

PROGRAM DESIGN FOR POLICY,
INSTITUTIONAL AND REGULATORY REFORM IN THE
CITY OF LAHORE

REAL ESTATE MARKETS IN LAHORE

DR. SANIA NAZIR CHAUDHRY



USAID
FROM THE AMERICAN PEOPLE



FORMAN CHRISTIAN COLLEGE
(A CHARTERED UNIVERSITY)



**CENTRE FOR PUBLIC POLICY
AND GOVERNANCE**

Together we will create a **ROSHAN PAKISTAN**

POSITION PAPER - IV

REAL ESTATE MARKETS IN LAHORE

DR. SANIA NAZIR CHAUDHRY

Centre for Public Policy and Governance
Forman Christian College (A Chartered University)
Lahore

© 2015 Centre for Public Policy and Governance

This publication or any part of it may be used freely for non-profit purposes provided the source is clearly acknowledged. The publication may not be used for commercial purposes.

Published by: Centre for Public Policy and Governance
Forman Christian College (A Chartered University)
Ferozpur Road, Lahore.

Printed in Lahore by: Newline
0301-8407020 | newline1849@gmail.com
Designed by: Maryam Aamir

CONTENTS

<i>Foreword</i>	<i>v</i>
<i>Acknowledgements</i>	<i>vi</i>
<i>List of Acronyms</i>	<i>vii</i>
<i>Executive Summary</i>	<i>ix</i>
<i>Vision</i>	<i>xi</i>
Chapter 1	
Overview.....	1
Chapter 3	
Methodology.....	3
Chapter 4	
What Needs to Be Done?	4
Chapter 5	
Framework for an Efficient Real Estate Market of Lahore.....	5
STEP 1: A Real Estate Market Accessible to all income groups Land Use (FAR)	
STEP 2: Transparent Transactions	
STEP 3: Protection & Preservation of the Environment	
STEP 4: Policies to promote Investment to supply Housing for low-income groups	
STEP 5: Efficient Governing Systems	
Chapter 5	
Conclusion.....	17
Endnotes.....	18
Annexure I.....	19
Annexure II.....	21

FOREWORD

The Centre for Public Policy and Governance (CPPG), Forman Christian College (A Chartered University) Lahore started Program Design for Policy, Institutional, and Regulatory Reform in the City of Lahore in collaboration with the United States Agency for International Development (USAID) FIRMS Project in November 2012. The purpose of the project was to prepare Lahore Vision 2035 to support the preparation of Integrated Strategic Development Program for Lahore Region 2035 (IDSP-35), by the Lahore Development Authority (LDA). The drafting of Lahore Vision 2035 was considered necessary because it was felt and conveyed by several experts and institutions that Lahore was not utilizing its full potential for achieving economic growth due to inadequate policy choices and institutional arrangements. While Director, CPPG supervised all activities of the project; Dr. Imdad Hussain was selected by the CPPG as the Lead Researcher. He built a team of more than ten consultants/researchers who collected and consolidated urban research carried out by public and private sector entities in order to prepare Lahore Vision 2035. To ensure that Lahore Vision 2035 is designed by practitioners, professionals, architects, engineers, urban developers and grass root civil society community activists, we created a 15 member Core Working Group (CWG). The CWG played a pivotal role in mentoring and providing guidance to our team of researchers. This is the 4th Position Paper in the series. While we remain indebted to each member of the CWG for their advice and guidance for specific position papers, I am particularly grateful to Mr. Suleman Ghani for his clarity of purpose, dedication and invaluable assistance and advice throughout this project.

This research focuses on real estate in Lahore with a particular focus on housing societies, housing market and opportunities of growth with reference to the optimal growth of real estate market. The findings of the study convey that urban sprawl has led to three major issues; agricultural land is being transformed into housing schemes; zoning laws are either violated or not enforced, while drawing line between commercial and residential areas. Land speculation and land grabbing and encroachment is on the rise. This has led to mushroom growth of Katchi Abadies (Squatter Settlements). It is estimated that 45% of Lahore's population lives in Katchi Abadies.

Real-Estate Market though booming and expanding is highly skewed in favor of the high-income groups; a relatively small number of developers dominate the real-estate market, particularly housing industry. The study draws attention to social and regulatory concerns; pointing out how black money, weak regulation, poor monitoring and Accountability System has created distortions in housing/real estate market. The routine violation of zoning laws, construction of unauthorized plazas and housing colonies have encouraged speculation. The Position Paper makes several recommendations to correct distortions in the real-estate sector in Lahore. It makes a case for encouraging credit finance for housing schemes for low-income groups; effective regulatory framework; transparent transactions; improving coordination among various government departments monitoring housing schemes. It calls for real estate market that is accessible, fair and open to the privileged and marginalized, which encourages public-private partnership, makes land transactions transparent, protects and abides by environment and public safety laws. It sounds idealistic but that is the vision.

Dr. Saeed Shafqat
Convener, Lahore Vision 2035

ACKNOWLEDGEMENTS

I am grateful to the core team of Center for Policy Planning and Governance (CPPG) for providing an opportunity to make a research contribution to the Lahore Vision 2035. I would like to thank Professor Dr. Saeed Shafqat for his continuous support throughout this project. Special thanks to Dr. Imdad Hussain for his guidance and forbearance for the duration of the research. A word of thanks is due to Mr. Pervaiz Qureshi, who was always available for mentoring on the Real Estate Market of Lahore and to Mr. Suleman Ghani for his valuable advice.

LIST OF ACRONYMS

ADR	Alternative Dispute Resolution
CDGL	City District Government Lahore
DC	Deputy Commissioner
DHA	Defense Housing Authority
EOBI	Employees Old Age Benefits Institution
FAR	Floor Area Ratio
KPK	Khyber Pakhtoon Khwa
LDA	Lahore Development Authority
TMA	Town Municipal Administration
ToR	Terms of Reference
UK	United Kingdom

EXECUTIVE SUMMARY

This study examines the issues of the Real Estate Markets in Lahore including land use, building control, zoning and suggests relevant solutions to improve the current situation. A smooth, planned and progressive functioning of the Real Estate Markets is essential for a rapidly expanding megacity such as Lahore. The population boom and constant influx of migrants has put excessive strain on the already insufficient infrastructure of support services necessary to provide the civic services for a safe and healthy communal living.

The concept of a Real Estate Market envisages a comprehensive domain in which the land use, building control and zoning of a city or a town is supported by a strategy or a central plan based on a realistic, authentic, credible and reliable needs assessment. All property transactions are secure and genuine, discourage speculation and ensure that housing is available to all income groups. Smooth and efficient functioning of this sector is supported by relevant and adequate rules, regulations and laws and good governance practices.

An overview of the Real Estate Markets of Lahore revealed that the infrastructure of this city was advancing towards rapid disintegration. A constant uncontrolled increase in katchi abadis, scarce availability of both rental and owned accommodation, lack of safe drinking water and sanitation services, high carbon mono-oxide content of traffic emissions pose a direct threat to the health of the residents and the environment of the city. The population growth and migrant demand for housing is constantly devouring the prime agricultural land in the suburbs of the city exposing the city to a food security threat.

A plethora of Acts and Regulations govern the Real Estate Markets which has only resulted in chaos and bad governance. Duplication of administrative controls through multiple departments performing similar functions has created problems over clear jurisdiction of functions, making it difficult to ensure accountability, as ownership of decision-making cannot be established. Lacunae in the legal regulatory framework create an umbrella shelter for mischief, maladministration and negligence on part of public servants in senior management positions.

Weak institutions provide a fragmented management system. Lack of individual independent organizational systems and absence of reliable and timely data collection are core reasons for the failure of state machinery which has led to the current urban crises. A market which fails to ensure the transparency of transactions and does not have a practice of monitoring and accountability cannot be expected to perform in the sector of urban development. There is no database or repository of information to record the activity in the different domains of the Real Estate Markets. Future planning without an analysis of real-time market trends is a futile exercise and cannot provide need based urban development.

In this project, a framework has been developed as a first step towards making Real Estate Markets efficient. Salient objectives of this framework are the following: accessibility to all income groups, transparent transactions, protection and preservation of the environment, policies to promote investment to supply housing for low-income groups based on an effective tax regime along with promising fiscal and monetary policies, and efficient governing systems characterized by an effective regulatory and institutional framework. The best practices and solutions recommended in this study can inform the policy makers when planning future strategies for urban development in Lahore and help improve the existing situation of urban crises.

VISION

Lahore of 2035 has sustainable, judicious and planned housing affordable for all income groups. No katchi abadis (slum and squatter settlements) are visible in the city. Basic amenities such as schools, hospitals, shopping centres and place of employment of the majority workforce are all available locally within approachable distance of localities. Regulation, transparency and accountability are adopted in such a way that land speculation, cartelization, land grabbing, extortion, encroachments and ribbon commercialization come to an end.

OVERVIEW

The city extends over an area of 1,772 square kilometres and comprises of ten towns, two cantonments and the Defence Housing Authority (DHA).¹ DHA constitutes of about 18 per cent of the city by area covering 120,000 kanals of which 80,000 kanals has been utilized as serviced plots for housing units.² Lahore is an example of a dual housing market which caters to two different strata of the society; the high income earners and the middle to low income group.³ The majority population, which is in the low-income group, is gravely neglected as the number of *katchi abadi* settlements escalates. According to an estimate 45 per cent of the population resides in *katchi abadis* and slum quarters.⁴ No statistics are available for the annual supply of housing units or the housing shortage faced by the residents of Lahore.

Lahore is an example of uncontrolled urban sprawl that has resulted in growing disparity amongst its inhabitants. The city has seen its prime agricultural land transform into divisions of small plots with unorganized infrastructure become inhabited by sparse chunks of low and middle-income home seekers. This involves unregulated change of land use and its implications on water usage and conservation, littering and waste management load of the city and environmental preservation. Lahore is lagging behind in essential urban infrastructure such as parks, pedestrian walkways, access roads, underpasses and overhead bridges, green and public spaces, streetlights and security arrangements for a mammoth population. The rate at which Lahore is devolving its suburban boundaries is increasing proportionate to the population expansion. The annual housing demand is not met by a reciprocal supply of low cost housing units for both rental and selling portfolios of the property market. Consequently, escalating land and house prices are now out of reach of a

considerable proportion of the population falling in the lower income brackets. Uncontrolled mushroom growth of slum developments and *katchi abadis* is on the constant rise. Social segregation into islands and pockets of isolated communities exacerbates class difference and disparity. Hence, Lahore seems to be currently suffering from urban crises due to its ill-managed land market and inefficient land use systems.

The Real Estate Market influences the housing provision for the population of the city besides a significant contribution to the economy through 250 allied industries. In order to understand the current issues, it is crucial that we understand the political, regulatory, institutional and financial interrelationships that govern the dynamics of this market. “An efficient Real Estate market is one that encourages quick development and transaction of land, provides reasonable access to all income groups, is environmentally sound and the system governing the land markets should be integrated with other laws and regulations governing land, such as planning, taxation and provision of public infrastructure and services”.⁵

Lahore faces issues when gauged on all these parameters of an efficient Real Estate Market. Urban development has evolved around a strategy that encompasses provision of housing and amenities, *katchi abadi* improvement, institution building, infrastructure to accommodate government offices and housing for public officials. These programmes have clearly failed to meet the rising demand on public services. Poor planning, implementation and ineffective regulation have added strain to the traffic congestion and environmental pollution in the city. Land speculation, monopolization of land development, land grabbing, extortion and

Land supply and development, and government housing and buildings have been the key focus of urban policies of successive governments. However, the constraints to efficient land markets are more often political than technical. In the case of Lahore, both political as well as technical issues are significant, however; the correction of technical problems can only be realized through strong political will and leadership.

encroachments characterize the urban landscape of Lahore and mar the peace and security in the city.

The prime role of the government is to regulate the functioning of the market. The city of Lahore is an example of a poorly regulated Real Estate Market. The government functions both as a regulator and a supplier. Land supply and development, and government housing and buildings have been the key focus of urban policies of successive governments. However, the constraints to efficient land markets are more often political than technical. In the case of Lahore, both political as well as technical issues are significant, however; the correction of technical problems can only be realized through strong political will and leadership.

A fragmented management system, absence of a coherent urban policy and impulsive decision-making, that is not need based, characterize the current institutional and regulatory framework. There is no concept of holistic and integrated planning. Resources are ample; however, lack of systems form the basis of weak institutional capacity. A long-term solution to resolve this urban crisis has never been an objective because insecurity and instability of successive political democratic governments favours only short-term projects targeting completion within the tenures of such governments. There is no mechanism for participatory development to ensure democratic governance. Pursuit of commercialization by the elected representation is a key driving force

that has shaped the “ugly” landscape of the city.

As chaos prevails in the urban development and real estate market management in the city of Lahore, construction of flyovers and underpasses is visible across the length and breadth of the city. Tower cranes can be seen working along these construction sites. The quest to build non-stop corridors along major arteries of the cities prioritizes urban development projects competing for the meagre resources of time and money. Such haphazard development compromises environmental protection principles and is a matter of great concern for the inhabitants of any megacity. In spite of the fact that such major projects are the need of big cities, the lack of a need and evidence-based vision for the city and deficient planning negates the impact of the billions consumed by such projects. Housing needs for the majority residents of the city who belong to low-income groups get pushed further down the priority list.

The rising population, rural to urban migration and influx of the Internally Displaced Persons continue to add strain to the already limited resources of Lahore. Ribbon commercial developments stretch non-stop between the suburbs of the city and the adjacent towns. It has become difficult to demarcate the functional or physical boundaries of the city. The issues and challenges multiply with every passing day but little relief is available to qualify as good governance on part of the city managers and town planners. The entire mechanism of decision-making that surfaces in the form of high visibility road transit projects has become a serious concern for the city. The current scenario calls for a comprehensive needs assessment of the Real Estate Market of Lahore to highlight major problems that can be addressed in developing a vision for the city for 2035. This study attempts to understand the issues of the Real Estate Markets of Lahore and offers recommendations in this regard which can help improve the current situation. A framework for an efficient Real Estate Market has been developed based on an analysis and classification of the underlying issues and challenges of this sector. Solutions for these problems are discussed alongside.

METHODOLOGY

The research design comprises of a mix of data collection methods. Both primary and secondary data were collected. A preliminary literature review in the subject area was done to evolve the research questions. Secondary data collected through a review of several reports of federal ministries and provincial departments, relevant Acts, rules and policy documents on urban development helped identify the core issues in this area. Literature on regulation of Real Estate Markets in other contexts was analyzed to understand how communities resolved similar problems. The selected literature reviewed is listed in the Annexure.

Primary data were collected through semi-structured interviews. A list of experts in this field was prepared with the mutual consultation of the mentor from the Core Working Group (CWG). Based on convenience sampling, four interviews of experts in Real Estate market were conducted. The number of interviews was limited subject to the availability of these Real Estate experts. Interviews were recorded and transcribed subsequently. Findings were shared with the members of the CWG for validation during four CWG meetings. The data collected were analysed to generate the key issues and relevant recommendations, which are incorporated in the final report.

Key Interviews

Primary data was collected by interviewing key stakeholders of the Real Estate Market of Lahore. The main questions/focus of the interviews is given below:

Organization/Position	Focus of Interview (Key Question)
Acorn Consulting Chief Executive Officer / Architect	Current Policy Changes in the Real Estate Market of Lahore, Urban Development Best Practices, Existing situation of urban planning in Lahore, Land development cycle, issues of inner city of Lahore
Sahir Associates, Chief Executive Officer / Land Developer	Issues faced by land developers in the present public sector set up, challenges to modern urban development in Lahore, issues of the Real Estate Market, lessons to be learnt from indigenous experience of the interviewee.
Defence Housing Authority, Lahore, Secretary	Best practices of successful land development by DHA, Lessons to be learnt for real estate market development in Lahore, How is DHA functioning positioned as compared to the other parts of the city
Abid Group of Companies, Chief Executive Officer / Land Developer	Developing a vision for Lahore real estate market in light of experience, how to resolve contextual issues, What does Lahore need? How to improve the housing deficit in the city?

WHAT NEEDS TO BE DONE?

The position paper's vision for Lahore is that its Real Estate Market is accessible to all income groups. This can be accomplished through judicious land-use, proactive planning and effective implementation. Well-established monitoring and accountability systems will ensure transparency of all departmental business. Land use and planning protocols need to be environmentally stable. Adequate and affordable housing is available for low-income groups as tax, fiscal and monetary policies promote investment in this sector. Efficient governing systems are in place through an effective

regulatory and institutional framework.

An institutional analysis of public sector departments to update them to current international standards will ensure that affordable housing is timely available for the rapidly growing local and migrant population in the city. Community living can only be improved when this urban policy planning is grounded in such values. The following framework highlights the direction for future policy formulation to ensure good governance in the Real Estate Markets of Lahore.

FRAMEWORK FOR AN EFFICIENT REAL ESTATE MARKET OF LAHORE

1. A Real Estate Market Accessible to All Income Groups

2. Transparent Transactions

3. Protection and Preservation of the Environment

4. Policies to Promote Investment to Supply Housing for Low-Income Groups

4.1 Conducive Taxation Regime

4.2 Fiscal and Monetary Policies

5. Efficient Governing Systems

5.1 Effective Regulatory Framework

5.2 Efficient Institutional Framework

FRAMEWORK FOR AN EFFICIENT REAL ESTATE MARKET OF LAHORE

STEP I: A REAL ESTATE MARKET ACCESSIBLE TO ALL INCOME GROUPS

1.1 Land Use (FAR)

Land value has emerged as the prime factor in land use and zoning instead of public priorities and planning considerations. There is a tendency by politicians and policymakers to utilize zoning and land use for personal and political gains. Proliferation of private housing schemes has been directed predominantly along the south of Lahore. These developments are disintegrated and lack basic infrastructure. In 1992, National Conservation Strategy highlighted that “Urban planners do not seem to realize that class I and class II agriculture soils are scarce and practically nonrenewable resources.”⁶ Agricultural land comprises of 76 million hectares of less productive land while class I and class II agricultural land is only 12.2 million hectares. Majority of the new housing schemes are planned on this prime agricultural land as it is level and easy to develop and is adjacent to the existing transport infrastructure of major cities. This phenomenon has had a worst impact on Lahore, which is a leading speculative Real Estate Market of current times. Huge vacant chunks of land sit in the main city areas while housing schemes devour such prime agricultural land. There is no research on the economic losses and detrimental impact of loss of this fertile land on national food security.

Parameters essential for efficient land use include

zoning of land as residential or commercial. Random commercialization through payment of fee at a fixed percentage of the value of the land at DC rate is contrary to the concept of specifying the land use at a given point in time. The justification of charging such a fee is to upgrade the infrastructure of that specific area. In practice, this fee becomes part of the general pool and may end up being used for any other purpose besides the reason it was collected for. In DHA, once the land use of a parcel of land is specified it is never changed. This is not the case elsewhere in Lahore as change of land use is allowable on the payment of certain fee. Uncontrolled and unauthorized ribbon commercial developments along the entry roads to the city are unchecked due to the weak institutional capacity and absence of monitoring and accountability mechanisms.

Adequate allocation of land within housing schemes to provide public amenities and open spaces is needed for quality living. Floor Area Ratio (FAR) is significant to best utilization of the land available for housing. The “U” shape FAR density of Lahore indicates a high concentration in the city centre and periphery “implying significant inefficiencies for businesses, transport and infrastructure development.”⁷ There is an increasing tendency by private developers to build mixed-use multistory buildings. Mall of Lahore, Mazyood Giga and Haly Tower are the sparse multi-story mixed-use developments as high-rise towers maximizing the FAR potential are scarce.

It takes several decades for a piece of agricultural land to complete the land usage cycle. For example,

some fifty years ago the main boulevard of Gulberg was agricultural land, but now is a main commercial Broadway of the city. The city's limit extends by more than 1 km per year on average. For example, along the stretch from Jail Road to Bahria Town, the city has extended by about 35 km in the last 25 years. This raises many problems for commuters who need to visit the city from the bordering suburbs. The challenge is an efficient land utilization policy to correct this phenomenon.

Mushroom development of *katchi abadis* and informal settlements is the result of failure of policy makers and bureaucrats in establishing the real time annual housing demand and the supply of housing units, both in the rental and the selling property portfolios. This bears testimony to the inept policies and regulation of land use in the Real Estate Market of Lahore

POLICY IMPLICATIONS

Rigorous regulation of Real Estate Markets, commercialization, and unplanned residential areas is essential for regeneration and renewal to arrest under development and urban decay in and around Lahore. The existing regulations should be reviewed to remove any discrepancies and lacunae. There should be an optimum land utilization policy for the usage of floor space. Regulations regarding Floor Area Ratio need to be reviewed and amended to promote housing density. Private developers are increasingly relying on mixed-use, high-density developments for efficient utilization of their lands. A policy to promote mixed-use development in relevant areas should be prepared.

Preservation of prime agricultural land and sustainable villages should be a priority while earmarking the area for industrial zones and power projects. Strict laws must protect livelihoods as displacing thousands of families for developing new projects makes little sense when ample barren land is available.

Apply zoning restrictions by at least drawing a boundary for the city of Lahore to limit urban sprawl.

Cluster towns or cities should be developed to decrease the burden of public infrastructure demand on Lahore needed to cater to the fast growing population of the city. Neighboring cities should be upgraded to generate employment and retain residents to curtail migration towards Lahore.

1.2. Land Speculation

The Real Estate Market of Lahore has established itself as one of the most speculative markets globally. Defence Housing Authority, Johar Town, Bahria Town are all residential housing schemes that are an example of the speculative boom in the Real Estate Market of Lahore. Land speculation can create an artificial bubble and promote monopolization of land development. Insider information on prospective development projects leads to purchase and hoarding of land for speculative purposes. This phenomenon behaves as a viscous cycle. Excessive premium on land parcels promotes land grabbing, extortion and encroachments. Consequently, those who are in dire need of basic housing and associated amenities are pushed way below the land acquisition threshold.

The Real Estate Market of Lahore is attractive for investors for several reasons. People purchase property to fulfill their housing needs, as a long-term saving, as an investment, and to speculate when the market is over active. The stock markets and government bonds are the main form of savings in other countries. The investor confidence in our stock markets is deterred by several factors including an inflation rate averaging between 10-15%, consistent devaluation of our currency, and political and economic instability. Dynamics of high land value and short land supply has created a demand for plots and houses in Lahore triggering land speculation. Black money from the informal sector is strongly influencing the dynamics of this market, which evades taxation in the absence of an effective regulatory framework. Like informal economy, in the Real Estate sector a parallel informal land development and housing industry has emerged over the years due to lack of monitoring and accountability systems. These comprise illegal housing schemes and unauthorized plazas and factories.

1.3. Land Price

Land passes through several hands along its value addition cycle. Land consolidation by *patwari* (land record keeper), acquisition by developer, plotting and adding infrastructure, adding housing units, adding commercial buildings and plazas and finally adding leisure facilities; introduces several stakeholders within the industry, which contributes to the high prices of plots and housing units. According to standards practiced in developed countries, the ratio of the value of the land and the structure that is allowed to be built on it in Lahore is roughly 50:50. Ideally, this should be 10:90 with the land value at 10% and the value of the construction at 90%. In Greater Stockholm, land value is almost 5 per cent of the total housing unit cost indicating that land is priced at an extremely high rate in Lahore.⁸

The instability and insecurity in Karachi, and the provinces of Baluchistan and KPK has resulted in increasing migration of settlers to Lahore. As a result, it had huge its impact on the land price in Lahore. This has created a demand for ready to build plots within the available land bank in the city, in which Overseas Pakistani investors have a significant share.

1.4. Land Supply & Availability

The ratio of public to private land ownership is an indicator for the land available for housing. The highly excessive public ownership of land as compared to the developed countries influences the role of the public sector departments in the Real Estate Market accordingly. The focus shifts from regulation and monitoring of other stakeholders to direct intervention and investment as an owner and developer of a huge land bank. This compromises the role of the public sector departments as they fall behind on their prime responsibilities to provide an institutional and regulatory framework necessary to supply the basic amenities mandatory to sustain healthy lifestyles and acceptable housing standards. The main role of the government is to regulate the private sector and provide conducive policies and taxation regimes. The public sector cannot be a property developer or estate agent.

1.5. Housing Supply/Stock

Land use and the housing market is a critical sector for any growing city where shelter for all the residents of a community is a basic need. Shortage of affordable housing supply and lack of political will to come up with a sustainable solution for the low-income group is only part of the problem. The Task Force Report on Urban Development, 2011 has cited the national housing deficit between 2.7 and 3 million units. However, the proportion of this housing deficit attributable to the city of Lahore can be estimated to be huge, as no factual data is available.

Projects need to be sensibly conceived, planned and implemented. The national housing policy of 2001 catered for resource mobilization, land availability, land financing, low-income housing, research and development activities. A situation analysis of the current position of the Real Estate sector reveals that this and other policies have clearly failed to deliver. Ashiana housing scheme and Prime Minister's Low Income Housing Scheme are piecemeal efforts of federal and provincial governments to resolve the housing problem.

Quality and maintenance of the housing stock is another issue. Gifting constructed housing units to those in need of affordable housing is not a long-term solution. It is important to inculcate a sense of responsibility, respect and ownership amongst the needy. For instance, Singapore resolved its housing crises by channelizing the provident funds of employees towards down payments for housing units and the balance payment through monthly deductions from their pays.⁹

The role of the public sector is to monitor and regulate land use to ensure sustainable and equitable shelter for the residents of a city. An institutional framework within which the private sector operates to supply housing for the low and middle-income citizens is mandatory. In the past 30 years, North-West and East of Lahore were primarily developed by informal and unorganized sector while most of the development in the South of Lahore was by the organized private sector. However, the public sector

directly contributes to the housing supply through government housing schemes. Johar Town was one such housing scheme by the LDA around 1975. Two significant projects by the public sector are Jubilee town and LDA Avenue 1. LDA Avenue 1 was announced 11 years ago but it still has not started.

A failure of the policies of the successive governments resulted in land speculation, high land prices, shortage of suitable plots and decent housing. This has had its impact on the majority section of the population of the city for whom affordable housing is a major issue. Hameed and Nadeem (2006) indicate that the growing number of *katchi abadis* and slum developments show that housing and shelter is fast getting out of reach of the low-income group and those surviving below poverty level.¹⁰ It is estimated that almost half of the population is living in *katchi abadis* and informal settlements in the major cities. These illegal slum settlements are established by the informal developers in connivance with government officials of the concerned monitoring and regulatory departments. Such patterns of housing development can potentially trigger class difference and social segregation as islands and pockets of isolated communities emerge aggravating the existing social and economic disparities.

WAY FORWARD: POLICY IMPLICATIONS

A land bank system may be considered for housing and development projects by making the public sector land holding available for development through auction to the private sector. A better-planned use of this land bank can ensure that ample housing is available for the low-income group. Private sector should be encouraged to supply housing for the low and middle-income citizens.

Tax incentives should be given to private developers allocating a certain percentage of housing within their housing schemes for low-income earners.

Incentives should be given to new industries being set up to provide housing for their employees.

1.6. Financial Assistance

There is a dearth of financial instruments to finance housing for low-income groups. "Housing finance institutions do not cater to the needs of the lower income groups who constitute over 70 per cent of the unmet housing finance requirements."¹¹ House Building Finance Corporation (HBFC) is a pioneer institution that has been providing finance to facilitate people in need of financial assistance to build houses. The limited range of financial instruments as well as the financial assistance available is fathoms apart from the desired level of financial options needed to curtail the rising housing deficit. The prerequisites and the level of documentation required to avail the currently available financial assistance automatically eliminate the majority of population in need of financial support. The lack of documentation in land record maintenance and unclear titles act as constraints. The high interest rates make monthly repayment impossible for the low-income earners. Lack of credit or subsidy based financial support to the disadvantaged section of the public is a neglected area in policy-making. There is no plan or effort on part of the successive governments to resolve these issues of the residents of Lahore. There are limited financing options for property development and acquisition. There is discrimination in the services offered to the private developer and the small builder in terms of financial assistance available through the banking sector.

Requirements such as formal jobs, registered businesses or income tax paying certificates discourage potential homeowners from seeking financial help through banks. Since the financial sector has opened up to reciprocate the rising demand for financial credit, more and more banks are offering credit based products to people seeking to finance housing units through financial institutions. However, only a fraction of the loans disbursed go to the builders and land developers which acts as a restraint to develop financial programs for community assistance.

WAY FORWARD: POLICY IMPLICATIONS

Financial support should be provided to low income salaried persons purchasing houses by making down payments for house loans available from their accumulated provident and gratuity funds. Facilitation for monthly repayments can be channelized through regular deductions from the monthly salary.

Advance mortgage systems such as those implemented in Turkey can be evaluated for best practices and lessons applicable in our context.¹²

STEP 2: TRANSPARENT TRANSACTIONS

Transparency in property transactions as well as in land development is a key problem in the Real Estate Market of Lahore. According to the report of the Ministry of Commerce, lack of transparency is primarily due to corrupt practices, flawed processes and procedures, and the existing manual land records system. The concerned departments have not been able to ensure the safety and security of data. This perspective should be strongly considered in incidents such as the LDA plaza fire, which result in extensive damage to land records. Inept monitoring and accountability of private and government schemes fails to ensure that property transactions and development works are complete and according to acceptable standards. Stakeholders like DHA and property tycoons behave like cartels and monopolies to disadvantage the genuine buyers and small developers. Lacunae within the regulatory framework that promote land mafia activity need to be identified and amended.

Another area of concern is the formulation of committees for approval of commercialization cases as well as for the implementation of commercialization policy. These committees comprise government officials and do not have any technical experts or representatives of the public as members. In the absence of standardized procedures and real time data collection, such inefficiencies further act as a hurdle to transparency of transactions. Officials such

as *patwaris* (land record keeper) initiate the reports for site feasibility for mega-development projects such as thermal powerhouses and garment industrial zone. Consequently, in the absence of expert technical advice highly fertile land is being acquired whereas barren land is recommended to establish such projects.

A major problem that hinders transparency is that data collection process in the bureaucracy as well as in the private sector is defective. No mechanism is in place to ensure timely and reliable collection of data. There is no central repository of information to consolidate this data to inform policy making in the area. All estimates and evaluations are inconsistent which lead to flawed planning and decision-making.

High instability and volatility of the Real Estate Markets is also due to the unregulated activity of the estate dealers. There is no professional or ethical training of those engaged in managing Real Estate Market transactions. According to one assessment, Lahore High Court granted a stay on more than four hundred deals that had fallen apart out of an estimated seven hundred transactions in process in one particular month in DHA. The estate dealers who were utilizing insider information on plot transactions for personal financial benefit mishandled majority transactions.

WAY FORWARD: POLICY IMPLICATIONS

Laying down minimum basic standards for the activity in the Real Estate Market and land development, effective implementation, monitoring and accountability are the first steps towards establishing transparency. Effective regulation and institutional framework are essential to complement this. Corrupt elements should be identified and severely punished. Continuous assessment of the Land Record Management System is needed with the involvement of the civil society ensuring that the feedback is incorporated in a timely manner to develop effective systems. The transparency of all property transactions during sale and purchase, clean titles, simplicity of procedure and short duration of time involved to complete transactions are essential ingredients of an

efficient Real Estate Market.

A conveyancing system is proposed on the pattern functional in the developed countries. For example in America and the European Union, to ensure transparency all property transactions are closed by a registered lawyer, who is responsible to ensure that all legal formalities have been fulfilled.

STEP 3: PROTECTION & PRESERVATION OF THE ENVIRONMENT

The Real Estate boom is constantly changing the physical and cultural features of Lahore as unorganized urban growth creeps in to meet the housing and infrastructure demand of a fast growing population. The efficient provision and management of basic amenities such as water and sanitation, water usage and conservation, littering and waste management are mandatory to any housing scheme. Regular maintenance of parks, footpaths and roads infrastructure, green and public spaces, streetlights, security arrangements at all entrances and exits of housing schemes, and monitoring of security in the residential areas during the nighttime are essential requirements of community living in current times. The presence or absence of these features reflects the aesthetic landscape of a city. The grey skies and heaps of waste are the mirror image of the performance of the concerned departments. Uncontrolled mushroom growth of slum developments and *katchi abadis* are a grave consequence of poor governance. Weak regulatory framework and inadequate legislation together with bureaucratic apathy and non-performing organizations fail to check unplanned and unregulated land occupation and use. The situation is further exacerbated by ad hoc decisions, impulsive infrastructure development and violation of land use regulations. This has resulted in ugly urbanization, which is characterized by traffic congestion, lack of open spaces and loss of aesthetic value of urban area. Poor planning and implementation add to the strain on water and sanitation facilities, traffic congestion and emissions, and consequently to environmental pollution. There

have been initiatives to promote energy efficient housing in private housing schemes such as Bahria Town where the housing scheme produces its own electricity and residents do not face load shedding. This also reduces noise pollution by decreasing the number of gas and diesel generators. Underground wiring is the current trend in the development done by DHA in Phase 6 and onwards. All future construction especially in high-rise and commercial buildings should be fire-safety compliant.

Uncontrolled expansion of the city's boundaries along all highways exiting the city is a challenge. Ribbon developments have emerged and it has become difficult to discern the city's limits. Substantive parts of such settlements encroach upon the state infrastructure and are difficult to remove at a later stage. The historical, cultural and architectural heritage of the city is fast losing its identity. Substandard concrete construction, poor preservation and maintenance of the city's heritage is leading to extinction of the original architecture. In Britain, when residential houses become one hundred years old, the local government maintains the elevations of these houses to preserve national heritage and indigenous architecture as well as to maintain the structural safety. In developed countries, the law provides for the protection of rights of all those who may be affected by the upcoming developments. A notice regarding the project for which building plan permission is applied for is exhibited at the site of construction for a specific period inviting objections of anyone affected by the proposed development. Any concerns are duly entertained as per law.

WAY FORWARD: POLICY IMPLICATIONS

Recycling, green and recreation spaces can alleviate the detrimental effects of land use on the environment. Planning and policy-making need to prioritize and focus on issues of environmental preservation.

A protection and preservation policy to save the heritage of Lahore should be initiated.

STEP 4: POLICIES TO PROMOTE INVESTMENT TO SUPPLY HOUSING FOR LOW- INCOME GROUPS

4.1. Conducive Taxation Regime

Government policies are conflicting as on one hand the government is launching low-income housing schemes while on the other hand policies of multiple and heavy taxation discourage supply of low cost housing to meet the escalating housing shortage. Any policy for taxing of income from Real Estate must have an optimal balance between a pro investment and a pro revenue profile. An investor creates an asset to generate potential income. Under the existing tax policy several taxes are to be paid on property income such as corporate tax, property tax, income tax, municipal levies, maintenance, management fees etc which may range between 60 to 80% of the total rental income for the section of population which believes in paying due taxes. Such a taxation regime is not in the interest of the rental market. A 10 to 20% taxation of rental revenue can boost the rental portfolio of the Real Estate Market, which is also the practice in many countries. The rental industry in Lahore has been taxed to death. However, this does not act as a deterrent for those who do not pay any taxes on rental income at all and are part of the informal economy. According to the existing tax laws, foundations and trusts are exempt from substantial taxation. Consequently, foundations and trusts such as State Life Insurance Company, EOBI, Shaheen Foundation, and Fauji Foundation etc have developed rental portfolios. The last 20 years barely saw 10 to 15 buildings in Lahore constitute the main rental portfolio in the skyscape of Lahore for example, Siddique Trade Center, Eden and Landmark plazas.

WAY FORWARD: POLICY IMPLICATIONS

Lowering taxes on rental properties and rental revenue can boost the construction industry and the rental portfolio of the Real Estate Market. This can create job employment and contribute to the economy.

Monitoring should be made effective to ensure that the number of landlords who evade taxes steadily declines.

Tax reforms should focus on rationalizing taxation, lowering taxes, broadening the tax base, and simplifying tax statutes.

4.2. Fiscal and Monetary Policies

The impact of the fiscal and monetary policies in the country determines the savings pattern of the citizens. Instruments and incentives for savings by the successive governments has been a neglected area in policymaking. Weak monitoring, transparency and accountability mechanisms have constrained the private financial sector in providing a range of savings options for the public. Consequently, purchase of flats is considered a secure savings option similar to trading in futures on international commodity markets. However, the lack of a satisfactory regulatory framework is a key difference. The recent drop in the interest rate on bank deposits has been a major factor that influenced the shift of public funds from bank deposits to the Real Estate Market. This had a major share in the recent speculative boom in the Real Estate Market of Lahore. The housing mortgage market has opened up to attract the private banking sector in the last few years only. The high rate of interest on housing finance is yet another deterrent to optimum utilization of such financial instruments. Heavy disorganized investment in automotive transportation system is often associated with a serious waste of periurban land resources. However, restructuring of megacities is dependent on mega investments.^{13, 14, 15, 16}

WAY FORWARD: POLICY IMPLICATIONS

Policy making to provide *financial support for low-income owners* is needed. Banking industry also needs to come up with practical solutions for this problem.

STEP 5:

EFFICIENT GOVERNING SYSTEMS

5.1 Effective Regulatory Framework

In spite of the fact that several Acts and rules are in force to regulate the Real Estate sector, the existing regulatory framework is inadequate in several areas. The reports of the Urban Unit, Planning and Development Department for the year 2006 and 2007; the survey report of the Ministry of Commerce, 2006; and the Reports of the Task Force, Planning Commission, 2011 identify the types of issues with the regulatory framework.¹⁷ Either lacunae exist within the current legislation or it is silent in addressing certain problems. This causes great hardships for the concerned stakeholders. There is no Real Estate Planning Law to guide planning of cities. There is no comprehensive implementation framework to ensure that plans are executed in letter and spirit. The devolution of powers after the 18th amendment is one such example that also lacked an implementation framework. A cosmetic transfer of power took place as publicized in the media, however no infrastructure or mechanism was developed to precede this to ensure that a gap in public sector service delivery is avoided.

Compulsory acquisition of land under the Land Acquisition Act of 1894 should be reviewed as the lower strata of the society are put at a disadvantage to develop housing estates for the elite of the society. Even though Supreme Court has a ruling to pay the market price for lands acquired through compulsory acquisition, this is not followed and the public is coerced to give up their housing and livelihoods. The compensation paid is determined on the basis of DC rate which is used to register the property transactions. Institutions like DHA enjoy exclusive powers for land acquisition which negates the spirit of competition in a free and fair market. In its present form the Act hinders speedy acquisition of land at reasonable prices, resulting in cost overruns.

There is no Condominium Law to regulate ownership and tenancy of compounds in high-rise buildings. A

common problem in the old city of Lahore is regarding multistoried buildings occupied by multiple owners who have dispute over ownership, rights of use and maintenance, inheritance of structures in space. There are an estimated 50,000 dwelling units in the inner city of which almost half are in disputes. Being subjudice, these properties are not a tradable and are excluded from the housing stock of the Real Estate Market. Tax collection from such disputed properties is also affected, as it is difficult to establish who is liable to pay that tax. The lost revenue from the several thousands of properties in dispute in the inner city alone, of which many cases have been going on for decades, would be substantial. There is no regulation to resolve these issues.

Rent laws are highly pro-tenant which discourages potential landlords from investing in both the domestic and commercial rental market. This impacts positive economic activity in this sector as options are limited by the range of properties available. Maintenance and upkeep are not a priority. Rental properties are heavily taxed which acts as another strong factor to deter investment. Islamabad has a better developed tenancy market at 40% as compared to 20% in Lahore.

Laws are biased and contrary to the principles of fairness and justice. In schemes developed by private developers, LDA has the statutory right to acquire half the land of the private scheme, which it can develop, mortgage or sell according to its wishes. The government should facilitate its citizens, instead it ends creating more hurdles through its red-tapism. Vague policies and defiance of regulation by the public as well as the department itself are key problems. Violation of its planned residential schemes was resorted to by LDA to generate revenue through huge commercialization fees, as it did not have sufficient resources to acquire lands. This led to an unplanned commercial ribbon development. The structure plan prepared in 1980 discouraged commercialization while at the same time 133 roads were earmarked for this purpose. Commercialization rules provide for regularization of violations. Such loopholes in the regulatory framework fail to affect

deterrence from breach of rules.¹⁸

Another problem is the occupancy rate of the plots in residential schemes. Several housing schemes have up to 80% vacant ready to build serviced plots. DHA imposes heavy fines and penalties once the three-year grace period to build on plots after securing possession has expired. Investors in DHA are prepared to pay legal penalties on their secure investments; however, implementation of similar deterrents in housing schemes of LDA and the private sector needs to be regulated. Byelaws are strictly implemented by DHA, which ensures that no part of the building extends beyond the approved plans. In contrast, other housing schemes present a different scenario. For example, in the LDA approved Tajpura Scheme the structure of majority houses extend about 5 ft beyond the approved building plan. Moreover, once an area is declared a residential area; it cannot be changed into a commercial area. However, LDA can flex its rules to accommodate such major rezoning regardless of how the rights of other residents of the neighborhood are impinged. Article 18 of the Defense Housing Authority Ordinance “penalizes the offenders for the change of land use at the rate of Rupees 2000 per day from the date of violation. Ironically most of the Defense housing estates and Askari housing estates are built in violation of the land use clause under the Land Acquisition Act”.¹⁹

WAY FORWARD: POLICY IMPLICATIONS

Legislation is needed to regulate the estate agents servicing the customers in document completion and finalization of transactions. The regulatory framework should ensure the technical expertise required for this purpose is made available and utilized.

Monitoring and feedback mechanisms should be incorporated within the regulatory framework. Such systems are essential to detect issues faced so that lessons can be learnt while planning future projects.

Public access to information should be ensured.

Public platforms for general debate should be created where government decisions affecting the residents

are open to discussion and a mechanism for a two-way dialogue is available to inform the policy makers.

Rent control laws need to be reviewed to create a balance between pro-revenue and pro-investment regulation to ensure affordable housing for the low-income earners.

Legislation to expedite land disputes and promote Alternative Dispute Resolution (ADR) to make available the thousands of housing units that are excluded from the housing stock of both rental and selling portfolios of the market should be undertaken on priority basis. There is no Condominium Law available to regulate in this area in the city and should be provided on priority basis.

Public awareness campaigns on laws protecting the rights of tenants and landlords should be initiated to inform the public regarding their rights and the platforms available to protect their rights.

The DC rate concept should be abolished as it creates a double market for land value which is exploited accordingly. Taxes are underpaid causing huge losses to the exchequer while public faces great financial losses when during compulsory acquisitions the compensation is calculated on the basis of the DC rate instead of the market value in violation of law.

A review of entire legislation in Real Estate Market regulation is needed to remove over-regulation, complexities and loopholes that are the source of exploitation by the government officials. Violation by the departments can be regularized under the present regulatory framework while violation by the private sector is penalized or escapes unpunished through the corridor of corruption.

5.2. Weak Institutional Framework

A review of the master plans prepared for the city of Lahore from 1966 to the Master Plan for Lahore-2021 prepared in 2004 by Hameed and Nadeem, 2006, identified issues with the planning and implementation process as important reasons why plans fail to bring desired results. Committees

formulated to develop policies comprise primarily of bureaucrats and politicians lack technical experts in the respective areas. Use of outdated data and reliance on secondary data for plan formulation are grave issues. The statistics of the census of 1998 that are outdated and largely irrelevant for planning beyond the year 2014 are used while formulating policies. Planning is a reiterative process and must incorporate feedback from impact assessment during implementation instead of carrying out such assessments once the project is finished. Excessive time lag between planning and implementation has serious repercussions on concerned stakeholders. To ensure efficient planning and implementation it is imperative to address issues at the organizational and systemic level. The abolition and mergers of government departments in the name of governance is an ongoing exercise for decades. Such impulsive decision-making is done without preliminary institutional analysis and needs assessment and hence these structural reforms do not deliver the desired results. Billions of rupees of the taxpayers money, critical time in the nation's history and limited human resource is wasted in this manner.

A reactive firefighting approach is adopted to resolve matters as they arise. There is no proactive planning to ensure smooth delivery of services in the long term. Because of this approach, current working of the various departments concerned with the Real Estate Markets of Lahore is no less than a disaster. Planning is predominantly based on secondary data hence both future requirements and the projections determined are inaccurate and unrealistic. There is no community ownership as this process is devoid of public participation. Lengthy procedures involved are one reason for queues for approval of building plans. There are several agencies operating in Lahore and there is little coordination between them. Their jurisdictions and responsibilities are overlapping and unclear. This is a key reason why these departments have failed to check the unorganized development in the periphery of the city by migrants and new settlers. This new face of Lahore as it exists today is in contrast to the original walled city of Lahore which was an organized administrative hub of the region.

Developed countries operate a 360-degree feedback mechanism to create learning organizations. Unfortunately, in our region we have failed to realize the need for progressive organizations especially in the public sector. Current land record systems, lack of transparency in transactions, and lack of monitoring, feedback and accountability systems are common traits of the departments involved in management of urban growth. Concept of client satisfaction and quality public service delivery are not practiced. Lack of optimal use of technological systems and cultural resilience to utilize information technology to develop modern digital organizations is a major concern. Attempts to restructure the regulatory institutions have been half-hearted and cosmetic as changes are focused towards changing names and infrastructure of departments instead of affecting efficient processes. Data that is being collected is incomplete and unreliable. Consequently decision making and planning are not based on the factual data.

In the 40 years since DHA has been providing services there has not been a single fraud in DHA as claimed by senior officers. Every process involved in land acquisition, mutation following sale of plots, approval of building plans and implementation of byelaws is clearly documented and transparent. Regular monitoring is in process and there is strict accountability of all those in breach of law. There is no water shortage, sewerage or waste management issue in DHA, which imposes only a small charge for its services. DHA is an independent and autonomous organization not financially assisted by the federal, provincial or city government. However, DHA has established good coordination with the provincial and local government. It is transparency of transactions and better management, which give the residents and investors of DHA a better quality service.

Implementation of existing regulation is a major concern. Shortage of staff is a problem with DHA, LDA, TMAs and Cantonment Boards. The public sector constantly suffers from a poor quality human resource. The working conditions here fail to attract

suitably qualified, trained and experienced personnel. Hence, the work force in these organizations is lacking in capacity and capability.

One of the major issues is that there is no single body for regulation, town planning and control of building byelaws. LDA, CDGL, ten TMAs and two Cantonment Boards all regulate urban growth with overlapping functional jurisdictions. To ensure that existing duplication of functions between departments is minimized it is essential to clearly establish all procedures and processes. Basic information such as maps is not available with the concerned town authorities. Existing institutions are weak and unable to provide the required groundwork to put together a clearly spelt out policy proposal. Such vague policies create confusion and exploitation in a weak system. Fixation of responsibility and accountability is an issue in the current set up. There should be one regulator to monitor land development by LDA as well as by the private developers. The recent amendments to the regulatory framework have given LDA the mandate to regulate the Lahore division. This creates a conflict of interest as the regulator itself is indulging in the activity of land development, whereas the role of the government should be to regulate and monitor the private sector. Statutory benefits such as compulsory acquisition of land give such regulatory bodies an edge over private developers. This also negates the principles of a free competitive market.

The concept of companies within the public sector is a recent structural reform. Land Management Company, Lahore Parking Company and Lahore Waste Management Company are some examples. Senior officials of the public sector head these organizations. There are disadvantages of having companies in parallel to the respective departments as they avoid passing any information to the public by classifying themselves as the private sector.

WAY FORWARD: INSTITUTIONAL FRAMEWORK

A systems thinking approach should be adopted to develop Lean Systems to achieve efficiency and continuous improvement in public service delivery in the Real Estate market.²⁰ UK and Turkey are examples where society has benefited from this method of developing institutions.²¹

A comprehensive proactive strategy must be evolved based on holistic integrated planning.

A correction in the role of the government restoring its position as a regulator and not a supplier is needed to avoid conflict of interest.

Restructuring of the current set up comprising of several institutions is proposed. Disbanding LDA and replacing it with a new single regulatory body responsible for regulation, town planning and control of building byelaws. This should be properly planned, constituted and equipped based on realistic needs, safeguarding the interests of the city of Lahore will rejuvenate the Real Estate Market. The hierarchy of management must be autonomous, independent of its decisions, and thoroughly accountable to avoid political interference. This body will resolve institutional multiplicity and remove overlapping jurisdictions. Such an intervention will fix the responsibility onto a single department and enhance accountability. Improved coordination and communication amongst the various departments should be incorporated in departmental systems. Institutions should follow best practice standards to benchmark development in this sector.

Business process reengineering and similar technologies should be utilized to reduce the cycle time of work processes and introduce cost efficiency in the routine work of the department. Revised ToRs of the organization must be complemented by reciprocating job descriptions of the employees accordingly. Recruitment of officers and officials to run this new organization should be in accordance with the new job descriptions and strictly on merit. The model of land use and land management practiced by DHA

should be studied to extract best practices applicable in the context of Lahore.

Review the concept of companies within the public sector is essential. Appointments, performance and remuneration of officers should not be an unnecessary burden on public taxes.

Promote public-private partnership to improve transparency, monitoring and accountability of private and government housing schemes and commercial developments.

Prioritize agenda on public interest basis. This sector has a huge potential for improvement and policymakers should deliver on the basis of providing relief to the public and should not compromise national interest in favor of self-interest.

This process can be open to public for review and objections so that the best team of experts and managers is available to manage a judicious land use, zoning and building control in this megacity.

Public representation at several levels will establish that decision-making is transparent and in public interest and set an example of democratic governance. Effective implementation of public awareness campaigns, focusing on a healthy and quality community living, targeting schoolchildren and college students, social workers and residents of individual housing schemes can help achieve a sustainable change through changing the mindset of the nation. Strategies can be devised for improving accessibility, service delivery and community participation in decision-making to give the ownership of all landmark development decisions in Lahore to its residents.

Strengthening and capacity development of the employees of the institution should be a regular process through continuous education and training. Skill building is needed to develop technical expertise amongst the Real Estate agents and private developers to ensure documentation and transparency. Seek donor assistance to develop technical experts advising in specialist and professional areas. There is a need to

introduce diplomas and degree courses in this field and create a demand for such courses by increasing employability in the area and incorporating such requirements within the regulatory framework.

Monitoring and action is needed in real time. For example, when an encroachment, commercial or *katchi abadi* is developing it escapes notice. Later when checked by authorities there is public protest pressurizing governments to regularize these settlements in due course without the provision of basic infrastructure and necessary amenities.

360 degree feedback mechanisms should be introduced to create iterative learning organizations.

Research and analysis need to be adopted on a regular basis to understand the landscape transformation in the urban system.^{22,23} The department should build policy and research capacity to perform trend analysis to assess future needs of the residents of the city for land use planning. Systems for impact assessment while projects are being implemented must be in place so that issues can be timely resolved and corrections in the broader plan made to ensure successful results. Current losses can be minimized in this way.

A Data Center should be developed which should be a repository of information on the Real Estate transactions and all relevant factors and phenomena. Primary data should be collected and used for planning future strategies and development projects. Availability of data for research and public use should be ensured. Basic information such as maps and statistics should be freely available with the concerned town authorities.

A Real Estate framework for Lahore based on a set of indicators is proposed to evaluate the effectiveness of the Real Estate Market.²⁴

CONCLUSION

The functioning of the Real Estate Markets of Lahore must be corrected to realize a future vision for Lahore as proposed. This study has been instrumental to reveal the issues and challenges faced by the various stakeholders of the Real Estate Markets of Lahore. These include the residents of the

There is no simple solution to resolve these difficulties. A set of strategies addressing several areas of the functioning of the Real Estate Markets are discussed. Proactive targeted policy making providing a choice of financial instruments to finance housing needs and sensible tax policies to promote

Proactive targeted policy making providing a choice of financial instruments to finance housing needs and sensible tax policies to promote investment in the Real Estate Markets can ensure that low- and middle-income housing demand is met. This will help curtail uncontrolled mushroom growth of slum developments, squatter settlements and katchi abadis. Land speculation, cartelization, land grabbing, extortion, encroachments and uncontrolled commercialization can be controlled through efficient and effective regulation.

city, home occupiers, home seekers, land developers, architects, town planners, city managers, real estate agents and investors. The problems are multiple and complex and call for the attention of all relevant entities who have a role to play to correct the existing situation. A strong movement is required on part of policy makers, planners and the beneficiary residents of the city to generate a critical momentum which has the energy to bring about the desired changes. Although this study had its limitations of time constraint, it provided a preliminary needs-assessment to establish a comprehensive review of the current situation. However, further research may be useful in developing a strategy to sensitize the concerned stakeholders to the rising need for developing an efficient real estate market.

investment in the Real Estate Markets can ensure that low- and middle-income housing demand is met. This will help curtail uncontrolled mushroom growth of slum developments, squatter settlements and katchi abadis. Land speculation, cartelization, land grabbing, extortion, encroachments and uncontrolled commercialization can be controlled through efficient and effective regulation. Rule of law can only be established through monitoring and accountability systems to ensure transparency. Computerized land and property records will help protect property rights of citizens. Effective building control can ensure the basic residential needs of the population. These actions will impact how the Real Estate Market and the landscape of the city shaped in the next few years.

ENDNOTES:

1. Government of the Punjab, Directorate of Industries, *District Pre-Investment Study 2012* (Lahore: Directorate of Industries, 2012).
2. Personal interview with Secretary Planning Defense Housing Authority, December 2013, Lahore.
3. F. K. Gotham, "Separate and Unequal: The Housing Act of 1968 and the Section 235 Program," *Sociological Forum* 15, no. 1 (2000): 13-37.
4. Personal interview with Architect Pervaiz Qureshi, Head Unicorn Consulting, January 2014, Lahore.
5. Government of Pakistan, Ministry of Commerce, *Survey Report on Real Estate in Pakistan* (Islamabad: Ministry of Commerce, 2006).
6. Government of Pakistan, *National Conservation Strategy Document* (Islamabad: Government of Pakistan, 1992).
7. Government of the Punjab, *Urban Land and Housing Markets in the Punjab* (Lahore: Government of the Punjab, 2006).
8. S. Duncan, "Development Gains and Housing Provision in Britain and Sweden," *Transactions* 14, no. 2 (1989): 157-172.
9. Lee Kuan Yew, *The Singapore Story: Memoirs of Lee Kuan Yew* (Prentice Hall, 1998).
10. Rizwan Hameed and Obaidullah Nadeem, "Challenges of Implementing Urban Master Plans: The Lahore Experience," *World Academy of Science, Engineering and Technology* 2 (2008): 12-28.
11. NED University Karachi, *Karachi: The Land Issues* (Karachi: Urban Research and Development Cell, NED University Karachi, 2012).
12. Sari et al, "Macroeconomic Variables and Housing Market in Turkey," *Emerging Markets, Finance & Trade* 43, no. 5 (2007): 5-19.
13. R. P. Voith & S. M. Wachter, "Urban Growth and Housing Affordability: The Conflict," *Annals of the American Academy of Political and Social Science* 626 (2009): 112-131.
14. D. J. Dwyer, "Urban Housing and Planning in China," *Transactions* 11, no. 4 (1986): 479-489.
15. J. Morello & S. D. Matteucci, "Sustainable Development and Urban Growth in the Argentine Pampas Region," *Annals of the American Academy of Political and Social Science* 590 (2003): 116-130.
16. Bhagat et al, "Mumbai after 26/7 Deluge: Issues and Concerns in Urban Planning," *Population and Environment* 27, no. 4 (2006): 337-349.
17. Government of the Punjab, *Urban Land and Housing*, 2006; Government of the Punjab, *Assessment of Institutional Arrangement for Urban Land Development and Management in Five Large Cities of Punjab* (Lahore: Urban Unit Planning and Development Department, 2007); Government of Pakistan, *Survey Report on Real Estate*, 2006; Government of Pakistan, *Task Force Report on Urban Development* (Islamabad: Planning Commission, 2011).
18. S. Duncan, "Development Gains," 1989.
19. Government of Pakistan, Ministry of Commerce, *The Study of the State of Domestic Commerce in Pakistan* (Islamabad: Ministry of Commerce, 2006).
20. M. C. Jackson, et al. "Evaluating Systems Thinking in Housing," *The Journal of the Operational Research Society* 59, no. 2 (2008): 186-197.
21. Kavrakoglu et al, "A Systems Approach for the Turkish Housing Problem," *Interfaces* 17, no. 5 (1987): 1-10.
22. M. Qvistrom, "Landscapes out of Order: Studying the Inner Urban Fringe beyond the Rural-Urban Divide," *Geografiska Annaler* 89, no. 3 (2007): 269-282.
23. R. Dawson, "Re-engineering Cities: A Framework for Adaptation to Global Change," *Mathematical, Physical and Engineering Sciences* 365, no. 1861 (2007): 3085-3089.
24. N. Morrison & B. Pearce, "Developing Indicators for Evaluating the Effectiveness of the UK Land Use Planning System," *The Town Planning Review* 71, no. 2 (2007): 191-211.

ANNEXURE I

LIST OF DOCUMENTS REVIEWED

1. Government of Pakistan, *Survey Report on Real Estate in Pakistan* (Islamabad: Ministry of Commerce, 2006).
2. Government of Pakistan, *Task Force Report on Urban Development by the Planning Commission, 2011* (Islamabad: Planning Commission of Pakistan, 2011).
3. Government of the Punjab, *Report of the Urban Unit, Planning and Development Department for 2007* (Lahore, Government of the Punjab, 2006).
4. Government of the Punjab, *Report of the Urban Unit, Planning and Development Department for 2007* (Lahore, Government of the Punjab, 2007).
5. Rizwan Hameed and Obaidullah Nadeem, "Challenges of Implementing Urban Master Plans: The Lahore Experience," *World Academy of Science, Engineering and Technology* 2 (2008): 12-28.
6. Government of Pakistan, Ministry of Commerce, *The Study of the State of Domestic Commerce in Pakistan* (Islamabad: Ministry of Commerce, 2006).
7. Muhammad A. Qadeer, "An Assessment of Pakistan's Urban Policies, 1947-1997" *The Pakistan Development Review* 35, no. 4 (1996): 443—465.
8. Lahore Development Authority, *Land Use Rules, 2009* (Lahore, 2009).
9. Lahore Development Authority, *Punjab Private Housing Schemes and Land Subdivision Rules 2010* (Lahore, 2010).
10. NED University Karachi, *Karachi: The Land Issues* (Karachi: Urban Research and Development Cell, NED University Karachi, 2012).
11. Government of the Punjab, Directorate of Industries, *District Pre-Investment Study* (Lahore, 2012).
12. K. F. Gotham, "Separate and Unequal: The Housing Act of 1968 and the Section 235 Program," *Sociological Forum* 15, no. 1 (2000): 13-37.
13. S. Duncan, "Development Gains and Housing Provision in Britain and Sweden," *Transactions* 14, no. 2 (1989):157-172.
14. Lee Kuan Yew, *The Singapore Story: Memoirs of Lee Kuan Yew* (Prentice Hall, 1998).
15. Sari et al, "Macroeconomic Variables and Housing Market in Turkey," *Emerging Markets, Finance & Trade* 43, no. 5 (2007): 5-19.
16. R. P. Voith & S. M. Wachter, "Urban Growth and Housing Affordability: The Conflict," *Annals of the American Academy of Political and Social Science* 626 (2009): 112-131.
17. D. J. Dwyer, "Urban Housing and Planning in China," *Transactions* 11, no. 4 (1986): 479-489.
18. Morello & S. D. Matteucci, "Sustainable Development and Urban Growth in the Argentine Pampas Region," *Annals of the American Academy of Political and Social Science* 590 (2003): 116-130.
19. Bhagat et al, "Mumbai after 26/7 Deluge: Issues and Concerns in Urban Planning," *Population and Environment* 27, no. 4 (2006): 337-349.
20. M. C. Jackson, et al. "Evaluating Systems Thinking in Housing," *The Journal of the*

Operational Research Society 59, no. 2 (2008): 186-197.

21. Kavrakoglu et al, "A Systems Approach for the Turkish Housing Problem," *Interfaces* 17, no 5 (1987):1-10.
22. M. Qvistrom, "Landscapes out of Order: Studying the Inner Urban Fringe beyond the Rural-Urban Divide," *Geografiska Annaler* 89, no. 3 (2007): 269-282.
23. R. Dawson, "Re-engineering Cities: A Framework for Adaptation to Global Change," *Mathematical, Physical and Engineering Sciences* 365, no. 1861 (2007): 3085-3089.
24. N. Morrison and B. Pearce, "Developing Indicators for Evaluating the Effectiveness of the UK Land Use Planning System," *The Town Planning Review* 71, no. 2 (2000): 191-211.

ANNEXURE II

A REAL ESTATE FRAMEWORK FOR LAHORE

1. Volume of Transactions
 - a. Size of Transactions
 - b. Number of Transactions
2. Transparency of Transactions
 - c. Photographic Evidence of Sellers and Purchasers
 - d. Efficient and Secure Data Management
 - e. System to Ensure a Clean Title
 - f. Time Taken for Transfer
3. Incidence of Fraudulent Real Estate Transfers
4. Incidence of Land Use Violation
5. Complexity of Process to Obtain Building Permit for Residential Use
6. Complexity of process to Obtain Building Permit for Commercial Use
7. Accountability for Breach of Law

About the Author

Dr Sania Chaudhry is a researcher and management consultant in organization development and information systems area. Her special interests include systems analysis, data management, developing Monitoring and Evaluation systems, organization development to improve governance, strategy design and analysis for reforms, restructuring and policy planning. She holds an MBBS with Gold Medal from the University of Punjab, Pakistan; Masters' degree with First Position in Information Technology from Ireland, and a Master's degree in Business and Management Studies Research from the U.K. Dr. Sania is a former member of the Civil Service of Pakistan and ex-Adviser for Structural Reforms and Research to Provincial Ombudsman Punjab. Dr. Chaudhry's current research is a self-initiated gender sensitive ethnographic action research and experimentation on developing an innovative comprehensive livestock model farm self-sufficient on alternative energy, with special emphasis on environment protection, water conservation and benefits of using slurry as a natural fertilizer.

She can be reached at: drsaniachaudhry@gmail.com

Other Papers in the Series

- Governance and Management in Lahore
- Transport Planning in Lahore
- Water, Sewerage and Solid Waste Management in Lahore
- Improving Trade in Lahore Region
- Lahore Vision 2035

Disclaimer:

This Position Paper is made possible by the support of the American People through United States Agency for International Development (USAID). The contents of this report are the sole responsibility of the author and do not necessarily reflect the views of the United States Government.