

# Chapter I

## STATUS OF HOUSING IN NEPAL

### 1.1 National Housing Scenario

#### 1.1.1 General Housing Situation

No housing survey has been undertaken yet since the last national housing survey conducted in the year 1991 (2048 BS) in Nepal. But the latest censuses and Nepal Living Standard Surveys (NLSS I, II & III) have depicted the shelter situation in both the rural and urban areas of the country. As per national housing survey 1991 there were 3 million dwelling units (DUs) in total covering both the rural and urban areas of Nepal. The preliminary findings of 2011 Census report depict around 4.8 million DUs in the country inhabited by 5,659,984 households (HHs). This brings out the HH/ DU ratio of 1.2:1. A decade back a total number of HHs were found to be 4,253,200 implying an additional increment of 14,06,764 within the last 10 years. The HH sizes in the year 2011 and 2001 are being reported to be 4.7 and 5.44 respectively. The HH sizes in the urban and rural areas in the year 2011 are found to be 4.05 and 4.86 respectively, whereas the corresponding figures a decade back were 4.86 and 5.65. Nepal's population growth within last ten years depicts a growth of 15%, whereas the corresponding figure for Kathmandu Valley comes out to be 52%. This calls for a need for appropriate response to solve the increasing housing problems of the valley.

As per the National Census 2001, out of a total number of houses/buildings or dwelling units around 41,74,374, there are 1.3 million and 100 thousand temporary ('kachi') buildings in the rural and urban areas respectively which makes up 33% of total dwelling units in the country. The NLSS 2003/04 indicates, 91.6% and 5.4 % of the population live in the owner occupied houses and rental housing respectively, whereas in the year 1996/97, as per the NLSS 1995/96, the corresponding figures are 92.8% and 2.2 %. The outcome of the survey in the fiscal year 2009/10 indicate the above figures to be 90% and 8 % respectively. Thus, within a period of 15 years since the initiation of the first NLSS in the year 1995/96, those HHs in rental housing has increased from 2% to 8% . Further, there has been a substantial increase in the numbers of the households living in the dwellings with RCC construction, the cement mortar built masonry walls and CGI sheet roofing. Within this period, the percentage of the HHs with electricity access and piped drinking water facilities have increased from 14 to 70, and from 33 to 45 respectively, whereas the HHs with toilet facilities have also increased to 56% from 22% within the same period.

The findings of the NLSS 1995/96 and 2003/04 has indicated a sharp increase in the percentage of the HHs receiving remittance from 23 to 56, as well as in the

amount of the remittance money reaching Rs. 259 billion from Rs. 13 billion within a short period of 9 years. It has also been found that the investment in the real estate and housing comes around 4.5%. Similarly, the NLSS findings also depict that the percentage of the HHs getting housing loan has increased to 65 from 61 within the same period. This indicates a substantial increase of investment in the real estate and housing sectors.

### **1.1.2 Urban Housing Situation**

As per the NLSS 1995/96, urban housing situation seems relatively better than the one in the rural areas of Nepal. Considering the housing tenure, it appears that 72 % of the families live in their own houses, whereas 23.5% of the families use rental accommodation (35% in case of Kathmandu Valley). It has also been found that 3.8% of the families do not pay any rent, and the rest use other means like squatting. As regards the building construction characteristics, the percentage distribution are as follows: stone wall in mud mortar (27%), bamboo, timber and other temporary structures (8%), cement mortar structures (57%) implying that a majority of the buildings are of permanent types. The percentage distribution of the roofing types are as follows: thatch roofing (8%), CGI sheets (32.8%), concrete (48.4), roof tiles (10%), and the rest are of other types. The percentage distribution of the flooring types are: mud floor (37.5%), cement tiles (54.7%), and timber floor and other types (2.5%). The average plot size and area of the dwelling unit are found to be 1448 sq.ft. and 584 sq.ft. respectively. Water supply distribution characteristics of the dwelling units are as follows: piped water supply (53.3%), public stand pipe (14.3%), wells/tube well (29%), and the other means and sources for the rest (3.9%). So far as the access to the shelter-related infrastructural facilities are concerned, 87.4% of the HHs have access to electricity, and about 32% and 82% of the HHs have access to telephone and toilet facilities respectively. For cooking purposes 35% of the HHs use wood whereas the HHs using gas stoves and kerosene oil fall within 40.7% and 20% respectively, the rest of the families applying other means.

The participation of the private sector in housing sector since the last decade has enhanced the possibilities of planned housing development in Nepal's urban areas and in Kathmandu Valley in particular. Prior to this, owner built system has been a common practice. However, the role of the private sector is minimal in the urban areas outside the Kathmandu Valley.

Land pooling programs, despite the fact that they were being launched in various municipalities and the emerging urban centers since past one and half decade, have only partially fulfilled the demand of housing plots in the urban areas, and the rest of the demand is being fulfilled through the land transactions activities of the private sector. The organised private sector and some individuals seem to have played key roles in the supply of developed residential plots at the wider scale. Land development programs have not been able to pick up to a sufficient extent in the urban centers outside Kathmandu Valley.

Presently, a number of housing development companies are playing active roles in construction and sale of residential units of the several categories targetted at the various income groups. There have been an upsurge in the demand of residential plots and dwelling units due to a decade long conflict and due to the increased migratory pressure from the various parts of the country owing to social, economic and political reasons. Despite the fact that the private sector has been playing an appreciable role towards fulfilling this demand, present legal and policy framework is not clear and adequate enough for organising and regularising the sector.

There is a legal provision for getting the approval from town development committee, municipal body and the related agencies in order to construct group, joint and separate dwelling units. While issuing the building permits it becomes mandatory to follow the National Building Code.

A proliferation of the squatter settlements through encroachment of the 'Ailani Parti' land and the land adjoining the river banks including the empty sloped land is increasingly on the rise in the urban areas of the country. The shelter conditions of such settlements have been found to be very critical.

### **1.1.3 Rural Housing Situation**

#### **1.1.3.1 Rural Terai Region**

The housing situation looks deplorable in the Terai region. As per the NLSS 2003/04 depicts the following physical characteristics of the dwellings and their percentage distribution: stone wall in mud mortar (21%), bamboo, timber and other temporary structures (62%), cement mortar structures (17%) implying that a majority of the buildings are of temporary types. The percentage distribution of the roofing types are as follows: thatch roofing (30%), CGI sheets (16%), concrete (15%), and the rest are of other types including the roof tiles. As regards the flooring, the mud floor occupies more than 80%.

The average plot size and area of the dwelling unit are found to be 1500 sq.ft. and 500 sq.ft. respectively. Water supply distribution characteristics of the dwelling units are as follows: piped water supply (2%), public tap stand (10%), wells/tube well (78%), and the other means and sources for the rest (10%). 30% of the families have access to the electricity, and about 2% and 25% of the families have access to telephone and toilet facilities respectively. For cooking purposes more than 62% of the families uses wood.

#### **1.1.3.2 The Mid-Hills and Himalayan Region**

Although different from the Terai region from geographical perspectives, the shelter situations of this region looks equally deplorable.

The NLSS 2003/04 depicts the following physical characteristics of the dwellings and their percentage distribution: stone wall in mud mortar (83%), bamboo, timber and other temporary structures (10%), cement mortar structures (7%) implying that a

majority of the buildings are of temporary types. The percentage distribution of the roofing types are as follows: straw roofing (40%), CGI sheets (20%), concrete (3%), and the rest are of other types including the roof tiles. As regards the flooring, the mud floor occupies more than 90%.

The average plot size and area of the dwelling unit are found to be 1450 sq.ft. and 540 sq.ft. respectively. Water supply distribution characteristics of the dwelling units are as follows: piped water supply (11%), public tap (55%), wells/tube well (4%), and the other means and sources for the rest (30%). 25% of the families have access to the electricity, and less than 2% and around 37% of the families have access to telephone and toilet facilities respectively. For cooking purposes more than 93% of the families use wood.

#### **1.1.4 Shelter Conditions of the Squatter Families**

There is an increasing tendency to encroach upon the public land ('Ailani Parti') of the urban and rural areas of Nepal by a growing number of the squatting families. The shelter conditions of such squatters who build temporary 'kachhi' sheds have been found to be very poor. Despite the governmental efforts to address the problem through the formation of the various commissions, no viable solution is yet at sight.

#### **1.1.5 Shelter Conditions of the Landless People and other Deprived Groups**

After the abolition of the 'kamiya' (forced labour) system Ministry of Land Reform and Management was entrusted with the task of resettling the freed Kamiya families numbering around 27570, and the resettlement activities of essentially technical nature were handed over to the district level land reform offices which were so far carrying out land related administrative works only. In the absence of coordinative efforts and adequate technical support to the district land reform offices no viable and permanent solution is yet at sight to respond to the complex Kamiya resettlement issues. Nepal has a substantial number of economically weak and physically disabled people, and there is a need of special provision in the shelter policy to cater to their housing needs. This group consists of landless and marginalized people (e.g., agriculture labourers - 'Kamaiya', 'Hali', 'Charuwa', 'Haruwa' etc), the victims of natural disasters, physically impaired and sick persons, very elderly people and destitute women.

### **1.2 Shelter Issues, Challenges and Opportunities**

- There is a need for creating a conducive environment and make appropriate arrangements for shelter provision as a basic need for the entire people of the country.<sup>1</sup>
- Shelter provision needs to be considered as an integral component of poverty alleviation programs targeted towards the poor and marginalized

people below poverty level consisting of the 'Dalits', physically disabled persons, destitute women, and homeless families.

- Due recognition needs to be given to shelter, not only as a consumption good, but also as an integral component of nation's economic productivity taking it in the form of economic assets and accumulated capital of the nation and individuals.
- Achieving the shelter related goals and objectives calls for adopting the principles of financial self-reliance. The Government of Nepal (GoN) needs to play a role of enabler and facilitator so as to encourage and promote the private sector for providing shelter to the families belonging to the various income categories. This calls for making necessary arrangements by the GoN for provision of minimal shelter needs to the displaced families due to natural disasters and execution of the large scale projects.

### **1.3 A Review of Present Shelter Policy (NSP 1996)**

National Shelter Policy 1996 (NSP 1996), an outcome of detailed survey and analysis covering a period of two years and duly approved by the then Ministry of Housing and Physical Planning in the year 1996, is still in place. The inherent basic conceptual premises of the NSP 1996 are presented as follows:

- a) Make proper arrangement and create conducive environment for provision of shelter as a basic need for all.
- b) Render due recognition to the important role of the housing sector in poverty alleviation and economic development.
- c) Consider housing, not only as a consumption good, but also an integral component of national economy.
- d) Enhance the private sector's role, at both formal and informal levels, with the government acting as enabler and facilitator guided by the principle of financial self-reliance for the entire housing sector.

Following are the policy objectives of the NSP 1996:

1. To create a conducive environment for increasing the production of dwelling units through provision of necessary infrastructure and facilities, and for repair and maintenance of the existing stock.
2. To encourage promotion and development of shelter sector through effective mobilization of means and resources, and through adoption of the financial self-reliance principle.
3. To carry out necessary reform measures in the present legislative and institutional framework for the shelter sector.
4. To mobilise and channelise the necessary resources towards development of housing plots and production of shelter units to realise the basic needs for a majority of economically disadvantaged people.

5. To undertake the appropriate measures for protecting the environment from adverse impacts due to housing development.

There are no separate policy provisions for rural and urban housing in the present NSP document. There is also no mention about a need for bringing about necessary improvement in the shelter conditions of the poor and deprived rural households. The policy document does not clearly spell out the institutional arrangements regarding development of the shelter sector. Although the NSP attempts to organize as well as to provide policy guidelines to urban shelter development, it is silent about the shelter problems of the families living in rental accommodation. As per the Census 2001, more than 50% of the rural migrants end up in the urban areas looking for the employment. The NSP does not respond to the housing problems of such migrants.

Shelter is a basic need of the mankind. Despite the fact that the state is obliged to come up with the special policy measures for responding to the shelter needs of the poor, deprived and marginalized groups of people, the policy document is silent about this issue. Presently, although the private sector seems to be playing active roles for fulfilling the housing demands of the families falling under the upper and upper-middle income categories through construction of individual as well as group dwelling units, the lower income families are being left out. Although the cooperative housing movement, with the governmental support in terms of various subsidy measures, has made a considerable progress in a number of south Asian nations, there has been no such development on institutional front in Nepal. Although launching of a number of land development programs (e.g. land pooling) is seen to have contributed to planned urban development, they have benefitted only the land owners, and the general public are being excluded. Further, the NSP has not been able to respond to the shelter problems of the low income households residing in the urban areas. There is no adequate legal provision to recognise shelter as a citizen's basic right.

#### **1.4 Justification for Revision of National Shelter Policy**

Development and changes observed in the housing sector from 1996 to 2006, and the present social and political situation of the country call for the major changes in the present shelter policy with the inclusion of following unclear and uncovered issues related to:

- Designation of the responsibility and authority for execution of the shelter policy at the central level.
- Provision of shelter for the displaced families owing to natural disasters and execution of large scale projects, and for the homeless and deprived families.
- Alternative arrangements for shelter provision for those squatter settlements located at the unsafe places in the various urban centers of the country on a priority basis.

- Minimisation of the potential losses and risks in the residential areas owing to natural and man made disasters.
- Identification of the solutions pertaining to the various aspects of rental housing and the welfare of the tenants, and provision of the rules and regulations as required.

Hence, it has become mandatory to revise and update the current shelter policy on the following grounds: drastic transformation in the nation's economic, social, and political scenario as compared to the year 1996 when current national shelter policy was put into effect; a rapid pace of rural urban migration owing to a decade long insurgency and the several other factors; serious deficiencies in physical infrastructure and services being observed in the urban areas due to the growing population pressure; encroachment in public and 'ailani parti' land; a substantial increase in the number of families seeking rental housing; and an increasing pace of building construction activities for the various types of dwelling units including group housing.

## **: 1.5 Assessment of the Housing Needs**

On the basis of present growth rate as per the the National Census 2001it is estimated that in the urban areas there would be additional requirement of dwelling units (DUs) at the rate of 5% per annum up to the year 2011, 4.5% up to the year 2015, and 4% from 2015 to 2020. The additional requirement of DUs in the rural areas would be 2%, 1.7% and 1.5% within the consecutive periods. The occupancy rates of the DUs in the urban areas are being estimated 6 persons per DU up to the year 2011, 5.8 persons per DU from 2011 to 2015, and 5.5 persons from 2015 to 2020. In the case of the rural areas, the projections are 6.3,6.2 and 6.1 respectively over the same periods.

According to the findings of national housing survey- NHS 1991, it is estimated that about 0.76% of the DUs in the urban areas and 2.4% DUs in the rural areas are destroyed every year by natural calamities and other unforeseen reasons. It is also estimated that there are possibilities of 50 to 60 % of the buildings to be destroyed in the urban areas in the event of the earthquake occurrence up to the magnitude of rector scale 7 or more.

On the basis of the above data it is estimated that the total of 30,15,000 new DUs would be required for the period 2006 - 2020, and 20 % of the above requirements would be in the urban areas. Additional construction in the form of rooms or storeys addition in the existing buildings would fulfill 30 to 40 % of the above requirements with the rest being covered by 60 to 70% of new construction of the DUs. Over the same period, about total number of the DUs needing repair and renovation would be 10,000,000 , and the share of the urban areas out of that figure would be 1,50,000.

## Chapter II

### Long Term Vision, Mission and Objectives

#### 2.1 Long Term Vision

To make available safer, adequate and affordable shelter for all.

#### 2.2 The Mission

To come up with a concept of shelter development that encompasses the households below poverty level, and the households located at the disordered and vulnerable settlement areas .

#### 2.3 Objectives

- 2.3.1 To increase the production of the safe and environmental friendly dwelling units suitable for all income groups, and to upgrade the existing stock.
- 2.3.2 To strive for effective mobilisation of financial resources for the housing sector.
- 2.3.3 To carry out the institutional reform with due clarification of the roles of government, non-government and private sector, and the community in the housing sector.

## Chapter III

### Proposed Strategies

#### 3.1 Proposed strategies to achieve the objective 2.3.1 (Increasing the production of dwelling units, and upgrading of the existing stock)

- 3.1.1 To respond to the housing demand in the urban and urbanising areas, through adoption of the effective land utilisation measures, related to the following shelter categories classified as follows:
  - a) **Permanent housing:** A permanent structure meant for residential purpose under full tenure ship of the owner.
  - b) **Joint housing:** A permanent structure meant for the entirely residential purpose under joint or common ownership of two or more than two households.

- c) **Mixed housing:** Multi-storeyed permanent structures meant for both residential and non-residential purposes.
  - d) **Rental housing:** A permanent structure meant for residential purpose with no ownership right of the resident households, but obliged to pay rent in lieu of occupation.
  - e) **Temporary housing:** A temporary structure in the form of huts or sheds meant for residential purpose to be made available for the immediate rescue operations for the displaced families due to natural calamities or conflicts prior to their resettlement.
- 3.1.2 To respond to the rural housing demand through increased production of the dwelling units.
  - 3.1.3 To pursue integrated development of land and physical infrastructure services for shelter provision.
  - 3.1.4 To initiate necessary improvement in the design of housing units as well as in the application of building materials and technology.
  - 3.1.5 To upgrade the existing housing stock through its proper utilisation as well as through incorporation of the necessary security provisions.
  - 3.1.6 To ascertain that the temporary structures, in the form of huts or sheds for a certain period as the immediate rescue measures, are made available to the displaced families due to natural calamities or conflicts prior to their relocation in the permanent houses and resettlement camps.
  - 3.1.7 To undertake proper management of unorganised and unhealthy settlements, sprung up solely for fulfilment of shelter needs, which are deprived of basic minimum infrastructure facilities, and are vulnerable in terms of health and security grounds.
  - 3.1.8 To resettle the displaced families due to execution of the large scale projects at the appropriate locations

### 3.2 Proposed strategies to achieve the objective 2.3.2 (Effective mobilisation of financial resources)

- 3.2.1 To ease and simplify the land and housing loan distribution processes, and to establish a housing fund at the national level and the appropriate institutions at the local level with adoption of the rural development bank concept.
- 3.2.2 To provide the government grant up to a fixed percentage of the total amount required for infrastructure development component of the land development programs.
- 3.2.3 To develop the institutional mechanism for providing easy housing loan and grant to the low income groups.

3.2.4 To enter into joint ventures with the national and international financial institutions, and with the saving and credit cooperatives involved in the housing sector.

### 3.3 Proposed Strategies to achieve the objective 2.3.3 (Institutional reform in the housing sector)

3.3.1 To clarify the roles of government, non-government, and private sector for implementation of the national shelter policy.

3.3.2 To undertake the various shelter related activities, on an institutionalised basis, concerning policy formulation, implementation, training, research, and evaluation.

3.3.3 To carry out monitoring and evaluation of shelter policy implementation with due involvement of the local authorities.

3.3.4 To arrange for necessary regulatory legal mechanism related to the various aspects of shelter development.

## Chapter IV

### WORKING POLICIES

#### **(A) Increasing the production of dwelling units (DUs), and upgrading of existing stock**

##### 4.1 Working Policies related to Strategy 3.1.1

*(To respond to housing demand in the urban and urbanising areas through increased production of the DUs).*

4.1.1 Simplify the land acquisition process through removal of the existing constraints related to land management so as to inspire and encourage the private and cooperative sectors for increased construction and production of the DUs that caters to a maximum number of individuals and households.

4.1.2 Launch land pooling and other land development plans and programs in the urban areas with the involvement and cooperation of the private sector in order to supply the developed housing plots to the owner builder households.

4.1.3 Encourage the private sector housing and land development companies to expand their operations in the urban areas outside the Kathmandu Valley.

- 4.1.4 Simplify the existing policies to encourage joint and mixed housing development in order to cater to the ever-increasing housing demand in the urban areas.
- 4.1.5 Make necessary arrangements for making the rental housing units easily accessible through government involvement so that the proliferation of unhealthy settlements can be restrained.
- 4.1.6 Provide necessary facilities and recognition to the housing development enterprises at par with the other industries.

#### **4.2 Working Policies related to Strategy 3.1.2**

*(To respond to the rural housing demand through increased production of the DUs).*

- 4.2.1 Ensure the supply of housing plots and units at reasonable and appropriate prices suitable for all the income categories through proper utilisation of local construction materials and technology.
- 4.2.2 Ascertain the role of Rural Housing Company in rural housing development through the legislative measures in the form of act and regulations.

#### **4.3 Working Policies related to Strategy 3.1.3**

*(To pursue integrated development of land and physical infrastructure for shelter provision)*

- 4.3.1 Launch integrated housing programs: through encouraging local bodies, private sector and community participation for development and extension of shelter and infrastructure services; and through decentralisation of responsibility, accountability, and authority related to infrastructure construction, distribution, management, and maintenance activities.
- 4.3.2 Increase the revenue of the concerned sectoral agencies through realistic determination of the charges for the available services and facilities required in land development schemes, and through initiating reforms in payment process.
- 4.3.3 Encourage incorporation of cost effective design and technology for construction and delivery of infrastructure services while developing land for new settlement programs.
- 4.3.4 Encourage the activities, which enhance the people's awareness about the environmental and public health benefits, and about availability of the other related services resulting from construction and development of infrastructure services.

#### **4.4 Working Policies related to Strategy 3.1.4**

*(To initiate necessary improvement in the design of housing units as well as in the application of building materials and technology.)*

- 4.4.1 Undertake survey and research activities about the local construction materials, and encourage application of local and imported construction materials and technology in shelter construction through their overall evaluation and quality determination. Incorporate evaluation of social and cultural aspects too in addition to economic and environmental perspectives while evaluating the possible impacts of such applications.
- 4.4.2 Launch the training programs to enhance the capacity building related to proper inspection of the construction materials, and to optimum utilisation of construction materials through minimising the losses.
- 4.4.3 Adopt the various options in shelter construction process that lead to: effective protection and conservation of energy, water, greeneries and environment; and low carbon emission.
- 4.4.4 Undertake the dissemination activities at the local level about the low cost and appropriate technology options, and enhance skill development by launching the training programs and the demonstrative expositions.
- 4.4.5 Give special emphasis on projecting the traditional architectural style and indigenous character in shelter construction through conservation of the historic buildings and the other structures of original architectural value at the local level.
- 4.4.6 Undertake information collection, application, and publicity of building materials and technologies successfully applied at the international level; and disseminate at a wider scale through various communication media about the innovative applications of the construction materials and technologies in the various parts of the country.
- 4.4.7 Undertake wider dissemination of: the guidelines about the method of constructing the owner built houses; and the appropriate shelter construction methods to be adopted by the low income and homeless groups of people. Also, provide training to the targeted groups for enhancing their capacity to build the houses.

#### **4.5 Working Policies related to Strategy 3.1.5**

*(To upgrade the existing housing stock through its effective utilisation as well as through incorporation of the necessary security provisions)*

- 4.5.1 Upgrade the rural houses through the incorporation of improved cooking stoves, solar energy application, biogas plants (technology), and appropriate sanitation provision
- 4.5.2 Adopt the mandatory application of the building code for safer house construction.

4.5.3 Adopt rain and damp protection measures in order to achieve healthy housing objectives.

4.5.4 Arrange for compulsory provision of open spaces to ensure housing safety as per the provisions of the building by-laws (planning standards) for the residential areas.

#### **4.6 Working Policies related to Strategy 3.1.6**

*(To ascertain that the temporary structures as the immediate rescue measures are made available to the displaced families due to natural calamities or conflicts prior to their permanent relocation)*

4.6.1 Formulate appropriate standards and the contingency plan for temporary shelter provision as immediate relief measures for the disaster and conflict related displaced families.

4.6.2 Adopt the appropriate construction technology for temporary shelter units which enables their relocation, and arrange for the adequate storage provision for their immediate use.

4.6.3 Provide a special emphasis on formulation of the risk assessment guidelines, risk sensitive land use plans and programs, and the working procedures and guidelines for resettlement operations immediately aftermath the disasters with a view of minimising the risk and loss resulting from the manmade and natural disaster events.

#### **4.7 Working Policies related to Strategy 3.1.7**

*(To undertake proper management of unorganised and unhealthy settlements, sprung up solely for fulfilment of shelter needs, which are deprived of basic minimum infrastructure facilities, and are vulnerable in terms of health and security grounds.)*

4.7.1 Rehabilitate the unhealthy settlements, come up prior to the stipulated time period, in the encroached land based on cost recovery, or otherwise, relocate them in alternate locations under collective ownership of land with a view of upgrading them in the form of well managed settlements. Ensure their identity through the distribution of identity cards to the families in those settlement areas.

4.7.2 Make available smaller plots for low cost dwelling units construction, and provide basic infrastructure services and amenities for: the low income families, and specially those squatter families located in government land ('ailani parti'), river banks and other places; those families occupying one room rental accommodations; and other deprived and shelter less families.

#### **4.8 Working Policies related to Strategy 3.1.8**

*(To resettle the families displaced due to execution of the large scale projects at the appropriate locations)*

- 4.8.1 Rehabilitate the displaced families due to execution of the large scale development projects, with a provision of the minimum services and facilities they were getting, prior to project commencement.
- 4.8.2 Formulate the appropriate guidelines related to the dwelling unit, physical infrastructure and services provision for rehabilitation of such displaced families.

## **(B) Effective Mobilisation of Financial Resources**

### **4.9 Working Policies related to Strategy 3.2.1**

*(To ease and simplify the land distribution and housing credit delivery processes, and to establish a housing fund at the national level and the appropriate institutions at the local level with adoption of the rural development bank concept)*

- 4.9.1 Formulate and adopt appropriate shelter investment policy and norms at the national level by the Town Development Fund and the other urban financial institutions after a proper investigation into the possibilities for developing a simplified credit and grant delivery system, and other financing mechanisms.
- 4.9.2 Establish a national level autonomous land and housing development fund through extension of the jurisdiction of the existing Land Development Revolving Fund (LDRF) within Department of Urban Development and Building Construction (DUDBC).
- 4.9.3 Encourage the private sector for establishment of a cooperative fund or the similar institutions at the local level, which would adopt a concept of the rural development bank for its operations.

### **4.10 Working Policies related to Strategy 3.2.2**

*(To provide the government grant up to a fixed proportion of the total amount required for infrastructure development component of the land development programs)*

- 4.10.1 Ensure investment by the Government of Nepal (GoN) and the local bodies up to a fixed proportion of the total estimated cost to be incurred for the land pooling projects on the basis of national priority, size, cost and the institutional capacity of the implementing organisation, and on the condition that the fund would be utilised only for development of physical infrastructure components.

The method of fixing up the share of the total cost is included in the Annex 1.

4.10.2 Develop a cross subsidy mechanism to make the housing plots available at a fair price, and to provide subsidy to the low income families on the incurred cost while launching land development programs.

**4.11 Working Policies related to Strategy 3.2.3**

*(To develop a mechanism for providing easy housing loan and for grant allocation to the low income groups)*

4.11.1 Make available smaller housing plots, basic physical infrastructure and services, and grant and concessional loans for the low income and homeless families.

4.11.2 Make land available at the actual price and through concessional loan facilities, with governmental support, for joint housing construction meant for the families having fixed income source, and initiate a process of establishing, managing and supervising the housing cooperatives by the DUDBC.

4.11.3 Undertake the responsibility by the government both as the facilitator as well as the shelter provider, when needed, for low income and homeless families.

**4.12 Working Policies related to Strategy 3.2.4**

*(To enter into joint ventures with the national and international financial institutions, and with the saving and credit cooperatives involved in the housing sector)*

4.12.1 Establish the housing cooperatives, for providing credit facilities to a majority of families without a fixed income source, for land, housing, and building materials, and promote the collective collateral arrangements for loan management.

4.12.2 Encourage the banks and financial institutions (BFIs) to launch the credit programs for land purchase and shelter construction within a reach of all segments of the society.

4.12.3 Encourage the BFIs and the saving and credit cooperatives to launch special programs for enhancing the women participation in the process of shelter construction.

**(C) Institutional reform in the housing sector**

**4.13 Working Policies related to Strategy 3.3.1**

*(To clarify the roles of government, non-government, and private sector for implementation of the National Shelter Policy -NSP)*

4.13.1 Undertake the lead roles by Department of Urban Development and Building Construction (DUDBC) under Ministry of Urban Development at the central

level, and by the local bodies at the local level towards implementation of National Shelter Policy (NSP).

- 4.13.2 Undertake the functions of enabler as well as facilitator, and, if needed, even of the provider by the GoN for the NSP implementation.
- 4.13.3 Consolidate the role of local authorities for land and housing development activities through provision of financial and technical assistance by GoN to those bodies.
- 4.13.4 Establish, develop and expand the community organisations at the local level to seek a consolidated solution to the housing problem through establishing proper cooperation and coordination among the housing and land development companies and the other related agencies.

#### **4.14 Working Policies related to Strategy 3.3.2**

*(To undertake the various shelter related activities, on an institutionalised basis, concerning policy formulation, implementation, training, research, and evaluation)*

- 4.14.1 Undertake a prime role by the DUDBC to bring about proper coordination at the central level among the government, private and NGO sectors in the implementation process of the NSP.
- 4.14.2 Create an enabling environment for a long term participation by the international NGOs and community organisations in the NSP implementation process through encouraging them to get involved in the shelter sector.
- 4.14.3 Create a high level institutional mechanism for formulating shelter related plans and programs, and for ensuring proper coordination among the concerned agencies.
- 4.14.4 Establish the national housing survey as an integral component of the National Census.
- 4.14.5 Undertake development and expansion of settlement worthy land areas based on the land use plan from the perspectives of public health, environmental balance, pressure on land price, and population density; and update the land information system.

#### **4.15 Working Policies related to Strategy 3.3.3**

*(To carry out monitoring and evaluation of the shelter policy implementation with due involvement of the local authorities)*

- 4.15.1 Undertake monitoring and evaluation by the DUDBC with the involvement of local bodies concerning: land and housing market situation, demand and supply of the construction materials, the relevant financial and housing indicators, and the impacts and achievements of the shelter policy and programs as they relate to the target groups.

4.15.2 Undertake the initiatives for identification and coordination of the potential resources (donors, private sector etc.) for the implementation of the NSP through creation of an independent institutional monitoring mechanism along with a clear mandate assigned to it.

#### **4.16 Working Policies related to Strategy 3.3.4**

*(To make arrangements for necessary regulatory mechanism to cater for the various aspects of shelter development)*

4.16.1 Frame up and enact appropriate legislation related to the various aspects: vacant land taxation, utilisation of land and property, cost recovery from the local consumers regarding infrastructure services provision, increase in the scope of house and land tax, single taxation on land transactions, reform in land ownership arrangement, effective implementation of land use and building regulations, and management of real estate enterprises etc.

4.16.2 Adopt appropriate legislation and regulations for rental housing covering its various aspects, with a particular focus on safeguarding the rights and security of both the tenants as well as the house owners.

4.16.3 Construct an appropriate legal framework for enactment dealing with ownership transfer and use linked to the various types of housing e.g. single, mixed, joint and group housing.

4.16.4 Adopt appropriate legislation and regulations so as to clarify and ascertain the private sector's role regarding its involvement in various housing domains including land pooling, land development, and construction of community building, multi-storey apartments, and group housing complex.

## **Chapter V**

### **MISCELLANEOUS**

#### **5.1 Policy Revision**

The national shelter policy would be reviewed and revised every five years. The Ministry of Urban Development would constitute a task force to undertake the above work.

#### **5.2 Removal of the Constraints and Bottlenecks**

If found necessary to execute the policy provisions not covered by the prevailing legislation, the Ministry would take up due course of actions through framing of the appropriate working rules and procedures.

## ANNEX 1

( Related to Working Policy 4.10.1)

### **A norm and procedure for fixing up the proportion of investment by the Government of Nepal (GoN) in land pooling projects:**

Maximum investment by the GoN in the land pooling projects would be based on the average of the figures corresponding to four parameters as given below.

Basis for Investment	Size of the Project	GoN Investment %	Investment by Local Bodies %
Size of the Project	Exceeding 1000 Ropanis (50 Hectares)	8	2
	300 – 1000 Ropanis (15 – 50 Hectares)	9	3
	Less than 300 Ropanis (15 Hectares)	10	5
Total Estimated Cost (land price excluded)	Exceeding Rs. 10 Crores (Rs. 100 Million)	8	2
	Rs. 5-10 crores (Rs. 50-100 Million)	9	3
	Less than Rs. 5 crores (Rs. 50 million)	10	5
Implementing Agency	Metropolitan City	5	5
	Sub-Metropolitan City	7	4
	Municipalities:		
	Annual Revenue collections		
	Up to Rs. 5 Crores	8	4
	Rs. 2 to 3 Crores	9	3
	Less than Rs.2 Crores	11	1
Village Development Committees	15	0	
Others: Town Development Committees/DUDBC	15	0	
National Priority Ranking of the Project	P1 Project	10	5
	P2 Project	8	5
	P3 Project/Those not included in the national plans	5	5

### **Example**

Calculation of the proportion of the investment amount for the land pooling project to be undertaken by Birgunj Sub-Metropolitan City (priority ranking 2, total area 750 Rapanis, total cost exceeding Rs. 10 Crores) based on the above Table:

Proportion of GoN investment =  $(9+8+7+8)/4 = 8\%$

Proportion of local body investment =  $(3+2+4+5)/4 = 3.5\%$

Total joint investment as a proportion of total projet cost = 11.5 %