

KEY TAKEAWAYS FROM RESEARCH ON CITIES



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Cities worldwide are the powerhouses of growth, commerce, innovation, productivity, and magnets for talent. They are the cradles of knowledge, entrepreneurship, science, and culture. While the world focuses on their cities to benefit from their positive externalities and minimize the negative impact (congestion, crime, and pollution), we, in Pakistan, have relegated cities and their governance issues to obscurity.

Research on cities and their management is scarce. Pakistan Institute of Development Economics took the lead in bringing this all-important research area to the mainstream back in 2006 with a conference on cities in Karachi. The research programme has advanced significantly since then, with cutting-edge research generating rigorous messages for academia and policymakers (Haque and Hasan, 2024).

Pakistan Needs a City-Centric Growth Policy

The policy circles in Pakistan are enamored with the idea that Pakistan is a rural, agriculture-based country. PIDE has questioned this myth of 'rural Pakistan' and has argued for a shift toward growth-enhancing city-centric policy. It contends that Pakistan is an urban

country whose policymakers refuse to accept this reality⁶⁰. This policy narrative has relegated cities to oblivion. The paucity of research on cities' functionality, patterns, zoning, optimum size, architecture, globalization, governance, urban sprawl, and the absence of an urban policy has stifled the growth potential of cities (Haque, 2020). From the ancient Greek city-states to the contemporary metropolitan centers (New York, London, Paris), cities have been the cradles of knowledge, innovation, culture, commerce and productivity. They drive growth by enabling the exchange of goods, services, and ideas in a dense and mixed-use environment. This idea of city development being at the heart of the growth process represents an emerging global consensus. However, Pakistani policy and research remain largely oblivious to it, thanks to a highly donor-dependent policy process that eschews domestic thought and debate. The result is that Pakistani cities are the opposite of what conventional policy advice says they should be.

Pakistani Cities are Dysfunctional

Pakistani cities are dysfunctional, with suburban development and no downtown - dense areas of mixed-use (residential, office, commercial, and entertainment) within an almost walkable district. Unlike a modern city, which is dense, walkable, with mixed-use and high-rise city centers, Pakistani cities are horizontal sprawl with sub-urban two-story housing, car dependence, absence of commercial and public spaces, and limited opportunities for entrepreneurship and the poor. The prime land in city centers is occupied by housing for the government, which takes precedence over commerce. The city administration lacks professionalism and is a continuation of the colonial past. Obsessed with maintaining the status quo, they rely on archaic zoning and building regulations that are exclusionary to the poor and detrimental to dense, walkable, mixed-use city centers. The geographic spread of cities makes the provision of public transport an expensive affair, with the resulting dependence on cars. This car-centric approach makes road expansion (flyovers, underpasses, etc.) a big-ticket item in the development budget. There is an excess demand for most forms of city activities and basic services—education, entertainment, offices, retail, warehousing, and even low-income and middle-class housing. All these activities lack purpose-oriented space, and so are forced to be conducted in the only kind of city space planners have been allowing for the last few years—single-family homes. For cities to lead the growth process, city administrators must adopt a city-markets-governance framework (Haque, 2020).

Cities are Beholden to Master Plans

PIDE has questioned the relevance of master plans in shaping contemporary cities. It has consistently argued that the masterplans are a thing of the past, and the world has moved on from these archaic restrictive constructs. Masterplans are time and data-intensive. Being static and mostly non-inclusive, their stringent requirements leave little space for markets to develop. There is little flexibility built in to evolve the plan and move the city forward. They are often not updated on time, leaving room for vested interests to intervene and change rules in their favor. Master plans seem to dictate how markets should develop leaving no

⁶⁰ It is one of the fastest urbanizing countries in South Asia with two mega cities (Karachi and Lahore).Asia with two mega cities (Karachi and Lahore).

no room for them to find their own level. When life does not adjust to these preordained plans for their life, cities and their residents end up in years of strife with encroachments involving lawsuits and law enforcement. It is thanks to master planning that we see a shortage in several areas in our cities. Yet the push for master-planning continues across Pakistan hoping to keep cities frozen for long periods of time from 15-30 years (Hasan et al, 2022, Hasan et al, 2020).

Over-regulated Cities

Pakistani cities have unwarranted and archaic regulations which have seldom been reviewed. Building and zoning regulations are excessively restrictive, favoring gated communities and sprawl. The rules are complex, self-contradictory, and subject to multiple interpretations. Building and zoning rules are conflated. Setbacks and heights are arbitrarily related to plot size and road width. The land-use rules and zoning regulations continue to favor outdated concepts, such as commercial roads based on car access over dense areas. The construction industry, which is a leading sector in other countries, has been killed by excessive regulation. PIDE has long argued for zoning and building regulations to be flexible to allow for dense, mixed-use developments that enhance mobility, creativity, and productivity. Zoning should merely differentiate between the city centre and the suburbs. The building regulations must specify FARs only within Sky exposure guidelines. No detailed building setbacks are required. The focus should instead be on building intensity, i.e., the percentage of the plot that can be covered. This, too, should be area by area, not building by building (Haque 2015, 2020, Policy Viewpoint 2, 12, 13, 16).

Further, the government needs to ensure that cities have coherent jurisdiction. Lahore, e.g., is divided into almost five overlapping jurisdictions of LDA, Municipal Corporation, DHA, Cantt, etc., and Karachi has 19 agencies, including DHAs, Municipalities, and Federal Housing Schemes. There are no defined city limits, and mere plot-making stretches cities in strange directions.

Urban Sprawl

Our city planning paradigm actively encourages sprawl. No Pakistani cities appear to have downtowns or city centres— dense areas of residential, office, and commercial use combined with entertainment within an almost walkable district. Instead, many cities are falling victim to urban sprawl at the expense of valuable agricultural land. The problematic zoning and building codes are inducing a horizontal sprawl. The planners prefer suburban areas as opposed to where the people are densely cramped. Pakistani Cities need to stop sprawling to suit a car lifestyle that pollutes the environment and leads to a scrapped, congested lifestyle.

Cities are often a reflection of their zoning codes. Bad zoning codes result in sprawl, which makes societies worse off. Our zoning codes discourage mixed-use and high-rise development. They also mandate that for new housing projects, developers buy land in hundreds of acres. This results in sprawl primarily because hundreds of acres are usually not available within a city. Additionally, it reduces the availability of fertile agricultural land.

The government ownership of prime urban land also reduces the supply of available land within cities, which in turn also leads to sprawl. There is a huge opportunity cost of the inner-city land that the government holds to provide its officials with plush housing and unnecessary offices. A Planning Commission study showed that investment could increase by 50 per cent of GDP over 10 years – if this land were made available for mixed-use, high-rise development (FEG, 2011).

Sprawl development favours roads and housing estates for the rich over other activities. Resultantly, our traffic management focuses on building roads and corridors for cars. The use of cars has been facilitated at the expense of other forms of transport such as bicycles, walking, taxis, and buses. This form of development poses a high cost of infrastructure provision (pipes, electricity, roads, etc.) with little resources left for other uses. Excessive focus on form over function has incentivized the inefficient use of land to attract customers, and this inefficient use of land has led to sprawl (Haque, 2020)

Cities for Cars

PIDE has emphasized the importance of having a car policy for Pakistani cities. Car ownership in Pakistan has been on the rise lately. Cities often try to provide a robust infrastructure of roads to ensure a smooth traffic flow, disregarding non-motorized or public transport. When new roads are built, they seamlessly facilitate cars, and people find it easy to own a car for travelling to homes, schools, offices, and city centres. This policy tilt towards cars not only takes up a significant chunk of the city's valuable (often meagre) resources in road construction, but it also leaves little space for other more affordable, inclusive, and sustainable modes of transportation (walking, biking, public transport). The world's cities are quickly realizing their 'planning mistakes' of expanding the spaces for cars while shrinking public spaces; they are now reversing the phenomenon by recognizing streets and roads as public spaces. And are creating a balance between car ownership, road infrastructure, parking provision, parking charges, and public transport, and are increasingly making walkable streets (Hadi 2020, Haque 2020).

City for People/Commerce

In most cities, the planning process often has no zoning for the poor. Apartment buildings are seriously discouraged through planning permissions and high fees for commercialization. For some reason, our planners think of apartments as commercialization, and so housing is taxed heavily.

Further, since the government owns a major share of prime urban land, it limits the availability of land for commerce and street vending, depriving the poor of income-earning opportunities.

Street-vending through kiosks (khokhas or dhabas in local vernacular) or mobile vendors (chabri wallahs, trucks, bicycles or motorcycles) are all legitimate activities which allow poor opportunities throughout the world. All societies throughout history have had these activities. An unemployed person can, with a small amount of money, buy some fruit and serve it on a small platform or a cart.

Meanwhile, bureaucrats are increasingly hooked to the suburban model of city growth with gated housing societies and broad avenues for cars. They keep prime city centers for their government-owned housing and government-subsidized leisure clubs, as well as plots for themselves. The poor do not fit into this scheme and are forced to live in slums with constant threat of evacuation.

Vertical Cities

PIDE has repeatedly argued in favour of high-rise construction allowing for dense city centres. It has asserted that the flat is the unit of living in large cities the world over. In most Pakistani cities, barring Karachi, planners are still holding on to the notion of single-family homes and gated communities. This paradigm needs to change in favour of densification through high-rises.

Land is the most precious asset that cities have. Flats make housing affordable by dividing the cost of land among many owners. They also make the most efficient use of land. Single-family homes and sprawl eat up this important resource.

In comparison, the vertical growth of cities would: (1) Avoid urban sprawl by densifying city centers through mixed-use, high-rise development; (2) Avert high transportation and affiliated pollution costs; (3) Lessen the welfare and municipality cost and expenditures; (4) Have Sustainable and regenerated cities.

A HOUSE IS A FLAT IN BIG CITIES.

“Globally, people in big cities live in flats/apartments in mixed-use neighborhoods with ease of access that encourages foot traffic eliminating the need for cars. Pakistani policy needs to learn from big cities in other countries and accept that large cities cannot be vibrant entities by spreading horizontally and must adopt the vertical growth model.” Haque and Khurshid (2020)

Urban Regeneration

The city centers of our big cities (Sadars in various cities) are all dying, devoid of deserved economic activity because planners have overregulated them. Building regulations prevent city centers from rejuvenating. Most poor want to live near their places of work, be it the center of the city, to save on their cost of travel. The land is most expensive in the city centers. It is where most job opportunities exist and where poor people want to live. Building houses far away from city centers will add to the misery of the poor by increasing travel time and cost.

Accepting urban regeneration to elevate life in preexisting urban areas. Let city centers densify through the development of flats living in high (10 or more floors) or midrise (less than 10 floors) buildings and allow for mixed-use there. Density gradually reduces with distance from city centers.

Deregulation

A wholesale deregulation of the real estate sector to facilitate development, transactions, and investment is required. Contrary to popular belief, the planner has no tools to develop clarity on where and what to build. Worldwide, city planners are moving away from rigid masterplans to neighborhood planning. More and more cities are now developing flexible guidelines that allow markets to take decisions on usage, height, and cityscape.

Allow zoning and building rules to be flexible. Let city centers densify through the development of flats living in high (10 or more floors) or midrise (less than 10 floors) buildings and relax zoning laws to allow for mixed-use (commercial and residential) development. Dense city centers with commercial activities will encourage more sustainable modes of mobility (walking and biking).

What is holding back real estate development is too many convoluted government regulations based on excessive requirements of permissions and documentation, and outmoded thinking. The government needs to ensure the uniformity and simplicity of rules to incentivize the developers across the board. Also, the investors do need liquidity of resources for such large projects. Therefore, the state needs to introduce simple laws and do away with the complicated rules and regulations; for they only serve to impede construction and development. There is a clear need to check our mercantilist approach and recognize that all economic activity, including real estate investment and development, is productive. Economic activity begins with purpose-built real estate in cities (Haque and Khurshid 2020, Hasan 2022, PV12)

Rethinking Mobility

Urban transport is experiencing a paradigm shift in how mobility problems and their solutions are defined and evaluated. The contemporary approach is for compact and connected urban growth that increases livable density by creating mixed-use land development where people can live, work, study, shop, and have fun without excessive travel and synchronize this with citywide public transport. This integrated planning allows for more efficient use of resources, greater prosperity, and social inclusion at lower costs. In Pakistan, however, with its car-dependent suburban style urbanization, urban transport policy primarily hinges on building more roads and signal-free corridors (flyovers and underpasses), seldom focusing on other modes. With roads taking up most of the budget, city administrations rarely spend on buses, which are a primary mode of transport connecting various city neighborhoods. The contemporary approach to urban mobility treats streets as public spaces that connect people to neighborhoods and facilities. They allow mobility and access to street vending, art, and other community services. It is grounded on sustainable and inclusive urban transport modes, viz walking, cycling, paratransit⁶¹, buses, trucks, cars, motorbikes, and urban railways, which are all part of the system. Pakistan's Urban transport policy must follow suit and move away from a car-centric approach. Finally, it provides a prescription for how Pakistani cities can employ parking fees and congestion charges, amongst other measures, as a tool for revenue generation, moving old fleets of cars out of the cities, and increasing the use of public transport (Haque and Rizwan, 2020). PIDE has also developed a paid parking plan for Islamabad (Khawaja et al, 2023).

⁶¹A transportation service that supplements larger public transit systems by providing individualized rides without fixed routes or timetables

Generating Revenues for City Development

With the global consensus on devolution for improved and efficient provision of goods and services at the local level, the cities are under increased pressure to manage funds to perform these tasks. Nadeem Ul Haque proposes a plan for generating a revenue stream for Islamabad. He explains the expectations a city government must fulfill, i.e., to provide jobs and growth, a healthy and safe environment, opportunities for all, and civic participation. For this, cities rely on options that encompass a) property taxes, b) utility payments, c) user charges, d) value creation through urban regeneration and land value capture, e) proactive use of its assets (sports and community centers) and being more cognizant of their wealth. He argues that most of the national wealth is situated in cities in terms of real estate, creativity, entrepreneurship, and markets. Every city has assets that are potential sources of revenue but are poorly managed. Of this, land is the most precious asset held by a city, which is often given over to suboptimal uses, including houses for officials on prime land, golf clubs and polo grounds, railway, and metro stations. Urban regeneration through creative destruction and rezoning can be used to capture this wealth. Based on these principles, he proposes a revenue plan for the Metropolitan Corporation of Islamabad, with an estimated revenue stream from each source (Haque, 2020).

Housing Societies - A Pakistani Malice

PIDE has also investigated a phenomenon that is peculiar to Pakistan - the private housing societies that dominate the urban space of the country. The study takes Islamabad, widely believed to be a well-planned capital city, as the case study. It finds that vast tracks of land in three out of five zones of the city are under the possession of illegal private housing societies. The Capital Development Authority (CDA), despite its mandate, had failed to regulate private developers. Most government departments have used the cooperative society law to develop land sporadically and in a haphazard fashion for decades. These developments take years to materialize, defraud investors, and allow the powerful in each agency and country to benefit. Housing society and land development remain a scam in Pakistan mainly because regulators and administrators benefit from this approach with free plots to the powerful. In turn, the gifting of plots leads to the capture of regulation and other agencies of governance (Hasan et al 2021).

Public Wealth of Cities

Governments sit on a goldmine of assets - public land. Its efficient management can bring ample advantages to its holders. Pakistan, like most other countries in the world, has a sizeable portion of public land. Both the Federal and the Provincial governments hold vast amounts of this valuable asset. However, there is no concise estimate of its size, no central data repository, and no balance sheet reflecting its value. Evidence indicates that it has been poorly managed, implying significant forgone revenue to the government. Laws governing the management of these lands evolved out of British laws and invariably have remained the same. There exists enormous wealth in the country, especially in our cities, in the form of government-owned land ('public land'). The inefficient use of public lands is ripping Provincial and Federal governments of potential sources of revenues. Yet, Pakistan's policy-makers and successive governments have been exceptionally incompetent at managing this wealth. Unless the manner of management of these lands changes drastically, the status quo is set to prevail (Mehmood, 2022).

Real Estate Development Creates Value in Cities

PIDE has argued for a sea change in how real estate is looked upon in Pakistan. It posits that real estate investment has been an essential source of wealth generation throughout human history. Real estate development, through every stage of its value chain, creates wealth as well as specialized spaces that allow humans to be more productive. However, in Pakistan, real estate investment is considered unproductive without any evidence to support this conclusion. In our cities, undeveloped plots rather than finished real estate is the investment of choice, all because of poor city planning. Our city planning has created a plot market because it does not facilitate construction. People invest in plots, a graveyard of capital, when there is no real estate or secure investment alternative. The real estate sector comprises the construction industry and real estate development, both work in tandem. It is a value chain that operates from land to development to the services that flow from constructed space, of which housing is only one. They make a case for the stigma from any part of the value chain to be removed, allow the entire industry to transact freely, and encourage it to supply complex mixed-use buildings that will provide flats, offices, retail spaces, and other needs-based on market demand instead of the whims of city planners. City planners and policymakers must recognize that value and products are created in vibrant city spaces. We need complex multiple-use spaces, which are in demand by both investors and consumers, to be allowed to achieve the national productivity level required by our economy (Haque and Khurshid, 2020).

PIDE's Reform Agenda for Cities

To sum up, while most of the world's GDP is produced in the cities, Pakistani cities work below their potential and remain chaotic, congested, and haphazard, lacking essential amenities and workspaces. The body of work at PIDE has identified what ails our cities and proposes reforms to spur growth. These are summarized below.

Issues

1. Cities in Pakistan are trapped in the colonial construct of masterplans. The world has moved on from restrictive master planning. Master plans are time and data intensive. They rely on present data to make future projections, which are often faulty. Being Static and mostly non-inclusive, they become irrelevant fast and leave ample room for maneuvering by vested interests. Their strict requirements leave little space for markets to develop.
2. Cities over-regulated. City zoning has been very restrictive, favoring single-family houses with little scope for commercial and civic activities.
3. Building regulations are stringent. Real estate prices go up where height restrictions are excessive. The strict regulations regarding Floor Area Ratio (FAR) and setbacks make housing unaffordable for low-income groups.
4. Waste swaths of public land are under-utilized. These Subsidized land for elite clubs, golf grounds, and government housing in the center of the cities deprive city dwellers and its administration of the opportunity to create wealth through income-earning opportunities.

5. Urban transport policy primarily hinges on building more roads and signal-free corridors (flyovers and underpasses) to suit the suburban lifestyle, seldom focusing on other, more sustainable modes of mobility.
6. Our cities are fragmented. Multitudes of administrative units (cantonments, Development agencies) make comprehensive planning daunting.

Reforms

1. Cities' heterogeneity must be respected, with each requiring a different treatment in planning and management.
2. Policy, research, and thinking need to move away from a spaceless approach to development by integrating the role of cities as engines of growth.
3. The zoning paradigm needs to move away from its current emphasis on upper-class housing to one that recognizes the diversity of the functions of a city. It must favor density, high-rise mixed-use, and walkability, especially in downtown areas. In addition, it must favor public and community space while allowing for commerce, culture, education, and other needed city activities. Zoning needs to be based on clear, transparent processes based on open citizen consultations. This act would stem sprawl, save precious agricultural land, generate environmental benefits, and promote more inclusivity. Such changes would also lead to a construction boom that, in turn, would create employment, attract investment, and hasten sustained growth.
4. Building regulations must be loosened to allow complex high-rise construction.
5. Cities need to be equipped with adequate ownership of their land and resources through decentralization. Cities often sit on a gold mine of assets that include not just real estate and public utilities but can also create wealth through the socio-economic uplift of its people and regeneration of decaying urban areas. These assets can be materialized through better city management.
6. City centers need to be developed for dense mixed-use. Government ownership of city-center land needs to be reduced since it is retarding downtown development. Commerce is to be given priority in city centers.
7. Revisit urban mobility policy to treat streets as public spaces that connect people to neighborhoods and facilities and allow mobility and access to street vending, art, and other community services. Revise urban transport policy in favor of more inclusive modes of urban transport viz - walking, cycling, paratransit, buses, trucks, cars, motor-bikes, and urban railways being part of the system.
8. Monetize housing benefits for public sector officials, who currently enjoy luxury housing and office space that take up large areas of city centers. Monetization could free up valuable land for high-value commercial and mixed-use development.
9. City management should be professional, consultative, and accountable. Cities must be able to hire out of their budgets without federal hiring restrictions such as the Unified/

10. National Pay Scales and mandatory positions for the federal civil service. Moreover, decision-making must be based on open consultative processes.

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