



**Presentation**

**to**

**ABAD**

**by**

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**Technologies for low cost Housing**

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## Use of Low Cost Technologies

- The proposed housing units could be constructed either using the “conventional construction technology” or applying globally acknowledged and proven “low-cost technologies”.
- It is recommended that in the long term interest of the program, Government may solicit interest of internationally accepted low-cost technology providers.
- The size of the scheme (250,000 units) seems large enough to attract global interest for low cost technology providers. The available options may include construction of houses on low cost technologies on Build and Transfer basis, wherein, the title of plot will remain with the project till the physical possession of the constructed house/flat is handed over to the allottee by the constructor. The financial institution may lend construction loan as per policy.



## Use of Low Cost Technologies (Cont...)

- These “technologies” will be technically cleared by a “Technical Team”, which HBFC is setting up for the task which will comprise of representatives of Civil Engineering Department of NED University, University of Engineering & Technology (UET), Lahore as well as Pakistan Council of Architect & Town Planners etc.
- The selected low-cost technologies will be encouraged to have joint venture with local construction industry.



## Use of Low Cost Technologies (Cont...)

- HBFC has also approached Association of Builders And Developers (ABAD) in order to bring them on board and to explore their role in the program.
- India has done this exercise after the Gujrat earthquake and now proven low-cost technologies are being indigenized with the local environment and are being employed by local builders/construction industry to promote low-cost industry. Other countries include Thailand, Turkey, Egypt, Brazil, Mexico and South Africa.



## Avenues for lowering the housing cost

- **Land availability at the official rate.** For example in Karachi the official rate is Rs. 5 Lac, and market rate ranges from 5-15 lac per acre, depending upon location in the outskirts of the city. The City District Government offers 25% discount on market rate to a private builders and developers if the scheme is for low cost housing.
- **Planning techniques:-** The planning will envisage carving out number of flats and commercial plots along major roads of larger areas for high rise apartment buildings with relaxed plot to construction ratios as allowed in KBTPR-2002, which may be offered for sale through open auction or through sale of flats and commercial building projects as being done by the Builders & Developers for generation of sufficient additional revenues.
- **Infrastructure Services Design:-** Selection of appropriate level of utility services plays a dominant role in lowering the infrastructure development cost, which may be achieved through application of standard engineering designs and drawings.
- **Architectural Design:** Cost effective Architectural type design houses and flats shall be got prepared for the purpose.



## Avenues for lowering the housing cost

- **Low Cost Construction Technologies** through utilizing low-cost technologies, which may include precast, prestressed or light weight interlocking blocks construction etc.
- **Cross-subsidy** through sale of commercial area (5% of the scheme) at market rate. In certain schemes, the money so earned will partly cover the cost of infrastructure development. Further, cross subsidy may also be offered by relaxing the land use percentage KBTPR-2002 for commercial area from 05% to 15%, which may further enhance the revenue generation through sale as constructed projects on the planned commercial plots and will fetch substantial value due to allowable commercial value.
- To further subsidize the cost, a certain percentage, say 20-25% of the units in the scheme may be reserved for sale on completion to the open market at going market rates.
- **Fiscal support** from the Government in terms of reduction/ elimination of Sales Tax on construction materials (steel, cement) and exempting registration and mortgage fee for allottees of the scheme etc on project specific basis.



# Role of HBFC

- **HBFC may play an important role for successful launching and implementation of the program through following activities:**
  - **Development of “Standardized Site Layout Plans” and standard architectural designs of housing units.**
  - **Setting up a “Centre of Excellence” for assessment of low-cost technologies.**
  - **Motivating NGOs for setting up schools and dispensaries in the locality to whom the amenity plots may be allocated for a short term lease on built-operate-transfer basis.**
  - **Providing mortgage finance to eligible allottees as per HBFC’s loaning policy at Debt Equity ratio of 80:20 for 20 years tenor. The modalities of loaning may be finalized on project to project basis viz houses and flats etc.**
  - **HBFC will arrange financing syndication with other Banks in view of the huge volume involved.**
  - **In case the Government intends to provide financing to the low cost houses on subsidized rates, the Government through State Bank of Pakistan may provide specific credit line to HBFC for the purpose, which may enable HBFC to extend loaning facility at lower interest rate to make it affordable to the target communities.**



## Transparent Allotment Process

- **The City Dist. Govt. Karachi has already floated few schemes and has a software which may be upgraded and used by various schemes throughout the country.**
- **Selection criteria could be developed by the Government, in consultation with the Provincial and City District Governments.**
- **It is proposed that the schemes should cover cross section of the society, which may include low income employees of the Government, Corporate and Financial sector, working class, as well as disabled community.**





## Transparent Allotment Process (Cont..)

- Based on experience of Karachi, more regulatory measures are needed to be taken, to ensure that such schemes do not fall prey to property speculators.
- The allottee of the houses may pay cost of plot and development charges to the City Government in monthly easy instalments over a period of 3 years or as decided by the Government.

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# Thank you

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