

**GOVERNMENT OF PAKISTAN**  
**PRIME MINISTER'S OFFICE**  
**NAYA PAKISTAN HOUSING AND DEVELOPMENT AUTHORITY**  
**YEAR BOOK OF CABINET DIVISION FOR FINANCIAL YEAR 2020-2021**

1. **General.** Naya Pakistan Housing and Development Authority (NAPHDA) has been established under Naya Pakistan Housing and Development Act, 2020 for the purpose of planning, development, construction and management of real estate development schemes and projects, with particular focus on affordable housing. NAPHDA has also been assigned the task of revitalizing the Construction Sector of Pakistan.

2. **Conceptual Roadmap.** In order to address the countrywide deficiency of affordable housing, involvement / willing participation of private sector was deemed essential. Accordingly, as per the directions of the Honourable Prime Minister, a two-pronged strategy was evolved. On one hand significant measures aimed at revival of construction industry were adopted, while on the other hand roadmap for construction of affordable housing both by private sector and government owned entities was evolved.

3. **Revival of Construction Industry.** After thorough consultations with all stakeholders including representatives of construction industry, State Bank of Pakistan, FBR, provincial governments and development authorities, major impediments hampering the growth of construction industry were identified for priority intervention. These included issues related to taxation, project financing through banks, project approvals and mortgage / housing finance. Details are covered in the ensuing paras:-

- a. **Federal Taxes.** To address issues concerning volume and process of taxation, NAPHDA worked as a bridge between the construction industry and FBR. After necessary deliberations and consultations with all stakeholders including Association of Builders and Developers (ABAD), a time-bound incentive tax package including a fixed tax regime was introduced by FBR with following salient features: -
  - i. Fixed taxes on reduced rates levied on per square foot of construction and per square yard of real estate development.
  - ii. Conditional / time-bound exemption from Section 111 of Income Tax Ordinance (concerning explanation of source of investment)
  - iii. No withholding taxes on materials except for cement and steel.
  - iv. No withholding taxes on services except those rendered by companies.
  - v. For low cost housing projects approved by NAPHDA, tax further reduced by 90%.

- vi. Exemption of tax on dividends paid to shareholders by Builders and Developers opting for taxation under this scheme.
- vii. One-time exemption from capital gains tax on personal accommodation, not exceeding 500 square yards in case of houses and 4,000 square feet in case of flats.
- viii. Advance tax on auction of properties reduced from 10% to 5%.
- b. **Provincial Taxes.** Tax and Duties on sale and purchase of property which were 4-7% in different provinces were reduced to 2% by the provincial governments.
- c. **Housing and Development Finance by Banks.** Presently the volume of housing finance in Pakistan stands at merely 0.25% of the GDP because of which mortgage facility is available to a very small segment of the populace. In order to address this issue, NAPHDA worked closely with the State Bank of Pakistan and with support of the latter, a comprehensive roadmap was worked out. The entire process was led and steered by the Honourable Prime Minister of Pakistan. Accordingly, State Bank issued a circular directing all banks to make 5% of their respective domestic private sector credit available for housing finance and construction related activities. Hence, banks would be financing Rs. 378 Billion to housing and construction by December, 2021.
- d. **Introduction of Fresh Project Approval Regime.** Development authorities all over Pakistan were following archaic processes and methodology of processing various approvals, which not only involved un-necessary delays but also malpractices. Hence, in consultation with all provincial governments and development authorities a largely automated and simplified approval regime was evolved to allow timely initiation of projects. All development authorities are presently in the process of developing one window digital portals which would enable concurrent processing of approvals by all concerned authorities / agencies. This would also minimize human interaction and approvals would be accorded as per newly laid down, much reduced, timelines.
- e. **Facility of Housing Finance/Markup Subsidy for Affordable Housing.** In order to make housing finance / mortgage affordable for the low to middle income segment of the populace, significant markup subsidy was approved by Ministry of Finance. This was done after necessary consultation with State Bank of Pakistan on the direction of the Honourable Prime Minister of Pakistan. This Scheme is the true game changer in the context of housing. The concept is that low and middle income people should be able to own their houses by paying monthly installments, equal to the house rent that they pay. Government is

providing Rs. 35 Billion, as markup subsidy, over the period of next ten years to make the installments of mortgage affordable for the low and middle income people. Some of the salient features of this scheme are as under:-

- i. **Up to 5 Marla Housing Units Being Built by NAPHDA/ Government Authorities in Collaboration with Private Sector.** 3% markup for first 5 years and 5% markup for next 5 years. Loan upto 2.7 million. Tenor upto twenty years.
- ii. **Up to 5 Marla Housing Units Being Built or Purchased by People Themselves.** 5% markup for first 5 years and 7% markup for next 5 years. Loan up to 6 Million. Tenor upto twenty years.
- iii. **10 Marla Housing Units.** 7% markup for first 5 years and 9% markup for next 5 years. Loan up to 10 Million. Tenor upto twenty years.
- iv. As per the revised scheme the loan value has been doubled and Micro Finance Banks have also been included. Micro Finance Institutions such as Akhuwat can also work as agents for the banks.
- v. Banks have received loan applications worth Rs. 137.122 Billion. Out of which loans worth Rs. 51.187 Billion have been approved. Rs.8.076 Billion have been disbursed.
- vi. The Government is about to launch “Kamyab Pakistan Program” which would provide interest free loans for agriculture, business, technical education etc. It also includes loans for low cost housing, on minimal service charges. Apart from banks these loans would be made available through microfinance institutions, on easy terms and conditions. Hence, the process of obtaining loans would become very simple and convenient, particularly for the low income group.

4. **Constitution of National Coordination Committee on Housing, Construction and Development (NCCHCD).** On the directions of the Honourable Prime Minister, NCCHCD has been constituted to monitor progress of the housing sector and resolve issues faced by the Construction Industry. The Committee, comprising all provincial chief secretaries, concerned federal secretaries, Chairman FBR and Governor State Bank, holds two meetings in a week, out of which one meeting is chaired by the Prime Minister. So far, 101 meetings have been convened.

5. **Creation of Affordable Housing.** Consequent to creation of requisite enabling environment for development of affordable housing both by the private sector and state owned authorities / organizations, NAPHDA is working with all provincial housing authorities and the

private sector for initiation of affordable housing projects all over the Country. In this regard following measures have been adopted: -

- a. **Cost Subsidy for the Low-Income Group.** In order to enhance the affordability of housing units, the Honourable Prime Minister has approved Rs. 30 billion subsidy for the first 100,000 housing units being built for the low income group by the government entities themselves or in public private partnership mode, Government would provide Rs 300,000 for each house as cost subsidy.
  - b. **Low Cost Housing by Federal / Provincial Government Authorities**
    - i. Around 45,000 Low Cost Housing Units are under construction all over the country (including four recently inaugurated projects comprising 11,000 Housing Units at LDA City Lahore, Jalozai, Alipur Farash Islamabad and Zone-V Islamabad). It also includes Punjab Peri-Urban Housing Scheme recently launched by the government of Punjab in collaboration with NAPHDA. In Phase I of this Scheme, 10,000 extremely low cost houses are being built in 20 Districts of Punjab. The monthly mortgage installments for these houses would be less than Rs. 10,000 per month. 12x sites have been inaugurated by the Prime Minister. Another 11 x sites will be inaugurated in the coming weeks.
    - ii. 19,112 Low Cost housing units have been completed. Out of it Akhuwat has financed 15,548 units.
  - c. **Low Cost / Affordable Housing by Private Sector with Government's Support.**
    - i. With all the facilitation / incentives offered by the government, the private sector is now keen on low cost housing and has submitted **230** proposals to the Naya Pakistan Housing and Development Authority (NAPHDA) for construction of more than **3 Million** housing units, out of which 48 projects comprising 70,000 housing units have already been shortlisted. Negotiations with 42 private parties have been conducted so far. 15 x Private Parties for construction of 3,933 housing units have been referred to the banks. Work on these projects would start very soon.
    - ii. The concept is that houses would be built by the private sector. Banks would help in financing and NAPHDA would provide enabled end users.
6. **Economic Impact of Construction Projects**
- a. **Punjab.** **26,444 x projects** worth **Rs. 403 Billion** have been approved. Economic impact / expected turnover because of construction activity is **Rs 2,016 Billion (Rs 2. 016 Trillion)**. This has created over **3,48,882 jobs** in the province.

- b. **Sindh. 8,927 x projects worth Rs. 269.58 Billion** have been approved. Economic impact / expected turnover because of construction activity is **Rs. 1,347.91 Billion (Rs 1.347 Trillion)**. This has created over **2,02,186 jobs** in the province.
  - c. **KP. 5,258 x projects worth Rs 86.652 Billion** have been approved. Economic impact / expected turnover is **Rs 433.26 Billion**. This has created over **74,273 jobs** in the province.
  - d. **Balochistan. 3,337 x projects worth Rs 39.392 Billion** have been approved. Economic impact / expected turnover is **Rs 196.96 Billion**. This has created over **34,758 jobs** in the province
  - e. **Islamabad Capital Territory (ICT)**. In Islamabad **3,809 x projects** worth **Rs. 188.3 Billion** have been approved. Economic impact / expected turnover is **Rs. 941.5 Billion**. This has created over **1,15,000 jobs** in the Islamabad Capital Territory (ICT).
  - f. **Overall construction sector in Punjab, KP, Sindh, Balochistan and ICT has generated economic activity of Rs. 4,907.43 Bn (Rs. 4.907 Trillion) and has created over 7,70,192 jobs.**
7. **Projects Registered with FBR under Exemption of Section 111**. Till to date, projects worth **Rs. 491 Billion** have been registered on FBR portal. Expected economic impact would be **Rs 2,455 Bn (Rs 2.455 Trillion)**.
8. **Miscellaneous**. Some of the miscellaneous initiatives being pursued by NAPHDA, include:-
- a. **Master Planning of Major Cities**. Prime Minister has directed all provincial development authorities to update existing master plans and where necessary, develop fresh master plans of all major cities / urban centers. NAPHDA has been assigned the task to oversee this process and ensure its timely completion in accordance with the vision of the Prime Minister.
  - b. **Digitalization of Cadastral Land Records**. Surveyor General of Pakistan has been assigned the task of assisting provincial governments in digitalizing cadastral land record of respective provinces. NAPHDA is coordinating and overseeing the process. Survey of Pakistan has successfully completed four pilot projects in different provinces and is now in the process of digitalizing land records of state owned lands and three major cities i.e. Karachi, Lahore and Islamabad, included in phase 1 of this project.