



## **No records on housing needs: RAA**

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Thimphu thromde had exceeded its carrying capacity and Phuntsholing could follow suit in 38 years according to the performance audit report on housing development- adequacy and affordability, 2018.

This means the projected carrying capacity of Thimphu Structure Plan (2002-2017) has exceeded by 6,742 people and Phuentsholing will reach its capacity in 2056.

The findings showed that Thimphu would be able to accommodate only 107,809 people as per Thimphu Structural plan. However, as of March 2017, the population has reached 114,551 according to the Housing Census and Population 2017.

“The thromde administration is not prepared as to how it could respond to the increasing pressure on the carrying capacity of the city. Thimphu thromde has not conducted any review of the Thimphu Structural Plan,” the audit report states.

The Phuentsholing Structure Plan 2013-2028 has projected that the city can accommodate 85,947 people. Audit findings showed that if appropriate measures are not taken at the policy level, the population could implode beyond its carrying capacity earlier than expected.

As of November 2018, the report found that there are 3,955 people comprising of 1,228 families mostly from the low-income level living across the border in Jaigaon. Despite construction of 506 units of housing under the special project, hundreds of families still live in Jaigaon.

“Low income people are forced out across the border mainly because of affordability of rental housing in Phuentsholing. While houses in core areas of Phuentsholing are rented by non-Bhutanese traders.”

Incomplete data on number of housing structures and units, no housing needs assessment carried out and rental expenditure unaffordable to majority of population in Thimphu and Phuentsholing including irregular increase of rents were among other findings.

Although a National Housing Policy was adopted in 2002 and the National Housing Development Corporation Limited created in 2006 to address issues related to housing, the report found that the policy has lost its relevance while the draft human settlement policy, 2015 is not adopted.

The report also found that the House Rent Allowance (HRA) provided to civil servants hardly covers the house rent expenditure for most of the civil servant population in Thimphu and Phuentsholing. A majority (59%) falls in P5 level and below where the rental expenses are unaffordable to most of the civil servant population in these two cities.

However, it found that the HRA received by EX/ES-III and above in Thimphu and P3 and above in Phuntsholing is sufficient.

“Without proper monitoring of the tenancy rules and regulations 2018, irregular increase of rents still takes place in both the thromdes where a majority increases once every year while the Act requires to increase 10 percent of the rent once in two years.”

Informal settlements impeding livability and aesthetics of the city, inadequate drinking water supply in informal settlements and low proportion of owner occupied houses were also highlighted.

Some of the causes that led to issues of inadequacy, affordability and livability the report found were inadequacy of legal basis for housing development, lack of land use and zoning plans for Thimphu and Phuntsholing thromdes, high interest rates for home and housing loans, inadequate focus on domestic production of construction materials, lack of dedicated housing financial institution and rapid urbanisation.

## **Recommendations**

### **Legal, policy and institutional systems**

The report stated that although there is policy and institutions responsible for housing development, there are number of deficiencies in legal, policy and institutional systems. The audit authority recommended enacting housing development Act, revise and implement National Housing Policy, and to establish central regulating and coordinating agency for housing development, among others.

“Most of the provisions of National Housing Development Policy 2002 are obsolete and outdated due to changes in institutional set-up. There are no records, if any of housing needs being assessed at the national level either with the MoWHS or the Thromdes of Thimphu and Phuntsholing,” the report states.

### **Home ownership**

To promote home ownership, the audit recommended having a comprehensive home ownership policy and promote conduciveness for ownership of condominiums.

“The NHDCL and NPPF had piloted housing constructions with the aim of promoting home ownership with varying degrees of success. Currently, prospective owners of parts of multi-unit housing structures are not ensured of their rights and safeguards of ownership of land and sharing of expenditure of maintenance of common spaces such as corridors, plumbing, parking space.”

### **Land and housing development**

To promote housing development, RAA recommended releasing state land for housing development on long-term lease, promote land use certificate system and come up with real estates in the outskirts of Thimphu Thromde.

## **Housing finance**

There is a need to consider establishing a housing financial institution to improve access to and reduce cost of housing finance. However, the central bank had submitted a proposal to the Cabinet and that the ADB had even set-aside budget in its Country Operations Business plan (COBP) 2018- 2020. It also recommended the need to explore the possibility of NPPF collaborating with NHDCL for funding for affordable housing development.

## **Construction materials**

To promote domestic promotion, the RAA recommended adopting a draft Construction Industry Policy 2018 with the MoWHS taking the lead role.

## **Yangchen C Rinzin**