

Housing-Pakistan Federal Budget-2014-15

Extracts from the Budget Speech

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Housing

41. Housing is a basic need of the human beings and the government owes it to its people to facilitate provision of housing in the country. The following initiatives are being planned to promote housing sector in the country:

(a)Low Cost Housing Guarantee Scheme: The government has specially designed a program to provide housing credit to low cost housing units to enable the poor to have their own houses. Banks will provide loans of up to Rs.1 million and financial institutions, under this scheme while the government will guarantee 40% of the portfolio amount. The scheme will cover all areas of Pakistan and 25,000 loans worth Rs.20 billion will be provided through this innovative method of supporting low and middle-income families.

(b)Mortgage Refinance Company:A Mortgage Refinance Company is being established with a broad shareholding of the

Government of Pakistan, Commercial Bank, Development Finance Institutions, Multilaterals and others for this purpose, to generate long-term liquidity for housing finance. Total paid up capital of the company would be Rs.6 billion. The company will provide refinance facilities through purchases of loans from the financial institutions engaged in loan origination and packaging them for sale to long-term investors. Government of Pakistan will invest Rs.1.2 billion in the equity of the company.

(c)Revival and Restructuring of HBFC:House Building Finance Company Limited has been the premier for providing housing finance to low and middle-income families. There is an urgent need to rehabilitate

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this institution to enable it to play its important role in the housing sector. The following actions will be taken for this purpose:

- f* Immediate formation of Board of Directors;
- f* Improvements in efficiency and capacity;
- f* Simplification of procedures;
- f* Major drive to recover non-performing-loans; and
- f* Provision of new resources.