Government of Pakistan
Ministry of Housing and Works

# Strategic National Housing Policy Framework 2025

**“Adequate, Affordable and Sustainable Housing for all”**

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## Foreword

Housing is more than a basic human need; and thus provides basis for economic development, social well-being, and national development. Further, an inclusive housing policy not only gives shelter but also fosters human dignity, security, and an opportunity for individuals and families. Recognizing the immense importance of housing to sustainable development, this National Housing Policy has been constituted with utmost care so as to cater to the emerging needs of a burgeoning population, while also guaranteeing equal access to affordable, safe, and resilient housing.

The very formation of this policy is a sign of the commitment made by the government to give every citizen a decent place to live. The policy aims to reconcile the gap between demand and supply, while concentrating on affordability, sustainability, and inclusivity. By applying the 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, protection of 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 together create an enabling environment for housing development.

The National Housing Policy seeks to rekindle the collaborative efforts among all stakeholders, comprising of 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 believe firmly that this National Housing Policy will provide an instrument for socio-economic growth, improving living conditions and fostering inclusive communities across the nation. Let us work together to build a future in which every citizen has access to safe and affordable quality housing; a future in which housing is not to be seen as a privilege for a lucky few but as a right for all.

# Strategic National Housing Policy Framework 2025

## CHAPTER 1

### 1.0 Backdrop of the National Housing Policy

### 1.1 Introduction

Housing is one of the basic human needs. The Universal Declaration of Human rights (proclaimed by UN General Assembly on 10 December 1948) asserts the provision of housing along with other social services as one of the fundamental human rights. It, therefore, the responsibility of national governments to provide housing to its citizens. The provision of housing, particularly for low and middle income strata of the society could not attract proper attention of the regimes in Pakistan on account of lack of resources (Burki and Ziring, 2025). However, it is important to mention that since the outset of development planning in Pakistan, housing and settlements have been a vital ingredient of the five year plans (Qadeer, 1996). Pakistan's urban and housing policies, other than in standalone reports, are usually reflected in its five years plans.

The existence of a policy on a particular socio-economic realm reflects the solemnity of the regime. The first national housing policy in Pakistan was formulated in the year 2001, about 53 years after her emergence as an independent country in 1947 (Tariq et al., 2018). The same policy remained in vogue for the last 24 years till the beginning of 2025. It is ironic that in spite of all policies, strategies, visions and frameworks, the challenges of the cities in Pakistan including affordable housing have worsened (Javed et al., 2020). It is therefore, high time to review the existing national housing policy 2001, identify the gaps and weaknesses in the proposed strategies, implementation frameworks and amend the same in order 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 the top 5th in the world in terms of population. The 1st population census in Pakistan was conducted in the year 1951 with a population of 33.7 million, so there is a sevenfold increase in population between the 1st and the last census. Likewise, there is an accelerated pace of urbanization witnessed by cities in Pakistan. The average annual population growth rate in urban areas is 3.67% as compared to 1.88% of the rural population growth rate. The data reflects that urban population growth rate (3.76%) is even higher than that of overall population growth rate (2.55%) of the country. Urban population was 36.44% in 2017 and reached 38.88% in 2023.

Interestingly, in Islamabad the Federal Capital, there is observed a continuous decline in urban population share from 65.7% in 1998 to 50.37% in 2017 and 46.91% in 2023. One of the possible reasons is shifting of population to suburbs causing an increase in the percentage share of population in rural areas (Pakistan Bureau of Statistics, 2023). It also reflects the phenomenon of urban sprawl and invasion of development taking place in the rural area of Islamabad.

The natural population growth in conjunction with urbanization adversely affects the urban infrastructure and services including housing - one of the key components. The huge demand for housing and meagre supplies, particularly in cities, has aggravated the problem. The housing shortage in the urban areas of the country is estimated to the tune of 9 million. On account of these circumstances about 50% of the urban population finds no other way but to reside in slums and Katchi Abadis (UN-HABITAT, 2023).

### 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 issue of housing issue in both urban and rural context. 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, inadequacy of affordable housing schemes, increasing inflation and skyrocketing of building materials & construction costs. Though, issues have been identified but did not offer any solutions in form of some innovative approaches and tools to tackle the housing issues.

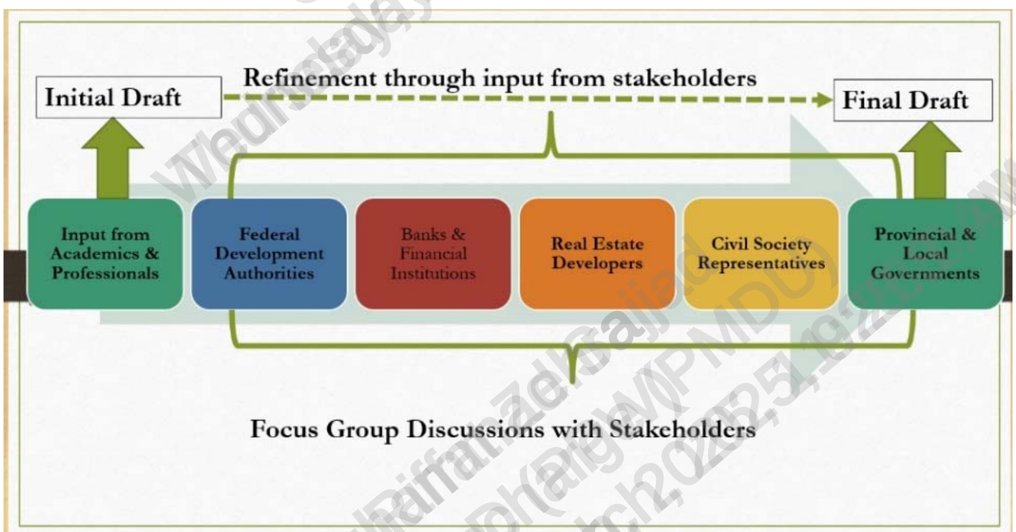


Figure 1: Policy Formulation Process

As exhibited in the Figure 1, the policy formulation process began, after review of the existing Housing Policy 2001, and brainstorming sessions with academics and professionals. The input from these stakeholders helped in identification of strategic themes/subject matter relating to the housing policy and preparation of initial draft of the housing policy. It followed a series of focus group discussions with different key stakeholders such as federal and provincial development authorities, concerned local government departments, real estate developers, banks and financial institutions as well as concerned civil society representatives. A synthesis of suggestions drawn from these stakeholders facilitated in enriching and refining the initial draft into a concluding one.

# CHAPTER 2: Strategic Policy Framework

The strategic framework acts like a beacon of light and provides guiding principles for the formulation of National Housing Policy. It requires crafting of thoughtful vision, goal and objectives around which the policy revolves.

**2.1** **A vision statement** plays a crucial role as it gives direction, purpose, and inspiration to organizations, policies, and strategies. When it comes to a National Housing Policy, a vision statement makes sure that housing development lines up with long-term social, economic, and environmental aims. Here is the vision statement for the formulation of National Strategic Housing Policy Framework.

### 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 that every individual and family has access to a home that is safe, affordable, and environmentally friendly.

***Adequate Housing*** ensures enough supply of housing units to fulfil the growing demand on account of accelerated rate of urbanization and natural population growth in urban and rural areas of Pakistan

***Affordable Housing*** guarantees that each family, particularly belonging to the low and middle-income groups has access to housing, at an affordable price within their means. Being in possession of a shelter is one of the cornerstones of social integration and economic advancement.

***Sustainable Housing*** is for environmentally responsive design, energy efficient and climate change-adaptability. It is compatible with green building, adequate land use, and smart applications in order to minimize environmental impact but maximizing affordability and liveability.

Indeed, vision is not just a policy statement, it is a promise to build strong, flexible, and equitable communities where every resident has a home to return to. By innovation, good governance and public-private partnership, we are working towards making this vision a reality and thereby 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 under:

i. To increase the supply of adequate housing for all income groups to cope with the existing housing deficit of 9 million housing units as well as the recurring demands by the year 2035.

ii. To promote efficient utilization of land through compact, mixed land-use and vertical medium to high-rise development along with Transit-oriented Development (TOD) to curb urban sprawl and consumption of arable agricultural land.

iii. To increase the access of low and middle-income groups to housing finance and embed mortgage financing mechanism into service structure of employees in government and autonomous bodies.

iv. To prioritize and provide easy access to finance to the developers launching housing projects particularly for middle and low-income groups.

v. To promote construction of energy efficient, climate change and disaster resilient housing.

vi. To initiate urban regeneration in existing built-up areas including slums and katchi abadis.

vii. To promote supply of constructed apartments by public and private developers for the purpose of enhancing supply of housing units as well as curbing the phenomenon of land speculation and non-development of plots/land meant for housing

# CHAPTER 3: Strategic National Housing Policy Themes

The strategic National Housing Policy framework 2025 revolves around nine (09) critical themes identified in the brainstorming sessions held with the key stakeholders. Each theme encapsulates a major subject matter along with a set of allied issues relating to housing. The following passages delve into the issues and policy measures relating to each of the themes.

## 3.1 Theme 1: Land for Housing

### 3.1.1 Issues

#### i) Land- A Scarce Resource- in Conjunction with Urbanization

Land is a precious, scarce and non-renewable resource, particularly in the urban context where there is an immense pressure on land due to its ever-increasing demand. Cities in Pakistan, similar to those of other developing countries, are experiencing a rapid pace of urbanization. In order to accommodate the growing population, there is a huge demand for housing, particularly for low and middle-income strata of the urban population.

Therefore, efficient utilization of land is indispensable for all urban uses including housing. The modern urbanism offers curative measures in the form of compact and high-rise development embodying mixed land use pattern. Such development provides not only increased number of housing facility over a comparatively small parcel of land, but also the work opportunity in proximity to the living area.

The accelerated rate of urbanization in Pakistan is asserting great pressure on agricultural land in the peri urban areas in the major cities of Pakistan. The urbanization attracted by 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 not only to discourage urbanization of cities with fertile land, but also to utilize 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 for the sake of rescuing agricultural land that is being exploited relentlessly and converted into built-up area. Compact and medium to high-rise development inclusive of condominiums accords one of the viable approaches to dealing with housing demand. This will help in efficient utilization of precious land, by not only stopping the urban sprawl but also preserving the prime agricultural land, requisite for our food security.

#### ii) Exorbitant Land Prices

The land prices within the cities/towns as well as in its proximity are exorbitantly expensive to match the requirement of affordable housing. Thus, the purchase of high-priced land on competitive market rates makes it quite challenging for the government and the private sector to provide low cost and affordable housing for the masses. Then holding of land for speculative purposes and escalation further add to the issue of exorbitant land prices.

iii) **Illegal occupation & Poor Enforcement:**

The illegal occupation of precious land by the land mafia of government as well as the private land makes the provision of land limited for the development of housing. The poor enforcement on part of regulatory bodies by virtue of collusion with land mafia may be one of the major reasons.

iv) **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. The proper utilization of this precious land may have an optimal revenue generation option for the government and provision of affordable housing for the masses.

### 3.1.2 Policy Measures

#### i) Employing the Land Banking Approach

The regulatory regimes at all levels (federal/provincial/district/local) should utilize the tool of 'Land Banking' for the purpose of making land parcels available for affordable housing for low and middle-income strata of the population. 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 be in line with the information about the future growth trends of town/cities provided in the outline development plans/structure plans or spatial plans of the towns & cities. The federal and the provincial governments could institute a fund specifically for the purpose of ensuring the purchase and procurement of land for low-cost and affordable housing.

#### ii) 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 purpose. The land owners need to be made shareholders in the housing activity and corresponding benefits in accordance with their equity. The ruling regimes can attractively engage the small land owners for making land available, particularly for cheap and affordable housing. The government regulatory and development body may take such initiative through requisite regulations if required for affordable housing.

### 3.1.3 Growth Boundaries and Green Belts

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

***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/town based on the scientific prediction of future growth directions and urbanization trends. The growth boundaries could be time-bound and need to be widened and redefined only once the objective of efficient utilization of land and achieving compact development has materialized within the previously defined boundaries.

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

### 3.1.4 Land Hoarding and Speculation

***Issues:*** Land hoarding and speculation phenomenon, although may induce monetary benefits for the investors, it generates negative externalities in terms of idleness of land that is neither providing any housing facility nor any sort of agricultural produce. It has been observed one of the factors for inflating land prices and making it unavailable for affordable housing.

***Policy Measures***

Land hoarding and speculation in housing schemes need to be discouraged. Not only individual investors but also the big developers indulge into land hoarding and speculation. It necessitates for the regulatory authorities to 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, the land developers unable to develop the housing schemes within the stipulated timeframe must be subjected to heavy penalties. The regulatory measures to dispel hoarding and speculation may be in the form of non-utilization charges after certain period i.e. 3 or five years.

### 3.1.5 Land Consolidation and Comprehensive Land Information Systems

***Issues:*** Shortfalls in land consolidation and inadequacy of comprehensive land information system gives birth to a plethora of land ownership issues. Although, a number of initiatives in various ruling regimes in Pakistan, have been taken for land consolidation and institution of land record information and management system, still there is a long way to go to achieve the goal of accurate and dependable system. The lack of land consolidation in urban regions in general and particularly in Islamabad and Pothohar region, is a major cause of land disputes, 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.

***Policy Measures***

The current state of affairs calls for an urgent action to establish independent land record information and management authorities at federal and provincial levels, by employing 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 private-public partnership arrangement.

## 3.2 Theme 2: Housing Finance

A house (or apartment) is usually the most expensive asset that 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 rate of inflation and skyrocketing of property prices in Pakistan make it unfeasible for most of the families difficult to keep the monthly rental expenses or mortgage instalments within affordability limits. Therefore, housing purchase becomes next to impossible without external financing from the financial institutions.

### 3.2.1 Issues & Challenges:

i. Low mortgage penetration due to high cost of borrowing.
ii. Reluctance of lending institutions due to poor implementation of Foreclosure laws
iii. Inadequate focus on low- and middle-income group housing group to pay the instalments at market rate in 3-5 years as per 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 handing of land record leading 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 for improving access to finance for housing

i. **Flexible & small loans** with low or zero-interest rates to build or improve homes incrementally.

ii. **Micro-financing** could be provided through NGOs in line with the Akhuwat and Kashf foundation's models.

iii. **Fixed Term loans** for different periods like 5, 10 and 20 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 data base such as BISP (Benazir Income Support Program).

v. Introduction of **Mortgage Bond** for easy access to finance.

vi. Establishment of an **Apex Housing Finance Institution**.

vii. **Expand role of** micro finance institutions **(MFIs)** like different micro finance banks and non-profit organizations.

viii. **Strengthening of 'Foreclosure laws'** regarding enforcement mechanism like eviction from property on default

ix. **End user financing** model for apartment projects.

x. To have a **reasonable funding for the mortgage financing**, the Banks may keep 10% of their respective private sector credit available for 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 & financial institutions for subsidized credit facility.

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 Micro finance
   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 saving Accounts)

xv. **Collaborate with real estate developers** to offer mortgage financing options for consumers / allottees.

xvi. **Develop digital mortgage platforms** with block chain-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 system of bank scrutiny of documents required for obtaining loan for housing development

xxi. **Establish a Real Estate Regulatory Authority (RERA)** for regulating the real estate sector in the country including real estate agents, builders and developers. It will help in providing a single platform to all stakeholders and regulate issues like land documentation, departmental NOCs, environmental clearances, duties & taxes etc. which will bring transparency in the sector. Monitoring of real estate agents, builders and developers would also be possible and effective through the creation of RERA and would encourage builder and developer finance by the formal banking sector.

xxii. **Reduction in transaction taxes** on sale / purchase of properties to 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 10-20 years tenor and lower tax rates.

## 3.3 Theme 3: Construction Services, Technology and Building Materials

### Introduction

Housing construction services, technology, and building materials vary depending on the region, availability of materials, climate, and other related factors. The purpose of National Housing Policy is to provide a framework for developing affordable, sustainable, and high-quality housing in Pakistan. This policy aims to promote self-sufficiency by reducing reliance on imported materials, technologies, and services through the adoption of locally sourced building materials, indigenous construction techniques, and homegrown 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, issues and suggested policy measures relating to the theme.

### 3.3.1 Affordability

***Issues***: High housing costs make it difficult for low- and middle-income groups to access adequate housing. The reliance on expensive imported materials, outdated construction techniques, and costly labor 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.

***Policy Measures:***

i. Promote cost-effective and locally available construction materials through government incentives and research investment.

ii. Promote the use of Building Information Modeling (BIM) and digital tools for cost efficiency.

### 3.3.2 Sustainable and Climate-Resilient Building Practices

***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 housing sector that prioritize energy efficiency, low-embodied energy materials, and climate-resilient design, ensuring long-term environmental and economic sustainability.

***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.

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 setup of industries in Economic processing Zones.
vii. Development and upgradation of building code on regular basis by Pakistan Engineering Council on regular basis.

### *3.3.3 Promotion of Locally Sourced Building Materials*

***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. Utilizing locally sourced materials can enhance sustainability, reduce costs, and support local industries.

***Policy Measures:***

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

### 3.3.4 Advancement of Construction Technologies

***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 use of Building Information Modelling (BIM) offer cost-effective, resource-efficient, and sustainable alternatives, improving both project efficiency and environmental impact.

***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

### 3.3.5 Development of Skilled Labour and Workforce

***Issues:*** A gap in specialized training programs leaves workers without the expertise needed 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.

***Policy Measures:***

i. Establish technical training programs for traditional and modern building technologies.
ii. Study successful global models (e.g., TAFE in Australia) 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 guidelines focusing on sustainability, resilience, and safety through professional bodies like PCATP, IAP, and PEC.
v. Skilled labour force certification programs for the construction industry to be initiated in collaboration with government (NAVTEC, TEVTA) & 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.

### 3.3.6 Strengthening Building Codes and Standards

***Issues***: The lack of stringent building codes, combined with 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.

Strengthening and updating building codes is crucial to ensure that new construction projects integrate appropriate technologies, energy-efficient materials, and sustainable practices, promoting safer, more resilient, and environmentally responsible housing

***Policy Measures:***

i. Enforce updated building codes for 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 to be tasked with to prepare and update the codes where desired.

### 3.3.7 Enhancing Construction Supply Chains and Infrastructure

***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.

***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

### 3.3.8 Waste Management and Circular Economy in Construction

**Issues:** The construction sector in Pakistan generates large amounts of waste, with limited systems for effective recycling and reusing materials. Inefficient waste management practices not only contribute to environmental degradation but also 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.

To address these challenges, development of a comprehensive policy to promote the recycling and reuse of construction waste while encouraging the use of sustainable materials and technologies in housing projects.

***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

### 3.3.9 Incentives for Sustainable Construction Methods

***Issues:*** The adoption of sustainable construction practices in housing sector of Pakistan is hindered by high initial costs and limited financial support. Stakeholders in housing construction industry hesitate to invest in sustainable solutions due to the higher upfront capital required, even though these practices offer long-term benefits such as energy savings, reduced environmental impact, and improved resilience. Additionally, there is a lack of incentives to encourage the widespread use of modern, energy-efficient building technologies and materials. The absence of targeted financial mechanisms to offset initial costs and promote innovation in sustainable construction further delays the transition to greener, more resilient housing solutions.

***Policy Measures:***

i. Create a nationally recognized green certification program for buildings that meet specific sustainability criteria.

ii. 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 can help identify gaps, bottlenecks, or barriers, allowing for adjustments to be made to the policy framework.

iii. 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.

iv. 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 that are better suited to the region's climate and environmental challenges.

v. Organize awareness campaigns and capacity-building programs aimed at educating developers, builders, architects, and other stakeholders about the financial and environmental benefits of sustainable construction practices.

vi. Provide training on available incentives, green technologies, and climate-resilient construction methods to ensure the industry is well-equipped to meet sustainability targets.

### 3.3.10 Vertical Living: Ensuring Safety and Sustainability

***Issues:*** The increasing demand for vertical housing in urban centers 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 essential 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 focusing on ensuring that vertical developments prioritize both safety and sustainability in their design and construction.

***Policy Measures:***

i. Establish regulations requiring the use of fire-resistant materials, advanced emergency response systems, and smart safety technologies in medium and high-rise buildings.

ii. Introduce and implement building codes that mandate the use of energy-efficient designs and materials, as well as earthquake-resistant structural systems, specifically tailored for vertical living.

iii. Ensure that fire safety measures meet international standards and are adapted to local conditions. This can include automatic sprinkler systems, smoke detection, and alarm systems, as well as 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.

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

### 4.1 Introduction

Intermediate and secondary cities are crucial for balanced and sustainable urban development. Usually, the major cities face the challenges of traffic congestion, pollution, existence of slums and 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 by keeping in view the raw materials specific to various areas of the region, access to better urban services, amenities and facilities to wider population of the region calls for 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 seen 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, labor and material costs. Multiple studies conducted within Pakistan and across the world also validates a very strong and positive correlation between higher housing infrastructure costs and higher reliance on mega cities.

### 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 which provides conducive growth environment for intermediate and secondary towns.

## 4.3 Suggested Policy Measures

***i) Adoption of an Evolutionary Urbanization Approach:***

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

***ii) Balanced Urban Growth Strategy:***

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

***iii) Reform in Urban Policy and Planning:***

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

***iv) Investment in Infrastructure and Services:***

- Prioritize the provision of basic urban services such as water, sanitation, and transportation in small and medium-sized towns.
- Encourage public-private partnerships for sustainable urban infrastructure development.
- Align urban development strategies with Sustainable Development Goal 11 (SDG11) to create liveable, resilient, and sustainable cities
- Incorporate climate resilience measures into urban planning.

By adopting these recommendations, Pakistan can transition from its current 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)

## Theme 5: Slums/Katchi Abadis and Squatter Settlements

***Issues:*** Slums/Katchi Abadis and Squatter settlements are commonly observed in major cities in Pakistan – a black mark on the face of cities. Unfortunately, its number is on rise with the passage of time. It is estimated that over 50% of the urban population is residing in slums or informal settlements known as katchi abadis (UN HABITAT, 2023). Even in Islamabad- the capital and well-planned city of Pakistan, there exist about 63 under-served slums (Hasan et al., 2021). Its existence is a vivid evidence of malady and disorder in urban and regional development policies and management.

### *5.1 Urban renewal and urban regeneration*

These are two planning approaches to effectively deal with slums and squatter settlement issues in a sustainable manner. These effectively tackle not only the physical upgradation of the area, but also promotes its social, economic and environmental development.

### *Policy Measures*

Here are the wide-ranging and far-reaching policy measures to overcome the issue of slums and squatter settlements in major cities of Pakistan:

a) ***High-rise with Mixed Land Use Development:*** The concerned city governments need to launch urban regeneration and urban renewal initiatives in existing slums and squatter settlements. It is all about efficient utilization of 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 comprising the construction of mixed-land use (commercial plus residential) high-rise apartment buildings along with the provision of planned infrastructure and urban services. The sale of the first 3-4 storey of such buildings meant for commercial use will help generate enough financial resources for cross-subsidization of residential apartments to accommodate the original residents of slums/katchi abadis.

   However, the slums and Katchi abadis developed on 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 work places inter-linked with efficient transportation system. Moreover, the formulation of Urban Regeneration Act both at the Federal and Provincial levels is imperative for implementation of Urban Regeneration measures

***b) Land/Apartment Ownership Rights***

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

***c) Preference to 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 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 60-70% of residential area in public and private housing schemes for apartment buildings and it must be cross-subsidized by inflated prices of 30-40% of area for low density bungalows.

***d) Enhance public Private Partnership*** for low-cost and affordable housing close to the city center/business district to curb emergence of slums and squatter settlements

***e) Engaging the Corporate Sector*** to play its vital role in providing rental housing to its workers/employees in the context of corporate social responsibility and corporate citizenship is critical for reducing pressure on housing sector in a city

***f) The Pivotal Role of Public Sector*** departments/organizations in the provision of low-cost and affordable housing to government employees is beyond dispute. Each and every department must appropriate resources for construction of apartment buildings in order to enhance the supply of affordable public housing for its employees, particularly for the lower grade ones.

## Theme 6: Affordable, Low-cost and Rural Housing

### 6.1 Introduction

The latest census i.e. 2023 Population and Housing Census of Pakistan transpires that there are 38.3 million houses in the country and 60.7% of them are in rural area and 39.3% in urban areas. The overall 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 and for the poor and needy is clearly reflective in the katchi abadis, squatter settlements, shanty towns and slums in the urban areas and are now very visible as 50% of the population of the urban centers lives in them. Unfortunately, the situation, as far as rural housing is concerned is the worst. Historically, rural housing has received scant attention partly due to lack of an adequate institutional set up for dealing with rural housing problems and partly because of diversity

## 6.2 Snapshot of Failed & Successful Individual Models in Affordable Housing

### *A. Failed Projects*

***I) Pruitt-Igoe Public Housing, St. Louis:***

33 racially segregated 11-storey high-rises on 230,000 $m^2$ cleared of the city fabric. These public housing buildings appeared utterly alien to the surrounding low-lying buildings.

***Reason***: Restricted budgets and lack of maintenance and management resulted in poor building quality and cheap fixtures.

***II) Pink Houses, NY, Brooklyn***

They are 22 eight-storey buildings with 1500 apartments

***Reason:*** The project is isolated from the urban fabric as well as absence of maintenance and neglect by the city council resulted in failure of the project.

### B. Successful Affordable Housing Projects

***I) Monterrey Housing Nuevo León, Mexico***

The Monterrey Housing project won Chilean architectural studio Elemental a 2011 INDEX design prize. The reinforced concrete units were designed to allow occupants to customize their spaces themselves depending on their personal budgets.

***II) Harold Housing Project. Paris, France***

Three Buildings with 100 apartments and all blocks have green roof elements and rooftop solar-powered heating systems that provide the buildings with their hot water.

**Mixed used projects:** Challenges including land rules, building restrictions and tree preservation orders. The complex also features ground-level shopping areas.

## 6.3 Successful Governmental Interventions in Affordable Housing

***I) Singapore Affordable Housing Project***

- More than 80% of Singapore ‘s population is living in public flats, with 93% of them owning their flats.
- The Housing and Development Board (HDB) manages all the affairs related to housing. HDB has developed more than 900,000 flats in Singapore

- Affordability is ensured through a set of modalities, including the provision of different unit sizes, progressive mortgage payments (based on income levels), low interest rates and government subsidies. For example, government subsidizes low-income groups and first-time buyers for buying houses.

*II)* ***Canadian Government low-cost home-ownership program***

- Injection of grants to help potential first-time buyers
- Operation with the help of local governments helped identifying target group, collection and lending of funds, maintained transparency and minimized operational cost.
- It succeeded in creating more than 100,000 new housing units were in addition to protection to more than 380,000 community housing units
- It also helped in repairing and renewing about 300,000 existing housing units

***III) Housing for Al Pradhan Mantri Awas Yojana - PMAY-Urban (PMAY-U) 2015***

**Main Features:**

- Redevelopment of existing slums
- Grant of 1 lakh IR to planning and implementing authority
- Credit Linked Subsidy: Easy credit for WES, LIG (Low Income ) and MIG (Middle Income) to purchase house
- Financial Assistant for developers
- 1.5 lakh per EWS in private projects
- 35% of the house for EWS Category in each project
- Central assistance of `1.5 lakh per family for new construction or extension of existing houses for the EWS/LIG.

***IV) The USA: the Low-Income Housing Tax Credit (LIHTC)***

- Provides tax credits to the developers which will be transferred to investor in return for equity finance
- Indirectly helping the customer by giving financial relief to developer through tax credit
- Competitive allocation of tax credit ensures quality, penalties ensure the fulfilment of conditions of letting houses to low-income group

### V) *Spain's Vivienda de Proteccion Oficial (VPO) Public Housing*

- Subsidizing the developers through supply of cheap land which is financed by the banks and deposits made by the purchasers which is 20%
- Obliged the developer to build specific number of housing units on the land.
- Terms and conditions are very soft, making eligible maximum of its population
- The inclusion of high-income group in VPO also help in giving financial freedom to the developer of land tenure arrangements and non-saleable nature of the land on which houses are built in rural areas.

Here is the listing of demand, supply and finance-related issues and barriers to affordable housing

**I) Issues/Barriers relating to Demand of 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. 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. Majority of the target group don't have formal income sources – Rural Population
vii. Differential Origination Rates for households of low-income status
viii. Poorly serviced by infrastructure networks and public services

**II) Issues/Barriers relating to Supply of Affordable Housing**

i. Investor uncertainty due to unpredictable macro environment 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 affordable housing sector-Lack 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

**III) Issues/Barriers relating to Financing of Affordable Housing**

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

## 6.2 POLICY MEASURES

### A. *Policy Measures for Affordable/Low-cost Housing*

i) The provincial departments in collaboration with other departments and bodies shall identify and provide land to development agencies and the private sector builders and developers on concessionary rates 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 in entire country will be allowed
v) Local Government departments, Urban councils, development authorities, and developers shall provide standard and cost effective designs and plans to the prospective home builders.
vi) All the building construction elements like doors, windows, ventilators, shall be of standard size throughout the region and shall be manufactured at bulk to reduce the construction cost.
vii) The building plans approval process shall be made simple and easy to understand and fast along with cost effective with reduced fees
viii) The infrastructure for housing like water supply, sewerage and drainage shall be provided before development of the low cost housing scheme and community participation shall be promoted to reduce the cost of development.

ix) Low cost houses shall be allowed to use certain part i.e upto 25% of the house for commercial activity to earn livelihood for the family at home without compromising the local environment.

x) The minimum size of the house shall not be fixed.

xi) Schemes for solar and wind energy, particularly for rural housing, keeping in view the local conditions, needs to be launched by the Govt.

xii) Rental Housing, & Social Housing models through public and private sectors

xiii) Relaxation on registration charges, transaction taxes and stamp duties

xiv) Use of advanced technologies

xv) Dedicated approval window for affordable housing

xvi) Slums /Katchi abadies upgradations and regeneration must be carried out

***B. Policy Measures for Rural Housing***

i) The provincial and local Govt. departments shall identify state land (Shamlat Deh) for rural housing in and around the existing villages, settlements and towns preferably towards the growth patterns of the existing settlements which is free from all sort of encumbrances

ii) Dedicated low-cost housing programs for rural areas should be launched

iii) Microfinance initiatives should be launched to provide small, low-interest loans for rural home construction and renovation.

iv) local Government departments, rural local councils, shall provide standard and cost effective designs and plans to the prospective home builders

v) Union councils with the help of tehsil councils will prepare drawings of road/street network in advance in rural areas/settlements for planned future growth/development

vi) Schemes for solar and wind energy, particularly for rural housing, keeping in view the local conditions, needs to be launched by the Govt

## Theme 7: Institutional and Legal Framework

***Issues:*** The existing institutional and legal framework on housing sector is fragmented and complex with limited policy vision and overlapping functions among multiple housing institutions at federal, provincial, and local governments' levels. It is highly important to bring institutional and legal reforms in 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.

*Policy Measures:*

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

**i) Federal Government Level**

- Ministry of Housing & Works (H&W) should take a lead strategic role in the implementation of National Housing Policy 2025 through active collaboration with Provincial Housing Ministries and all other concerned stakeholders by establishing a permanent coordination mechanism for this purpose.
- Introduce legislative and policy reforms on rationalizing the role of federal executing housing agencies including the merger of similar federal institutions
- Provide strategic support to provincial governments in resources mobilization, allocation of finances for affordable/low income housing, alternative technology transfer, climate change resilient housing construction, and provincial level policy research
- Under the strategic/policy framework of National Housing Policy 2025, a 3-Year based National Housing Action Plan should be formulated through requisite implementation of desired policy/legislative/institutional reforms, integrating and streamlining ongoing housing programs at the federal/provincial/local governments 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.
- Ministry of H&W should establish evaluation and monitoring system in collaboration with Provincial Housing Ministry to oversee national housing policy implementation and analyzing the provincial governments' performances particularly of its targets on housing delivery
- Ministry of H&W in coordination with provincial housing ministries and district governments should contribute to establishing National/Provincial/District level Housing Data Banks in order to strengthen evaluation and monitoring system for housing sector at these three levels. Data Banks should be updated on a continuous basis to make available data for informed decision making on housing demand/supply at district/city scale, monitor/regulate land/housing values, controlling illegal housing schemes, promote subsidized low income housing, availability of housing finance, etc.

**ii) Provincial Government Level**

- Introduce strategic/policy/legislative housing sector reforms to clearly define the role of policy institutions, executing institutions and regulatory institutions at provincial level. Such reforms also eliminate duplication of functions and multiplicity of public housing institutions functioning at provincial level

- In line with the National Housing Policy framework, provincial governments should formulate and implement Provincial Housing Policy through active collaboration with local governments and all other concerned stakeholders
- All the provincial governments should promulgate Spatial Planning Acts and create Spatial Planning Authorities.
- All the provincial governments should promulgate Multi-Storey Buildings Acts to facilitate construction of vertical housing and overcome the issues pertaining to strata title
- Develop provincial level monitoring system and key performance indicators (KPIs) in order to keep analyzing progress against provincial housing programs and delivery targets
- Arrange funding from the Federal government and international donor agencies (e.g. world Banks), for providing affordable housing to low income households
- Build capacity of Spatial Planning Authorities/Development Authorities and Housing and Town Planning Agencies to implement National Housing Policy
- Improve coordination mechanism among the concerned provincial departments/agencies, and other stakeholders in order to accelerate the implementation of provincial housing programs
- Promote such regulatory frameworks which increase public-private partnerships and enhanced private sector role in the delivery of climate resilient affordable housing construction projects/program all across the provinces
- Promote region specific usage of local building materials and indigenous housing construction techniques by ensuring appropriate quality and price structure.

**iii) Local Government Level**

- Capacity Building of Town Planning Departments within DAs/LGs should be done to facilitate the preparation and implementation of Master/Regional Plans through local multi-stakeholders participation
- Develop and implement district/metropolitan/city specific housing action plans/programs aiming to address region/local specific housing shortages and improving the quality of existing housing stocks through urban renewal/slums/squatters improvements plans
- 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 system.
- Upgrading squatter settlements and slums (urban renewal) should be given priority attention in the Master/Regional Plans
- Create policy/plan implementation units in all development planning and controlling authorities/agencies and local governments
- Promote private sector participation in housing and establish monitoring system to ensure development of private housing schemes as per approved plans/planning standards and timely passion of developed plots/constructed dwelling units

- Ensure online processing/approval of applications for housing schemes/mixed use projects
- Establish land record automation and creation of District level housing data banks/housing market information system

iv) **Planning, Zoning, and Building Regulations**

The existing fragmented city and regional planning system in Pakistan is one fundamental reason behind unregulated urbanization and unchecked growth of informal settlements and urban sprawls 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 housing market is also linked with poor functioning of spatial planning system in the country. The land use zoning and building regulations did not consider the ground realities of the 21st century living and could not contribute to achieving an effective development control at different scales of urban settlements in Pakistan.

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

- The preparation and implementation of Master Plans/Regional Plans for urban and rural areas all across the country should give top priority to the provision of low income housing and provision of necessary infrastructure as well as public amenities in their respective areas. It should also be ensured to review Master Plans/Regional Plans after every five years
- In order 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
- National/Provincial/Local level building by-laws/regulations and National Reference Manual on Planning and Infrastructure Standards should be updated/revised in line with 21st century requirements and latest urban planning frameworks. For example, currently functional building codes/regulations imported from the west need to be replaced with local climate sensitive building codes/regulations.
- The current Land use Plan (Classification, Re-Classification and Redevelopment) Rules mainly include five land use classes, i.e. Residential, Commercial, Industrial, Agricultural, Notified areas). It is necessary to include parks/open spaces/recreational land use and institutional/public buildings as separate land use classes.
- Building regulations and planning standards should be revised to permit incremental development and lowering of planning standards to make relocation, resettlement, redevelopment and up-gradations of squatter settlements and slums cost effective for low income groups

- 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
- Create specific zones for transit-oriented development (ToD) and prepare regulations for urban regeneration/high-density mixed-use ToD projects

- Introduce fiscal and procedural incentives for private developers to undertake urban regeneration/ToD projects (e.g. 50% rebate in 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
- 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)
- Private housing schemes regulations should encourage provision of apartments and smaller dwelling units than provision of larger than one kanal serviced plots
- In private housing schemes, minimum 40% of total residential area should be provided for apartments
- New regulations should be formulated for the provision for Home-Based Enterprise Housing in peri-urban and rural areas
- Grant waiver of scheme plan approval fee for private developers who provide built houses/apartments on minimum 40% residential area of a housing scheme
- 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% small pockets within municipal limits by declaring it “public purpose" land, preferably on land sharing basis. Holders of such pockets may be offered 15-20% more compensation than the market rate.

## Theme 8: Green, Energy Efficient and Climate Resilient Housing

As per vision of the National Housing Policy 2025, “Provision of adequate, affordable, and sustainable housing for all”. The provision of green, energy efficient, climate and disaster resilient housing is one of the critical themes to achieve the goal of policy. The concepts and policy recommendation under the theme are described as under:

### 8.1 GREEN HOUSING

***The Concept:***

Considering the challenges of Climate Change, the emerging trends of green housing needs to be addressed with more clarity and adoption of action oriented approaches by involving the ultimate beneficiary strata of population i.e. common citizens. The improvement in the overall Quality of Life (QoL) and ensuring the environmental sustainability during the process of provision of affordable housing remains a fundamental component 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 engaging residents for green initiatives such as the production of vegetables and herbs of daily use at household level.

Case studies may be developed to conduct research on psychological, social, technical and economic aspects of smart urban farming and green building initiatives.

***Policy Measures***

The laws, rules and regulations of the regulatory regimes must ensure that The Green Building Codes formulated by UNHABITAT, Islamabad is 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

## 8.2 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.

***Issues:*** The previous housing policy lacks policy measures to integrate renewable energy systems, water management practices, and retrofitting strategies for existing housing stock. Additionally, limited attention to financing mechanisms, stakeholder capacity-building, and private-sector involvement hinders the scalability of climate-resilient housing initiatives.

***Policy Measures:***

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

i. Introduce mandatory climate vulnerability assessments for housing projects, ensuring designs align with local climatic conditions.
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 in adopting 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 principle
vi. Actively involve local communities in the design, planning, and maintenance of resilient housing and infrastructure
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 focused on reducing greenhouse gas emissions, improving energy efficiency, and minimizing disaster risks

## Theme 9: Capacity Building and Knowledge sharing

Capacity building and knowledge sharing plays a key role in development and growth. It is always important to stay relevant with the latest knowledge and modern techniques. It gives people, groups, and communities more power by making them better at what they do by helping them work smarter and sparking new ideas. These two things together create an environment where people always learn, can change when needed, and bounce back from setbacks and ensures success in the long run.

***Policy Measures:***

Keeping in view the best international practices relating to the 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, enveloping housing statistics, housing surveys, future trends, supply and demand assessments and case studies of best practices need to be established in the ministry of housing and works at federal level as well as in relevant provincial ministries
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 integration of real-time smart 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 AI analytics to design smarter, 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 Modeling (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 who prioritize eco-friendly and community-focused projects
xi. Involve local communities in the planning and management 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

**Introduction:**

One of the most crucial means of making housing policy successful in achieving its goals and objectives is having an implementation, monitoring, evaluation and review mechanism in place.

***Issues:***

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

***Policy Measures:***

The following measures are suggested for having a pertinent system:

i. The Ministry of Housing and Works at Federal Level and relevant ministries at provincial level should assign the task of implementing the policy to specifically identified departments/authorities

ii. Establishment of an independent Real Estate Regulatory Authority (RERA) at Federal as well as at provincial levels for monitoring, evaluation and adherence to the provision of the housing policy in letter and spirit in all private as well as in public housing initiatives

iii. Develop pertinent indicators for policy monitoring, evaluation and review

iv. Financial resources must be allocated for the streamlined development of housing sector in line with the approved national housing policy

v. Make awareness campaigns a regular and permanent feature for the sensitization of all key stakeholders

vi. Chalk out a clearly defined roles and responsibilities of key stockholders in monitoring and evaluation process

vii. Engaging well-qualified professionals with monitoring and evaluation agencies / authorities

viii. A midterm review after 05 years must be conducted

ix. A comprehensive review of the policy to measure its accomplishments and realignment if necessary, must be conducted after every 10 years

Setting timelines for various components of the crafted housing policy framework becomes crucial for the following reasons:

i. It provides a clear direction and keeps activities on track
ii. It improves coordination among relevant stakeholders because roles and responsibilities are clearly defined along with time-bound tasks to be accomplished
iii. It helps facilitate monitoring and evaluation
iv. 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

| Serial No. | Policy Actions | Responsible Stakeholder/s | Time period |
|---|---|---|---|
| 01 | Preparation of Master plan/Spatial plan/Outline development plans of cities and towns specifically including:<br>i. Demarcation of city boundaries/Growth boundaries along with green belts<br>ii. Land use plan<br>iii. Site development zones<br>iv. In-depth transportation surveys and feasibility studies for the provision of mass-transit<br>v. Determination of Transit-Oriented development Zones<br>vi. Identification of private & state-owned land parcels for infill development | Federal Ministry of Housing & Works, Capital Development Authority & Concerned local Govt. departments<br><br>Concerned provincial ministries along with local govt. departments/development authorities | 1 to 2 years after approval of the housing policy |
| 02 | 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 |
| 03 | Urban Regeneration Act | Federal Government Ministry of Housing & Works | 5 months after approval of the policy |
| 04 | Zoning regulations for vertical development | Concerned federal/provincial Development authorities and local govt. departments | 06 months effective from April 01, 2025 |

| Serial No. | Policy Actions | Responsible Stakeholder/s | Time period |
|---|---|---|---|
| 05 | Launch of web portal/Housing Data Bank and updating the same on regular basis for ready reference | Ministry of Housing & Works to launch and maintain the web portal – provincial data to be provided by the concerned provincial ministries | 6 months to 01 year after approval of the policy |
| 06 | Frequency of meetings for update on all activities relating to housing | Between federal ministry i.e. Ministry of housing and works & concerned provincial ministries | After every 04 months |
| | | Among concerned provincial ministries & local govt. departments/development authorities | On Quarterly basis |
| 07 | keeping in view the future growth directions of cities/town, identify the private and state-owned land parcels suitable for low-cost/affordable housing projects in the periphery of cities/towns, | Capital Development Authority at federal level | 6 months after approval of the housing policy |
| | | City development authorities and local governments at provincial level | |
| 08 | Acquisition of the identified land parcels in phases on yearly basis | Capital Development Authority at federal level | On yearly basis |
| | | City development authorities and local governments at provincial level | |

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