



A Policy Study on Urban Housing in Nepal

Executive summary of the paper, A Policy Study on Urban Housing in Nepal, by Prof. Dr. Jiba Raj Pokharel

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Executive Summary

This world is characterized by the fulfillment of the needs of the living beings in general and the human beings in particular. Needs, especially the basic ones have to be fulfilled at any cost. The inability to do so leads to disturbances of several kinds. Housing is one of the basic needs and hence it should be given emphasis by the Government.

The urban housing deserves especial attention because of the larger contribution that urban areas make to the Gross Domestic Product of the country when compared to its rural counterpart. In Nepal we find more than sixty per cent contribution of the urban areas to the country's gross domestic product despite lesser investment made to it. In fact more investment needs to be made to the urban areas due to its potential to contribute to the country's economy.

The need of the urban housing is increasing with the passage of time with faster pace of urbanization underway in the country. The new millennium is an era of urbanization and we cannot wish it out of existence. In fact, urbanization should be considered as an asset more than liability. It should be made use of for bolstering the economy of the country. Example can be cited of Uganda that made investment in the urban areas due to the rural areas being disturbed by the conflict, which reduced the poverty dramatically.

It is thus necessary that the urban housing needs to be given much attention for which there is the need of a policy. This policy paper revolves around the following objectives:

- Review the process of urbanization in Nepal and the housing situation in major cities of the country.
 - Review the present constraint of owner built housing process and the rental housing market in urban areas
 - Analyze the role of land brokers in the delivery of housing plots to urban dwellers and the supply of developed housing plots through land development schemes undertaken by the Government
 - Analyze the private housing development in Kathmandu in terms of quality of dwelling units, basic services and facilities, tenureship, financing mechanism and maintenance of housing colonies
- Suggest necessary policy reforms and recommendations Suggest a policy- action matrix containing

- a. constraints (policy, legal, institutional, administrative and others if applicable)
- b. recommended policy improvements
- c. activities
- d. indicators of achievement
- e. responsible agencies
- f. time frame (immediate, intermediate and long term)

It has been found that a good housing contributes to efficiency, enthusiasm and energy of the people who can contribute meaningfully to the country's economy. Unfortunately, the urban housing scenario is not encouraging in Nepal. More number of people are living on rent, the overcrowding indices is high, the infrastructure is not meeting the needs of the people whether it be water supply or sanitation. The number of squatters is increasing and the slum areas are also following the same trend. The financial resource is not available easily. The land plots are difficult to find. The urban houses are in dilapidated state and need up-gradation. Much of the housing is vulnerable to earthquake and flood. Most of the houses are owner built and lack the expected attribute, as would be the houses built by organized sector such as the housing companies. The database is very limited. There was a survey done known as the Nepal National Housing Survey but it was back in the early nineties and these data have only indicative meaning more than quantitative and qualitative.

The Nepal Living Standard Survey does not provide all the necessary data about housing even though one section is devoted to it. For example, the information of the valley cities have been lumped into that of Kathmandu Valley and rest of the cities are given under the other urban areas.

The Government has made some effort to cater to the need of the housing plots. But these are far from adequate. The private sector is a recent entrant in this arena and it is not making the desired effect. It appears that only ten per cent of the requirement is fulfilled by the private sector. People look at it with suspicion than comfort because of some of the housing company's alleged tendency to make quick money. The Act on Real Estate Business has been drafted and submitted to the parliament. Many problems related to the land will be solved once the Act is enforced. The rental housing has a significant market. But there is no Act to administer it in the interest of the landlords as well as the tenants. Nepal Tenant Society is initiating necessary action in this regard.

The Housing companies have been operating since some time now and have been providing quality housing except one or two but they have been catering to the need of rich classes only. The poor cannot afford to have housing inside such colonies. Contrary is the case in India when the Government has made it mandatory to cater to the need of economically weaker section of the society along with those of the higher income group through cross subsidy. These companies have made some suggestions the implementation of which is likely to make some positive contribution to this sector. Very importantly, if it is made mandatory to follow the existing bye-laws the problems of congestion as it is seen these days can be lessened to a great extent. This is necessary because only the organized housing can solve the urban housing problems. The owner-built housing is not going to solve it as has been seen at the present.

In this context there are series of constraints that the urban area is facing at the moment. These are the lack of finance, unavailability of the serviced land plots, the lack of optimally efficient building materials and construction technology, the lack of suitable legislation about rental housing and providing housing to the poor people, the need to upgrade the dilapidated housing stock, lack of housing for disadvantaged

groups such as the old, the orphans and the street children and above all the lack of recent data in housing. These problems need to be solved in two phases immediate, intermediate and the long term. These have been given under the matrices.

The policy addresses not only the twin urban areas of the Kathmandu Valley and the other as provided in the Nepal Living Standard Survey, 2004 but also on the would be urban areas which are significant in number.

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