track the implementation of safety, sustainability, and resilience standards in vertical developments. Conduct regular inspections and audits to ensure compliance with building codes and safety regulations, particularly in fire safety, disaster resilience, and material quality.
- v. Invest in and develop specialized firefighting infrastructure, such as high-rise firefighting equipment and personnel training, tailored to the unique challenges of vertical housing.
- vi. Ensure that municipal infrastructure, including water, electricity, and waste management, is upgraded to support the increased demand from vertical housing developments.
- vii. Promote water conservation strategies to reduce the wastage of clean and fresh water. Introduce wastewater recycling in multi-storeyed buildings. Encourage rainwater harvesting in all buildings. Provide water recharging wells to recharge the aquifers and raise the underground water table.

3.4 Theme 4: Planning and Development of Intermediate & Secondary Towns

3.4.1 Introduction

Intermediate and secondary cities are crucial for balanced and sustainable urban development. The major cities usually face the challenges of traffic congestion, pollution, slums, Katchi Abadis/squatter settlements, etc. The development of intermediate and secondary cities is a panacea for the above-mentioned issues in the major cities.

The balanced regional development, creation of jobs, diversification, and equal distribution of industrialization, keeping in view the raw materials specific to various areas of the region and access to better urban services, amenities, and facilities to the wider population of the region, call for the development of intermediate and secondary towns.

Urbanization plays an essential role in shaping the development of intermediate and secondary towns, acting as a catalyst for economic growth, infrastructure expansion, housing supply, affordable housing infrastructure and social transformation. Unlike planned urban expansion in countries like China, where secondary cities such as Shenzhen have been transformed into economic powerhouses through strategic policies, Pakistan has witnessed haphazard urban growth concentrated in a few megacities such as Karachi, Lahore, and Islamabad. Accordingly, the housing sector within these mega cities remained trapped within hyperactive land prices and labour and material costs. Multiple studies conducted within Pakistan and worldwide also validate a strong and positive correlation between higher housing infrastructure costs and higher reliance on mega cities.

3.4.2 Importance of Strategic Urbanization

Without comprehensive strategic intervention, Pakistan's urbanization process will continue to be a burden rather than an asset for the housing sector. Unchecked urban sprawl will strain infrastructure, increase environmental degradation, and widen social inequalities. On the contrary, countries that have adopted well-structured urbanization strategies, such as India's Smart Cities Mission or Vietnam's secondary city development approach, have successfully decentralized economic growth, ensuring balanced urban expansion, improved quality of life, and basic human needs, including decent housing for all.

For Pakistan to harness the potential of urbanization, it must move beyond reactive policies and embrace a proactive, evidence-based approach that fosters sustainable, inclusive, and resilient development. This would provide a conducive growth environment for intermediate and secondary towns.

3.4.3 Suggested Policy Measures

A. *Adoption of an Evolutionary Urbanization Approach:*

- i. Promote the gradual transformation of rural settlements into urban centres.
- ii. Upgrade small towns systematically to intermediate and secondary towns.

B. *Balanced Urban Growth Strategy:*

- i. Implement policies to control urban sprawl in large cities.
- ii. Encourage decentralized urbanization to distribute population pressure evenly.

C. *Reform in Urban Policy and Planning:*

- i. Develop integrated national and provincial urbanization policies that address hidden and lopsided urbanization.
- ii. Establish clear criteria for defining urban areas based on functional characteristics rather than administrative decisions
- iii. Strengthen and empower local governments to manage urban growth efficiently
- iv. Ensure adequate financial and institutional support for municipal services development and management.

D. *Investment in Infrastructure and Services:*

- i. Prioritize providing basic urban services such as water, sanitation, and transportation in small and medium-sized towns.
- ii. Encourage public-private partnerships for sustainable urban infrastructure development.
- iii. Generate economic activities by establishing industries and universities to develop intermediate and secondary towns
- iv. Align urban development strategies with Sustainable Development Goal 11 (SDG11) to create liveable, resilient, and sustainable cities
- v. Incorporate climate resilience measures into urban planning.

By adopting these recommendations, Pakistan can transition from its fragmented urbanization model to a more structured and sustainable urban development framework, fostering economic growth and social stability. Further, developing risk-sensitive and inclusive planning solutions for intermediate and secondary towns is crucial to managing rapid urbanization sustainably. By incorporating climate resilience, community participation, and affordability, governments can ensure a balanced and sustainable urbanization process, aligning with SDG 11 (Sustainable Cities and Communities)

3.5 Theme 5: Slums/Katchi Abadis and Squatter Settlements

3.5.1 Issues:

Slums/Katchi Abadis and Squatter settlements - a black mark on the face of cities - are commonly observed in major cities in Pakistan. Unfortunately, its number is on the rise with time. Over 50% of the urban population is estimated to reside in slums or informal settlements known as Katchi Abadis. Even in Islamabad- Pakistan's capital and well-planned city, there exist about 63 under-served slums. Its existence is vivid evidence of malady and disorder in urban and regional development policies and management.

3.5.2 Policy Measures

3.5.2.1 Urban renewal and urban regeneration

These are two planning approaches to effectively deal with slums and squatter settlement issues sustainably. They effectively tackle not only the physical upgradation of the area but also promote its social, economic, and environmental development.

3.5.2.2 High-rise with Mixed Land Use Development

The concerned city governments must launch urban regeneration and renewal initiatives in existing slums and squatter settlements. It is all about efficiently utilizing precious land occupied by the slum dwellers. Instead of evictions, displacement, and relocation of residents, the development projects must adopt the planning approach of urban regeneration, which comprises constructing mixed-land use (commercial plus residential) high-rise apartment buildings and providing planned infrastructure and urban services. The sale of the first 3-4 storeys of such buildings meant for commercial use will help generate enough financial resources to cross-subsidize residential apartments to accommodate the original residents of slums/Katchi Abadis.

However, the slums and Katchi Abadis developed in disaster-prone areas must be relocated by a well-conceived plan for resettlement of the affected residents. The new settlements must be located within 10 km of the city centre and workplaces interlinked with an efficient transportation system. Moreover, formulating the Urban Regeneration Act at the Federal and Provincial levels is imperative for implementing urban regeneration measures.

3.5.2.3 Land/Apartment Ownership Rights

The long-term residents of the upgraded/regenerated areas must be granted land/apartment ownership rights to ensure its inhabitants' social, economic, and environmental sustainability.

3.5.2.4 Preference for Apartment Buildings

It is imperative to enhance the supply of housing stock to cope with the demand caused by the accelerated pace of urbanization, particularly for low and middle-income groups. It is the need of the hour to adopt the approach of constructing more apartment buildings than low-density single/double-storey bungalows. The city regulatory authorities shall embrace the policy of earmarking 40-50% of residential areas in public and private housing schemes for apartment buildings, and it must be cross-subsidized by inflated prices of 30-40% of the area for low-density bungalows.

3.5.2.5 Enhance Public Private Partnership

To curb the emergence of slums and squatter settlements, Public-Private Partnerships (PPPs) must be enhanced, particularly for low-cost and affordable housing close to the city centre/business district.

3.6 Theme 6: Affordable/Low-cost, Rural, and Rental Housing Including Housing for the Marginalized and Disadvantaged Population

3.6.1 Introduction

The Population and Housing Census of 2023 shows that there are 38.3 million houses in the country, and 60.7% of them are in rural areas and 39.3% in urban areas. The housing stock comprises 20% kacha houses, 12.5% semi-pukka houses and 67.5% pakka houses. The inadequate quality of housing for the low-income groups is reflected in the Katchi Abadis, squatter settlements, shanty towns and slums in the urban areas. The studies also show that about 50% of the population of the urban centres lives in slums/katchi Abadis. Unfortunately, the situation, as far as rural housing is concerned, is also not a rosy one. Historically, rural housing has received scant attention partly due to a lack of an adequate institutional set-up for dealing with rural housing problems and partly because of diversity.

3.6.2 Issues Relating to Demand for Affordable Housing

- i. Low savings for down payment to purchase or for long-term debt payments
- ii. Low acceptance of low-cost housing due to poor location and quality
- iii. The unwillingness of families to accept alternative building materials that would be lower cost and more sustainable
- iv. Low financial literacy and limited access to organized finance
- v. Accessibility issues - Jobs far from affordable housing - Auto-dependence in housing development - spatial fit does not match their needs
- vi. The majority of the target group doesn't have formal income sources, particularly rural Population
- vii. Differential Origination Rates for households of low-income status
- viii. Poorly serviced by infrastructure networks and public services

3.6.2.1 Issues Relating to the Supply of Affordable Housing

- i. Investor uncertainty due to unpredictable macro political pressures
- ii. Scarcity of affordable land near city centres with access to services, jobs, schools, etc
- iii. Lack of financial incentives for private sector and developers
- iv. Lack of R & D in the affordable housing sector of market data to plan
- v. Lack of professional housing developers specialized in affordable housing
- vi. Mega housing projects without budgetary resources for long-term implementation
- vii. Lengthy regulatory processes

- viii. Availability of critical raw materials
- ix. High energy prices
- x. Limited risk sharing by the state
- xi. High infrastructure deficiencies

3.6.2.2 Issues Relating to Financing of Affordable Housing

- i. Fragmented and uncoordinated funding sources, policies, and priorities
- ii. Unaffordable mortgage loans
- iii. Hesitation of financial institutions to provide loans to developers for projects meant for low-income housing
- iv. Discrimination in credit lending
- v. Rising costs of homeowners' insurance

3.6.3 Policy Measures for Affordable/Low-Cost Housing

- i) The provincial/local government departments, in collaboration with other concerned regulatory bodies, shall identify and make land parcels available for development subject to the condition that proportionate subsidy is passed on to the "target groups", i.e. the low-income group, poor and needy and the rural population
- ii) Part of the sale proceeds of valuable public land shall be set aside to provide plots for low-income housing and housing for the poor and needy at concessionary rates
- iii) The land identified for low-cost housing shall be physically accessible, preferably near the city centre, socially acceptable, economically affordable and environmentally resilient
- iv) Only one house for one low-income family in life time in the entire country will be allowed
- v) Local government departments, urban councils, development authorities, and developers shall provide prospective home builders with standard and cost-effective designs and plans
- vi) All building construction elements, such as doors, windows, and ventilators, shall be standard sizes throughout the region and manufactured in bulk to reduce construction costs
- vii) The building plans approval process shall be made simple and fast along with cost-effective with reduced fees
- viii) Infrastructure for housing, such as water supply, sewerage, and drainage, shall be provided before the low-cost housing scheme is developed, and community participation shall be promoted to reduce the cost of development
- ix) Low-cost houses shall be allowed to use up to 25% of the house for commercial activity to earn a livelihood for the family at home without compromising the local environment.
- x) The minimum size of the house shall not be fixed

- xi) The government needs to launch schemes for solar and wind energy keeping in view the local conditions.
- xii) Relaxation on registration charges, transaction taxes and stamp duties must be allowed
- xiii) Use of advanced technologies such as Geographic Information System (GIS) and Remote Sensing (RS) must be incorporated
- xiv) Dedicated approval window for affordable housing must be launched
- xv) Slums /Katchi Abadis upgradations and regeneration must be carried out

3.6.4 Rural Housing

Rural housing development in Pakistan requires a comprehensive policy integrating economic, social, and environmental factors. Current housing challenges in rural areas include limited financial resources, geographical barriers, policy gaps, and a lack of skilled labour.

3.6.4.1 Policy Measures for Rural Housing

Addressing these challenges necessitates a multi-sectoral approach that enhances affordability, sustainability, and inclusivity.

a) Affordable and Sustainable Housing

To ensure affordable and sustainable housing, subsidies and incentives for low-cost housing should be introduced, public-private partnerships for financing should be encouraged, and microfinance initiatives tailored for rural residents should be supported. The use of locally sourced and sustainable materials, such as compressed earth blocks and recycled timber, should be promoted to minimize environmental impact.

b) Infrastructure and Services Integration

Infrastructure and services must be integrated into rural housing projects by ensuring access to clean water, sanitation, electricity, and internet connectivity. Comprehensive land-use and zoning policies should be developed to optimize land allocation for housing, schools, and healthcare facilities. Establishing community-based organizations contributing 10-20% of development costs can enhance project sustainability

c) Disaster-Resilient Housing Solutions

Rural housing must be designed to withstand natural disasters. In Sindh and Punjab, flood-resistant housing with elevated foundations and waterproof materials should be prioritized. In Khyber Pakhtunkhwa and Gilgit-Baltistan, earthquake-

resistant designs with reinforced mud walls and lightweight roofing are essential, while Balochistan requires fire-resistant materials to counteract extreme heat and drought-related fire hazards.

d) Gender-inclusive and Community-Centered Housing

Housing policies should also be gender-inclusive and community-centred. Schools must be established closer to villages to enhance girls' education, while better street lighting and safer pathways can ensure secure mobility for women. Engaging local communities in housing planning and execution will help incorporate traditional architectural styles and cultural preferences.

e) Strengthening Rural Housing Finance

Expanding access to housing loans and mortgage products with fair credit terms, partnering with NGOs and cooperatives, and providing grants or low-interest loans for home renovation and maintenance will improve financial accessibility for rural residents.

f) Innovative Construction Techniques

Innovative construction techniques should be promoted to reduce costs and construction time. Modular and prefabricated housing models, training rural youth in modern and traditional construction methods, and integrating renewable energy solutions like solar panels and rainwater harvesting will ensure sustainable development.

g) Policy and Institutional Strengthening

Policy and institutional strengthening is necessary to enforce NDMA guidelines for disaster-resilient housing across all provinces. Aligning rural housing policies with agricultural, health, and education strategies will foster holistic rural development while simplifying building regulations and offering prototype housing designs can ensure cost-effective and efficient construction.

h) Multi tiers/levels of Planning

A broader regional plan should be prepared first at the district level. Regional plans should give broader guidelines and cover every corner of the region. Urbanization control and promotion areas should be identified in Regional Plans using "Bottom up

Approach". Then, union councils should prepare their plans in light of the regional plan policies. Tehsil Municipal Administrations should prepare their plans based on the recommendations of the Union Councils and in the light of the policies of the Regional Plan. A vast publicity campaign to encourage public participation should be ensured, and the plans should be finalized. Strict implementation should be ensured once the plans are finalized and backed by a strong legal framework. Revision of the plans should be made after each decade. TMA should be the coordinator or bridge between Union Council and District Council levels, and TO (P&C) in each TMA should be empowered for the purpose.

3.6.5 Rental Housing

Rental housing is a much-neglected option for most developing countries' low-income population. One factor that testifies that Pakistan is in a housing affordability crisis is that most renter households in major cities spend more than 30% of their income on rent and utilities.

The Population and Housing Census 2023 reveals that there are 15,023,689 households in urban areas in Pakistan. It also illustrates that the majority of households in urban areas (10,669,829), i.e.71.02% of the total urban households, live in owned houses, and the percentage of those who live in rented houses is 23.82%, while those living in the Govt. houses is only 2.03% (304,943). It is evident from the data that there is an overwhelming trend of owning housing units rather than living in rental housing. The data also reveals that there is much larger space for the private rental housing market in urban areas of Pakistan.

There are two main types of rental housing: public and private. The issues and policy measures relating to each type are described here.

3.6.5.1 PUBLIC RENTAL HOUSING

Public rental housing is the most common form of rental housing witnessed in developing and developed countries. In this approach, government departments provide subsidized rental housing facilities to their employees. There is hardly any public rental and social housing for ordinary citizens in Pakistan except in some attractive tourist destinations where short-term accommodation is provided to tourists.

Issues:

- i. The public sector is not investing anymore in the provision of subsidized public housing on a rental basis to poor and needy common citizens, owing to very high costs and a plethora of mismanagement problems.
- ii. The high construction cost and scarcity of financial resources have also caused a decline in the construction of government accommodations for its employees.

- iii. A similar trend has been observed in semi-government/autonomous bodies. For example, most universities, except a few large public ones, spend the least on producing accommodation for faculty members and students hailing from other cities.
- iv. At the moment, no specific department or organization in Pakistan has complete records and up-to-date information about the number of rental housing units and rental values in various parts of a city.

Policy Measures

- i. The government sector needs to increase the supply of public housing by allocating a considerable budget for building houses and apartments for government employees.
- ii. Maximum accommodation should be provided to low- and middle-income public sector employees.
- iii. Automation and the application of information and communication technology (ICT) must be integral to the work environment of estate management departments, as they help promote efficiency and transparency.
- iv. A government employee who owns a house in his name or the name of his spouse in the duty station should not be allowed to live in the official accommodation in that particular city.
- v. Labour colonies near industrial/commercial hubs need to be built to provide rental housing for labourers/workers.

3.6.5.2 Private Rental Housing

Private rental housing plays a key role in urban areas of Pakistan in providing accommodation to most inland migrants, particularly students, labourers, and workers. However, it is worth mentioning that most private organizations, including industries, universities, and commercial trade businesses, do not provide accommodation to their employees, who find no other way but to rely on private rental housing.

Issues:

- i. Exorbitant rental values beyond the paying capacity of most of the prospective tenants
- ii. Less incentives for the investment made in private rental housing
- iii. Lack of proper urban services/utilities and proper building maintenance
- iv. Unregulated private rental housing market
- v. Lack of planned and healthy living environment

Policy Measures

- i. Establishment of Real Estate Regulatory Authority (RERA) to regulate private rental housing

- ii. The corporate sector must be encouraged and facilitated to play its vital role in providing rental housing/labour colonies to its workers/employees in the context of corporate social responsibility and corporate citizenship.
- iii. Tax rebates should be offered to attract private investment in rental housing
- iv. NGOs/CBOs should be encouraged to take part in providing rental housing to people in need and poor
- v. Private developers and investors should be extended subsidized and preferential access to housing finance for the construction of apartment buildings to be used for rental housing for low-income strata of society

3.6.6 Housing for Marginalized and Disadvantaged Population

Persons with disabilities, female-head households, transgender, and internally displaced persons due to natural and man-made disasters are among the marginalized and disadvantaged groups. They are in dire need of immediate and special treatment in terms of housing access.

3.5.6.1 Policy Measures:

- i. Marginalized and disadvantaged groups of people should be given priority for easy access to housing finance
- ii. Financial institutions, particularly in regions with a high proportion of marginalized and disadvantaged populations, play a vital role in addressing housing needs. They should allocate a certain percentage of housing finance to these groups.
- iii. The NGOs should be encouraged to provide low-cost and affordable housing to this segment of the population
- iv. All the low-cost and affordable housing projects should reserve 1-5% of housing units for the marginalized and disadvantaged group of population
- v. The National Disaster Management Authority (NDMA), in collaboration with provincial disaster management authorities must identify disaster-prone areas and prepare emergency disaster management plans. These plans are crucial for handling housing-related emergencies and ensuring the safety of marginalized groups.

3.7 Theme 7: Institutional and Legal Framework

3.7.1 Issues:

The housing sector's existing institutional and legal framework is fragmented and complex, with limited policy vision and overlapping functions among multiple federal, provincial, and local government institutions. It is essential to bring institutional and legal reforms in the housing sector's public institutions at all three tiers of government in the shape of rationalizing the roles of such institutions, eliminating duplication of functions, promoting decentralization and pro-active roles of the concerned local institutions, and developing strategic/policy/legislative linkages with the strengthening of existing city and regional planning system all across the country.

3.7.2 Policy Measures:

The following sub-sections present specific policy recommendations for the three tiers of government:

a) Federal Government Level

- i. The Ministry of Housing & Works (H&W) should establish a permanent coordination mechanism to take a strategic lead role in implementing the National Housing Policy 2025. This would involve active collaboration with Provincial Housing Ministries and other stakeholders.
- ii. Amend relevant legislation to make access to adequate and affordable housing a legal right of every Pakistani citizen. The Federal and Provincial Governments should take necessary measures to materialize this right within their respective jurisdictions.
- iii. Introduce legislative and policy reforms on rationalizing the role of federal executing housing agencies, including the merger of similar federal institutions
- iv. Provide strategic support to provincial governments in resource mobilization, allocation of finances for affordable/low-income housing, alternative technology transfer, climate change resilient housing construction, and provincial-level policy research.
- v. Under the National Housing Policy 2025, a 3-Year National Housing Action Plan should be formulated through the requisite implementation of desired policy/legislative/institutional reforms, integrating and streamlining ongoing housing programs at the federal/provincial/local government levels, identifying new housing programs for provincial/district governments as per identified needs, and initiating urban renewal/slums/squatters improvement programs all across the country.
- vi. The Ministry of H&W should establish an evaluation and monitoring system in collaboration with provincial housing ministries to oversee national housing policy implementation and analyze provincial governments' performances, particularly their targets on housing delivery.

- vii. Ministry of H&W, in coordination with provincial housing ministries and local governments, should contribute to establishing National/Provincial/District level Housing Data Banks to strengthen the evaluation and monitoring system for the housing sector at these three levels. Data Banks should be updated continuously to make data available for informed decision-making on housing demand/supply at the district/city scale, monitor/regulate land/housing values, control illegal housing schemes, promote subsidized low-income housing, ensure availability of housing finance

b) Provincial Government Level

- i. Introduce strategic/policy/legislative housing sector reforms to clearly define the role of policy institutions, executing institutions and regulatory institutions at the provincial level. Such reforms also eliminate duplication of functions and multiplicity of public housing institutions functioning at the provincial level
- ii. In line with the National Housing Policy 2025, provincial governments should formulate and implement the Provincial Housing Policy through active collaboration with local governments and all other concerned stakeholders.
- iii. All the provincial governments should promulgate Spatial Planning Acts and create Spatial Planning Authorities.
- iv. All the provincial governments should promulgate Multi-Storey Buildings Acts to facilitate the construction of vertical housing and overcome the issues about strata title
- v. All provincial governments should establish special task forces and develop mechanisms to curb land mafia, corruption and bureaucratic inefficiencies in the land and housing market
- vi. Develop provincial-level monitoring system and key performance indicators (KPIs) to keep analyzing progress against provincial housing programs and delivery targets
- vii. Arrange funding from the Federal government and international donor agencies (e.g. The World Bank) for providing affordable housing to low-income households
- viii. Build capacity of Spatial Planning Authorities/Development Authorities and Housing and Town Planning Agencies to implement the National Housing Policy
- ix. Improve coordination mechanism among the concerned provincial departments/agencies and other stakeholders to accelerate the implementation of provincial housing programs
- x. Promote such regulatory frameworks which increase public-private partnerships and enhance the private sector's role in the delivery of climate-resilient affordable housing construction projects/programs all across the provinces

- xi. Ensure appropriate quality and price structure to promote region-specific usage of local building materials and indigenous housing construction techniques.

c) Local Government Level

- i. Capacity building of town planning departments within development authorities/local governments should be carried out to facilitate the preparation and implementation of Master/Regional Plans through local multi-stakeholder participation
- ii. Develop and implement district/metropolitan/city specific housing action plans/programs aiming to address region/local specific housing shortages and improve the quality of existing housing stocks through urban renewal/slums/squatters improvements plans
- iii. Identify and designate land in the Site Development Zones Structure Plans/Land use Master Plans for affordable/low-income housing purposes at all levels of local governments and facilitate appropriate housing delivery systems
- iv. Upgrading squatter settlements and slums (urban renewal) should be given priority attention in the Master/Regional Plans
- v. Create policy/plan implementation units in all development planning and controlling authorities/agencies and local governments
- vi. Promote private sector participation in housing and establish a monitoring system to ensure the development of private housing schemes as per approved plans/planning standards and timely possession of developed plots/constructed dwelling units
- vii. Ensure online processing/approval of applications for housing schemes/mixed-use projects
- viii. Establish land record automation and creation of District level housing data banks/housing market information system

3.7.3 Planning, Zoning, and Building Regulations

Pakistan's fragmented city and regional planning system is one fundamental reason behind unregulated urbanization and unchecked growth of informal settlements and urban sprawl across the country. The sustainability of urban environments in Pakistan is currently threatened due to the absence or lack of implementation of spatial/master plans for urban areas. The inordinate poor quality growth of the housing sector and its associated speculations in the housing market are also linked with the poor functioning of the spatial planning system in the country. The land use zoning and building regulations did not consider the ground realities of 21st-century living and could not contribute to achieving effective development control at different scales of urban settlements in Pakistan.

3.7.3.1 Policy Measures

The following are proposed strategic/policy/legislative measures to improve land use zoning and building regulations.

- i. The preparation and implementation of Master Plans/Regional Plans for urban and rural areas across the country should prioritize providing low-income housing, necessary infrastructure, and public amenities in their respective areas. It should also be ensured to review Master Plans/Regional Plans after every five years
- ii. To arrest urban sprawl and promote densification, the Zoning Regulations need to be replaced with Form-Based Coding (FBC) varying in line with requirements for potential numerous sub-zones or specific built-up urban areas in a city
- iii. National/Provincial/Local level building by-laws/regulations and the National Reference Manual on Planning and Infrastructure Standards should be updated/revised in line with 21st-century requirements and the latest urban planning frameworks. For example, functional building codes/regulations imported from the West must be replaced with local climate-sensitive building codes/regulations.
- iv. The current Land Use Plan (Classification, Re-Classification and Redevelopment) Rules mainly include five land use classes, i.e. Residential, Commercial, Industrial, and Agricultural Notified areas). It is necessary to include parks/open spaces/recreational land use and institutional/public buildings as separate land use classes.
- v. Building regulations and planning standards should be revised to permit incremental development and lower planning standards to make relocation, resettlement, redevelopment, and upgrading squatter settlements and slums cost-effective for low-income groups.
- vi. Correlate the land revenue system with the land use plan, specify site development zones and procure land for banking and provision of low-income housing.
- vii. Create specific zones for transit-oriented development (ToD) and prepare regulations for urban regeneration/high-density mixed-use ToD projects.
- viii. Introduce fiscal and procedural incentives for private developers to undertake urban regeneration/ToD projects (e.g., a 50% rebate in the land use conversion fee and plan approval fee if a mixed-use building provides 80% of its aggregate floor space area for residential use/apartments for low-income households
- ix. Lower planning standards for housing schemes in small cities and peri-urban areas (e.g. min. street width: 20 ft., no graveyard within the scheme)
- x. Private housing scheme regulations should encourage the provision of apartments and smaller dwelling units rather than the provision of larger than one-kanal serviced plots

- xi. Private housing schemes should provide a minimum of 40% of the total residential area for apartments
- xii. New regulations should be formulated to provide Home-Based Enterprise Housing in peri-urban and rural areas.
- xiii. Grant waiver of scheme plan approval fee for private developers who provide built houses/apartments on a minimum 40% residential area of a housing scheme
- xiv. Permit to the sponsors of the private/ cooperative housing schemes with 80% clear ownership to submit their LOPs to the regulatory bodies for approval. Development Authorities/Local Governments may be authorized to compulsorily acquire the remaining 20% of small pockets within municipal limits by declaring it "public purpose" land, preferably on a land-sharing basis. Holders of such pockets may be offered 15-20% more compensation than the market rate. The sponsors who would avail of such a compulsory acquisition model shall be bound to reserve a proportionate number of affordable plots for low-income groups in their schemes, which the government will subsequently allot to the low-income shelter people on a no-loss, no-profit basis.

3.8 Theme 8 - Green, Energy Efficient and Climate Resilient Housing

The National Housing Policy 2025 envisions providing adequate, affordable, and sustainable housing for all. One of the critical themes for achieving this policy goal is the provision of green, energy-efficient, climate- and disaster-resilient housing. The concepts and policy recommendations under this theme are described as follows:

3.8.1 Green Housing

The Concept:

Considering the challenges of climate change, the emerging trends of green housing need to be addressed with more clarity, and action-oriented approaches need to be adopted by involving the ultimate beneficiary strata of the population, i.e., ordinary citizens. The improvement in the overall quality of life (QoL) and the assurance of environmental sustainability while providing affordable housing remain fundamental components of the National Housing Policy (NHP). The objective of green housing may be achieved through community-based smart urban farming initiatives that may integrate effective utilization of urban spaces and engage residents for green initiatives such as the production of vegetables and herbs of daily use at the household level.

3.8.2 Policy Measures

The laws, rules, and regulations of regulatory regimes must ensure that the Green Building Codes formulated by UNHABITAT, Islamabad, are adopted in letter and spirit for energy-efficient and green housing designs. Moreover, incentives and tax rebates should be introduced for complying with the green building codes.

<https://unhabitat.org.pk/wp-content/uploads/2021/07/Policy-Guidelines-Green-Building-Code.pdf>

3.8.3 Climate and Disaster Resilient Housing

The Concept:

The National Housing Policy prioritizes climate and disaster-resilient housing as a key objective, emphasizing the development of energy-efficient homes designed to withstand natural disasters such as floods, earthquakes, and extreme weather events linked to climate change. This vision aims to create durable, sustainable housing to safeguard vulnerable populations in both urban and rural areas.

3.8.3.1 Issues:

The previous housing policy's approach is significantly lacking, as it lacks policy measures to integrate crucial elements such as renewable energy systems, water management practices, and retrofitting strategies for existing housing stock. A comprehensive approach that includes these elements is essential for the scalability of climate-resilient housing initiatives.

3.8.3.2 Policy Measures:

The regulatory regime and the concerned development authorities and city governments need to ensure the followings:

- i. It is imperative to introduce mandatory climate vulnerability assessments for housing projects. This ensures that the designs align with local climatic conditions, thereby enhancing the resilience of the housing stock and reducing the risk of damage from extreme weather events.
- ii. Offer targeted subsidies or tax incentives for climate-resilient construction, including renewable energy systems, water management technologies, and efficient building designs.
- iii. Create climate resilience funds to assist low-income households and small-scale developers adopt green housing practices.
- iv. Mandate renewable energy solutions like solar panels, microgrids, and energy storage systems in government-supported housing projects
- v. Promote public-private partnerships to co-fund housing projects that incorporate sustainability and resilience principles.
- vi. It is crucial to actively involve local communities in designing, planning, and maintaining resilient housing and infrastructure. This not only fosters a sense of ownership and responsibility but also ensures that housing solutions are tailored to each community's specific needs and conditions.
- vii. Promote urban farming and green initiatives at the household and neighbourhood levels, fostering food security and environmental awareness
- viii. Utilize GIS-based platforms to map climate vulnerabilities and monitor compliance with resilience standards.
- ix. Leverage digital tools for awareness campaigns, stakeholder coordination, and transparent reporting on project progress.
- x. Establish SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals to reduce greenhouse gas emissions, improve energy efficiency, and minimize disaster risks.

3.9 Theme 9: Capacity Building and Knowledge Sharing

Capacity building and knowledge sharing play a key role in development and growth. It is always essential to keep abreast of the latest knowledge and modern techniques. It gives people, groups, and communities more power by making them better at what they do, helping them work smarter, and sparking new ideas. These two things together create an environment where people always learn, can change when needed, bounce back from setbacks and ensure success in the long run. However, there is hardly any platform in Pakistan from which up-to-date and authentic data relating to housing can be obtained. The current state of affairs calls for establishing a data hub for housing-related knowledge sharing and capacity building of the most relevant stakeholders.

3.9.1 Policy Measures:

Keeping in view the best international practices relating to housing, the following policy measures are suggested for capacity building and knowledge sharing:

- i. A national data bank/repository relating to housing, in collaboration with relevant provincial organizations need to be established in the ministry of housing and works at the federal level as well as in relevant provincial ministries. The data bank should envelop housing statistics, housing surveys, future trends, supply and demand assessments and case studies of best practices
- ii. Empower citizens with knowledge through awareness campaigns and mobile applications, about housing rights, available subsidies, and financial literacy to make informed decisions
- iii. Providing free online courses on sustainable housing models and policies to educate communities and professionals. Highlighting affordable, eco-friendly construction techniques to promote green and cost-effective housing solutions.
- iv. Establish specialized information technology (IT) wings in the regulatory and monitoring authorities to ensure the integration of real-time intelligent monitoring systems to enhance housing management and efficiency
- v. Offer tax incentives to companies that contribute their expertise in housing finance and sustainable development.
- vi. Promote the utilization of geospatial data and Artificial Intelligence (AI) analytics to design more innovative, more efficient urban housing projects
- vii. Establish national housing academies to train policymakers and developers in smart, sustainable urban planning
- viii. Partner with universities to advance research in urban planning and housing policies. Promote adoption of Building Information Modelling (BIM) standards to improve construction efficiency, lower costs and using data-driven insights to develop innovative and sustainable housing solutions for the future

- ix. Provide specialized training for housing professionals on climate adaptation and building disaster-resistant homes, ensuring safer and more resilient communities.
- x. Encourage sustainable urban development by offering incentives and subsidized loans to developers prioritizing eco-friendly and community-focused projects.
- xi. Involve local communities in the planning and managing of housing projects to ensure their needs are met.
- xii. Promote cooperative housing with shared ownership to make homeownership more affordable. Establish community-managed housing governance models to give residents a voice in decision-making and foster a sense of belonging.

CHAPTER 4: IMPLEMENTATION, MONITORING, EVALUATION, AND REVIEW

4.1 Introduction:

An implementation, monitoring, evaluation, and review mechanism is crucial for ensuring the success of housing policy in achieving its goals and objectives.

4.2 Issues:

1. Lack of reliable data and data management system
2. Ambiguity in roles of regulatory departments for implementation, monitoring and evaluation of the housing policy
3. Lack of skilled personnel to conduct monitoring and evaluation
4. Limited financial resources
5. Low community involvement

4.3 Policy Measures:

The federal Ministry of Housing & Works, the provincial housing ministries, city development authorities, and local government departments are entrusted with implementing the housing policy. A collaborative effort will synergistically accomplish the desired objectives.

The following measures are suggested for having a pertinent system for implementation, monitoring, evaluation and review mechanism:

- i. The Ministry of Housing and Works at the federal level and relevant ministries at the provincial levels will lead the policy implementation and identify the most pertinent departments/authorities for the tasks.
- ii. An independent Real Estate Regulatory Authority (RERA) should be established at the federal and provincial levels for monitoring, evaluation, and adherence to the provisions of the housing policy in letter and spirit in all private and public housing initiatives.
- iii. Develop pertinent indicators for monitoring, evaluation and review of housing policy-related projects.
- iv. The concerned governments must allocate financial resources for the streamlined development of the housing sector in accordance with the approved national housing policy.
- v. Awareness campaigns should be launched by the concerned federal and provincial housing-related ministries as a regular and permanent feature for the sensitization of all key stakeholders.
- vi. Well-qualified professionals must be engaged with the monitoring and evaluation agencies/authorities.
- vii. A midterm review must be conducted after 05 years.
- viii. Every ten years, the policy must be comprehensively reviewed to measure its accomplishments and, if necessary, realigned.

Setting timelines and identifying the stakeholders responsible for taking action on various components of the crafted housing policy framework becomes crucial for the following reasons:

1. It provides a clear direction and keeps activities on track.
2. It improves coordination among relevant stakeholders because roles and responsibilities are clearly defined, along with time-bound tasks to be accomplished.
3. It helps facilitate monitoring and evaluation.
4. It also enhances time management and increases accountability.

Here are the policy-related tasks together with relevant stakeholders and the time periods to accomplish the same

Table 4.1: Policy Actions, Stakeholders and Timelines

Seria I No.	Policy Actions	Responsible Stakeholder/s	Timeline
1.	Formulation of action plans, including identification of projects in the light of the approved housing policy backed by the availability of financial resources	Federal and provincial housing ministries, in collaboration with concerned development authorities and local government departments	Within 03 months after approval of the housing policy
2.	Preparation of Master plans of cities and towns, specifically including: <ol style="list-style-type: none"> i. Demarcation of city boundaries/Growth boundaries along with green belts ii. Land use plan iii. Site development zones iv. In-depth transportation surveys and feasibility studies for the provision of mass transit v. Determination of Transit-Oriented Development Zones vi. Identification of private & state-owned land parcels for infill development 	Federal Ministry of Housing & Works, Capital Development Authority & Concerned local Govt. departments Concerned provincial ministries, along with local govt. departments/development authorities	1 to 2 years after approval of the housing policy
3.	Preparation of regional development plans, including peri-urban structure plans of major cities	Concerned federal & provincial ministries, along with local govt. departments & development authorities	1 to 2 years after approval of the housing policy

Seria I No.	Policy Actions	Responsible Stakeholder/s	Timeline
4.	Promulgation of Urban Regeneration Act	Federal Government Ministry of Housing & Works	5 months after approval of the policy
5.	Promulgation of Spatial Planning Act	Provincial housing ministries & local govt. departments	06 months after approval of the housing policy 2025
6.	Establishment of Spatial Planning Authorities at provincial level	Provincial housing ministries & local govt. departments	09 months after approval of the housing policy 2025
7.	Establishment of Real Estate Regulatory Authorities at federal and provincial levels	Ministry of housing & works at the federal level and provincial housing departments	06 months after approval of the housing policy 2025
8.	Zoning regulations for vertical development	Concerned federal/provincial Development authorities and local govt. departments	03 months after approval of the policy
9.	Launch of web portal/Housing Data Bank and updating the same regularly for ready reference	Ministry of Housing & Works to launch and maintain the web portal – provincial data to be provided by the concerned provincial ministries	03 to 06 months after approval of the policy
10.	Frequency of meetings for updates on all activities relating to housing	Between federal ministry, i.e., the ministry of housing and works & concerned provincial ministries	After every 04 months
		Among concerned provincial ministries & local govt. departments/development authorities	Quarterly
11.	keeping in view the future growth directions of cities/towns, identify the private and state-owned land parcels suitable for low-cost/affordable housing projects in the periphery of cities/towns,	Capital Development Authority and Ministry of Housing and Works at the federal level	06 months after approval of the housing policy
		City development authorities and local governments at the provincial level	
12.	Acquisition of the identified land parcels in phases every year	Capital Development Authority and Ministry of Housing and Works at the federal level	On yearly basis
		City development authorities and local governments at the provincial level	
13.	Launch of housing finance schemes through house building finance company, commercial & microfinance banks	State Bank of Pakistan	03 months after approval of the housing policy
14.	Mid-term and comprehensive review of the policy	Federal Ministry of Housing & works, in collaboration with concerned provincial ministries/departments and other key stakeholders	Midterm review after 5 years and comprehensive review after 10 years