

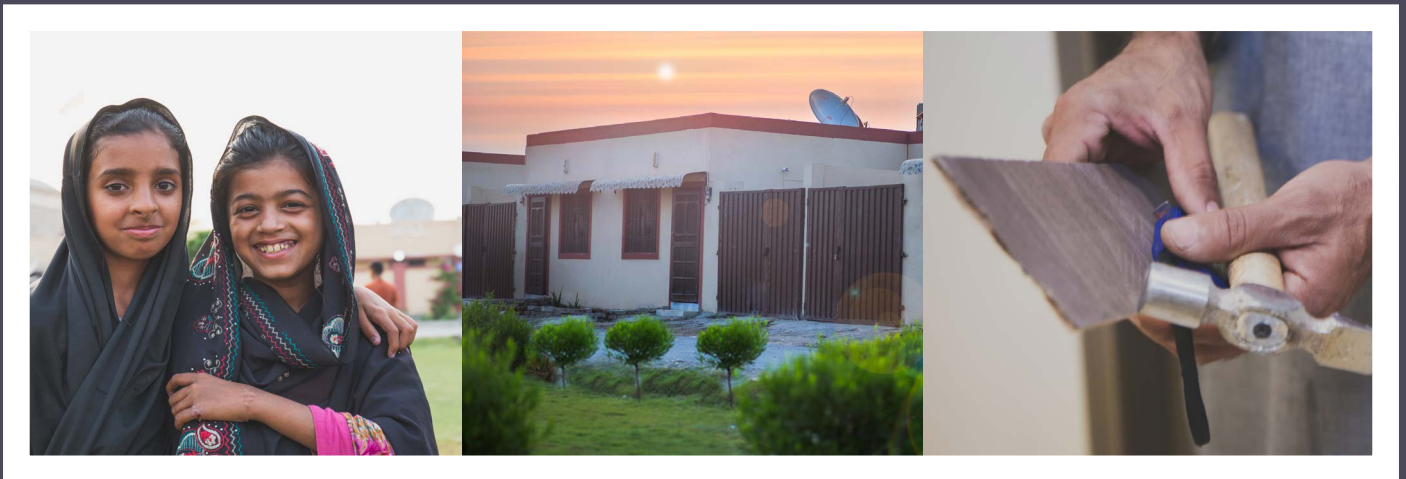


A HOME  
FOR  
HUMAN  
POTENTIAL



# PAKISTAN

## IMPACT SUMMARY BRIEF



**THE IMPACT OF REALL'S AFFORDABLE HOUSING INVESTMENTS ON  
QUALITY OF LIFE IN URBAN PAKISTAN**

**NOVEMBER 2020**

## ABOUT REALL'S IMPACT STUDY

Reall is an innovator and investor in affordable housing. Our goal is to build an affordable housing movement that will improve the life chances of 100 million people in urban Africa and Asia by 2030. As a market leader with over 30 years' experience in the international affordable housing sector, Reall knows that quality housing has cross-cutting positive benefits on the lives of families and communities living on low incomes (contributing to 16 of 17 SDGs). To better evidence this impact and identify key lessons to improve effectiveness, Reall recently undertook an ambitious impact evaluation of urban housing projects in four of our priority countries – India, Kenya, Nepal, and Pakistan.

Through 1,259 household surveys, along with extensive focus groups, interviews, and site visits, Reall has generated substantive evidence about its housing investments, partners, and clients. Much of this information captures the profound positive impact of commercially viable housing on the health, wellbeing, and opportunities of people in the bottom 40% of the income pyramid. Through this evidence, Reall contributes new knowledge and catalyses stakeholders to unlock affordable housing solutions at scale in emerging economies.

## PAKISTAN IMPACT STUDY

Since 2014, Reall has partnered with Ansaar Management Company (AMC)<sup>1</sup>, to drive forwards innovative and commercially viable housing models in urban Pakistan. Together, Reall and AMC have unlocked the capital investment and political will needed to supply over 650 affordable homes and plots in Pakistan, with over 3,000 more awaiting development. Reall's impact study research documented the social and economic impacts of this housing on AMC customers, surveying 81 households within our Faisalabad 1 project in Ada Johal, Faisalabad. A baseline was established through homeowners recollecting their previous socio-economic circumstances, and how these have changed since moving into their new homes.

### KEY FINDINGS

- Reall and AMC have demonstrated commercially viable affordable housing models, including unlocking the first low-income commercial mortgage product in Pakistan
- Investments have catalysed wide-ranging positive impacts, with residents' average rating for 'satisfaction with life overall' increasing from the baseline of 5.0, to 9.0 out of 10
- Improved 'real' household incomes, rising 1% when adjusted for inflation, due to increased wellbeing, productivity at work and subsequent promotions
- 71% of surveyed homeowners found their housing loan to be affordable
- Increased access to in-home piped water, rising from a baseline of 63% to 100%, improving health and boosting pandemic resilience
- Affordable housing has had a particularly transformative impact on women, reducing isolation and building empowerment

<sup>1</sup> A social enterprise and private developer, AMC develops affordable housing and sustainable communities within or close to large cities such as Faisalabad, Lahore, Multan, and Peshawar.

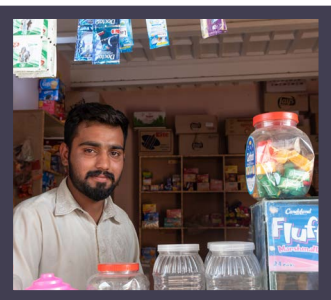
# THE PROJECT

## FAISALABAD



### Faisalabad 1

Year Approved: **2014**  
Homes Delivered: **201**  
Plots Delivered: **134**



Currently comprising of 201 houses, the Faisalabad 1 project is located in the industrial hub of Ada Johal, and targets the large labour force of 15,000 employees working in factories in the surrounding area. On completion, 700 homes will be located on the site.

Single storey units were constructed with up to three bedrooms, and the option to extend vertically. The site also includes communal park areas, a school and commercial units. AMC offices were also built on the housing estate, with a dedicated AMC Community Development Officer based on the site.

More information on these and other projects can be found on Reall's interactive data dashboard:  
[www.reall.net/dashboard](http://www.reall.net/dashboard)

## COMMERCIAL VIABILITY

Reall has been working closely with AMC since 2014, developing commercial strategies that can address the severe housing backlog in Pakistan of 10 million homes.

**TOTAL PROJECT INVESTMENT  
BY REALL:**

**\$1.6m**

**FUNDS REPAYED BY HOUSEHOLDS  
TO PARTNER (TO DATE):**

**\$1.7m**

## A CASE STUDY: HBFC MORTGAGE PRODUCT

In a challenging financial and regulatory environment, AMC, through successful partnership with the House Building Finance Company (HBFC) – a semi-state-owned financial institution – have launched new affordable mortgages for AMC customers with monthly incomes of at least PKR 25,000 (\$150). This new product is genuinely pioneering in Pakistan, representing the first move downmarket by a mainstream finance institution. This was made possible through Reall and AMC reducing risk and building desirable homes in professionally planned communities with quality infrastructure.



The initial performance of these mortgages has been excellent, with average repayment rates by end-users of 80% in 30 days, and 99% in 90 days. Successfully demonstrating the viability of this model is essential for incentivising new lenders to enter the affordable housing space in Pakistan.

### ADDITIONAL PRODUCTS

In addition to the HBFC mortgage, houses at Faisalabad 1 were offered for purchase via AMC's payment plan, which offers loans to those who were ineligible for the HBFC product. AMC also brokered a deal with a large industrial employer (Sitara Chemical Industries) which purchased 75 project homes for their workers.<sup>1</sup> Sitara provided employees with a discount on their house purchase based on their years of service, and payments for the home were taken out of their salaries. The company has now expressed interest in purchasing a further 150 houses subject to negotiations.

<sup>1</sup> Find out more about AMC's work with Sitara Chemical Industries in this case study: [www.reall.net/Reall-AMC-and-Sitara-2019-v4.pdf](http://www.reall.net/Reall-AMC-and-Sitara-2019-v4.pdf)

# AFFORDABILITY

Reall invests in homes for those in the bottom 40% of the income pyramid – making housing truly affordable for those who need it most. Data gathered in Pakistan demonstrates relative success in hitting this target market, with 63% of clients identified as being in the bottom 40% of income earners and 49% in the bottom 20%.

**63%**

**OF HOUSEHOLDS IN BOTTOM 40**

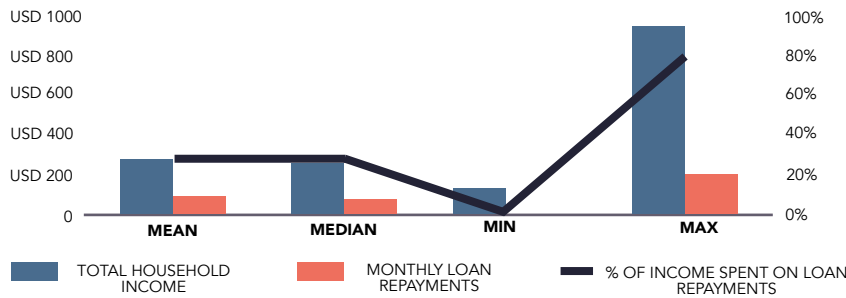
**7%**

**OF HOUSEHOLDS INCLUDE SOMEONE WITH A DISABILITY**

**5.4**

**MEAN HOUSEHOLD SIZE**

## MONTHLY HOUSEHOLD INCOME AND LOAN REPAYMENTS



The graphs above reflect AMC’s policy of developing communities with mixed household incomes to help to avoid their estates lapsing into ghettos.

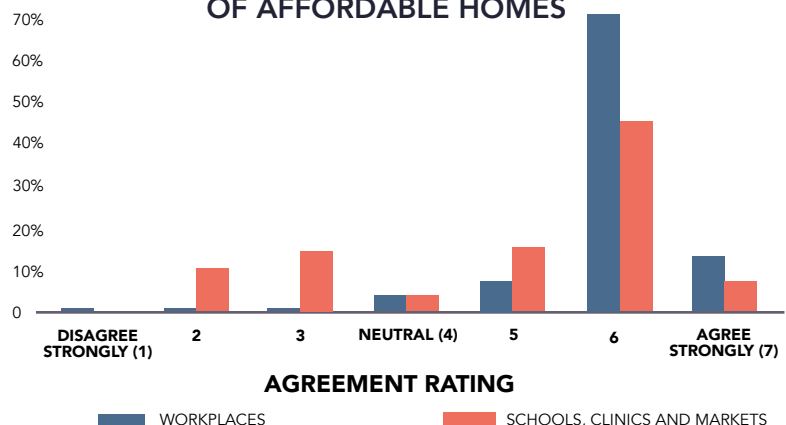
Reall also explored the proportion of household income expended by AMC customers on their monthly housing loan repayments. Overall, 73% of households surveyed at Faisalabad spent 40% or less of their net income on housing repayments – proving the capacity of customers on low incomes to repay loans, access improved services, and create an owned asset. This matches subjective responses where 71% of homeowners considered their home to be affordable.

Conversely, 6% of surveyed households spent between 55% and 80% of their net incomes on loan repayments, with some households choosing to take on the minimum repayment periods to reduce interest costs and own their home faster. This high proportion does put those households at risk of going without necessities. Despite these concerns, there is no evidence of deprivation within the Faisalabad 1 community. Focus group discussions also revealed that the majority of these lower-income earners considered the larger financial commitment to be worth the cost of acquiring their own trans-generational assets.

## 85% OF HOMEOWNERS AGREED THAT THEIR HOME IS WELL LOCATED FOR WORKPLACES AND JOBS

85% of surveyed customers also ‘Agreed’ or ‘Agreed Strongly’ that their home was in a good location in relation to workplaces and jobs. This partly reflects how more than 50% of homeowners work in textile factories close to the estate. It also suggests significant success and potential for scaling up deals with industrial businesses as a strategy for successful affordable housing delivery.

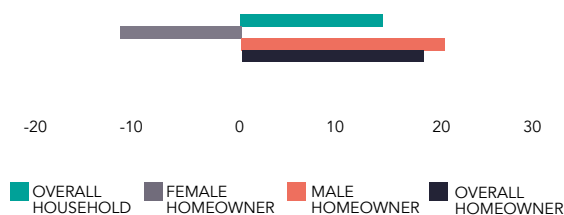
## SUBJECTIVE RATING ON LOCATION OF AFFORDABLE HOMES



## INCOME

After moving, several men reported receiving promotions at work, and stated that these were a direct result of the safer environment at Faisalabad 1. This led to improved mental health, reduced stress and better sleep, enabling increased punctuality and productivity at work. These claims are evidenced in Reall's wellbeing survey data, demonstrating a 29% increase in median scores for 'quality of sleep', 'achievements in life' and 'satisfaction with work'.

% SWING IN NOMINAL HOUSEHOLD/ HOMEOWNER INCOMES



Only female homeowners saw a reduction in income, by an average of 11%. This can be attributed to the very small sample of reported women homeowners (just 6 participants), one of whom downsized her business after moving to Faisalabad 1. However, as women are less likely to be employed in the formal sector, they are unlikely to see similar promotion opportunities to men, demonstrating the inequalities faced by women in this context. AMC is now looking drive gender inclusion, by discussing possible work opportunities that could be made available to women on the housing estate.

When adjusted for inflation, the mean income of households increased by 1% after moving into their new AMC housing. While this is a marginal increase, it should be viewed as a success when compared with equivalent results from India and Kenya, where real incomes had generally decreased.

## QUALITY OF LIFE INDEX

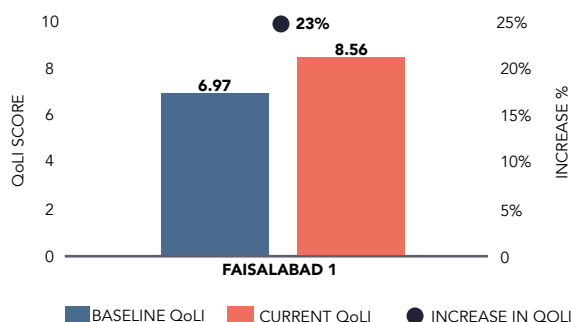
To assess the socio-economic impact of Reall's housing investments, Reall has developed a Quality of Life Index (QoLI) to quantify the overall wellbeing of project residents. Using a scoring system from 0-10, it includes data regarding:

- Subjective wellbeing
- Incomes
- Overcrowding
- Affordability
- Access to water and sanitation
- Distance to workplaces, schools and services.

This research demonstrates that QoLI scores improved significantly for surveyed homeowners, with an average increase of 23% across Faisalabad 1.

It should be noted that the baseline score for surveyed homeowners is higher in Pakistan than other countries evaluated by Reall (India, Kenya, Nepal). This reflects the fact that many homeowners previously lived in permanent homes, with access to adequate water and sanitation. Nonetheless, the improvement is still substantial and significant.

QUALITY OF LIFE INDEX AT BASELINE AND CURRENT

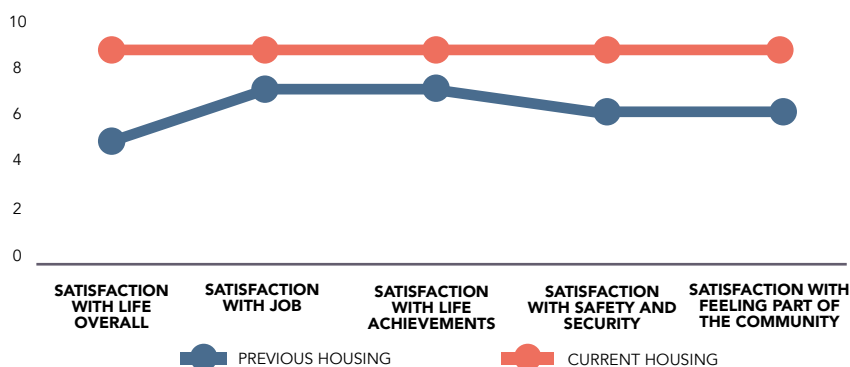


**QOLI SHOWED AN AVERAGE INCREASE OF 23% ACROSS THE PROJECT**

# WELLBEING

There is a strong association between housing conditions and mental health. Safe, quality, affordable housing conditions help people feel more secure and peaceful, which in turn leads to better social interactions, a better daily routine, and better sleep quality.

MEDIAN WELLBEING SCORES



Reall’s research at Faisalabad 1 supports this, demonstrating increases in recorded wellbeing across all survey questions. Residents were asked to rate statements that covered mental wellbeing and life satisfaction both before they received affordable housing and at present, on a 0-10 scale. In particular, ‘Satisfaction with Life Overall’ increased by 80%, after moving into Faisalabad 1 demonstrating a significant improvement in contentment and mental health as a direct result of home ownership.

**“Here the environment is very safe and calm...I’m very happy here, so are my husband and children.”**

**– Bushra, Resident of Faisalabad 1**

SATISFACTION WITH LOCAL ENVIRONMENT



## CREATING AN ENVIRONMENT FOR INCREASED WELLBEING

During focus groups and interviews, Faisalabad 1’s beautiful and tranquil environment, with its privacy and green spaces, was frequently cited as a cause for improved security and happiness. The environment was described as unique in Pakistan, enabling women to interact safely with neighbours and giving men peace of mind when away at work.

## IMPROVED WELLBEING IN CHILDREN

During focus group discussions, many women attested that the wellbeing of their children has improved significantly since moving to Faisalabad 1. Typical examples include better behaviour and mood, and improved grades at school. These changes were attributed to excellent peer mentors in the neighbourhood, and access to recreation and play facilities right outside their homes.

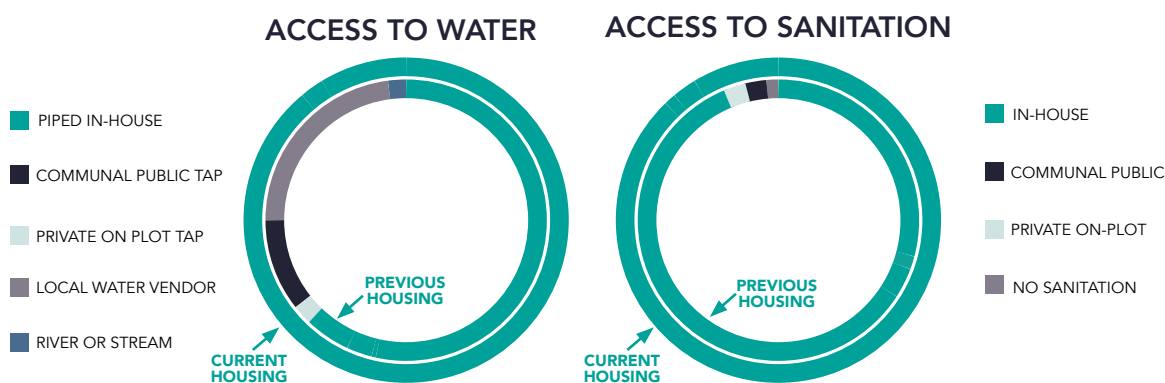
## BUILDING COMMUNITY ENGAGEMENT

To build a cohesive community and maintain the housing estate, AMC established Block Committees at Faisalabad 1 which meet regularly. While this had positive impacts, it was observed that these committees have a dependency on AMC to solve all issues on the estate. Consequently, it is recommended that AMC phase out office availability and overall community assistance, to encourage Block Committees to take on a larger and more sustainable role within the community.

# HEALTH

Housing conditions and the built environment have a profound impact on human health. Overcrowded, low quality housing can drastically increase both exposure to infectious disease and chance of injury. The delivery of quality, affordable housing at scale is therefore an important vehicle to promote positive health outcomes in challenging urban environments, especially when equipped with access to clean water and sanitation.

The majority of surveyed homeowners at Faisalabad 1 already had access to piped water and sanitation in their previous homes. However, the quality was often very low, reflecting how intermittent water supply and drinking water contamination is common in most Pakistan cities. The ground water is highly saline in the Faisalabad area, and unsuitable for drinking even after basic treatment. AMC therefore supplies clean drinking water through a reverse osmosis (RO) plant situated on the periphery of the estate. Free access to this drinking water is provided to households in nearby communities, demonstrating how sustainable affordable housing communities also elevate surrounding areas.



In addition to the supply of clean in-home water and sanitation, the residents of Faisalabad 1 also demonstrated increases of up to 50% in subjective health based on survey responses. This indicates a substantial improvement in the health of residents as a direct impact of moving into improved, affordable housing.

## MEDIAN HEALTH SCORES



**“We recently visited my former doctor and he was shocked at my improved health.”**

**– Farah, Resident of Faisalabad 1**

**ACCESSIBILITY FOR ALL:** Faisalabad 1 is made up of mainly ground floor houses that are fully accessible to those with disabilities. As a result, there are no steps in through the front door, the internal doors are wide, the bathrooms are large enough for wheelchair access, and there is plenty of scope for fitting adaptations, where required. This is pioneering in the Pakistan context.



# GENDER AND INCLUSION

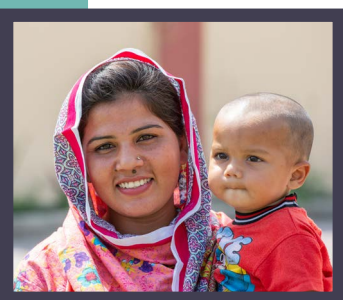
Reall's data shows that AMC's housing, designed and developed to emphasise gender inclusion, has had transformative positive impacts on women in Pakistan. Many surveyed women reported significant improvements in mental wellbeing and an enthusiasm for greater economic autonomy, due to the opportunities now available to them on the Faisalabad estate.

## REDUCED ISOLATION

Many women reported in focus groups that they were previously confined to their homes while their husbands were at work. This was due to safety concerns and the fear of being ostracised if they were seen without a male chaperone. As a result, they often led lonely and secluded lives.

In contrast, the Faisalabad 1 community was developed to foster privacy and enable women to move freely around the estate alone without

stigmatisation. Women are even comfortable leaving the house after dark to collect drinking water, due to the self-contained nature of the estate and presence of security guards. This has reduced isolation, improved mental health and fostered a confident and empowered group of women.



Bushra, a mother in Faisalabad 1, was unable to leave her rented accommodation without her husband. She often feared for her and her family's safety, and suffered from severe loneliness. Since moving to Faisalabad 1, she has been able to escape isolation and build friends within the community, improving her own mental health and the wellbeing of her children.

## WORKING OPPORTUNITIES

Only 22% of women in Pakistan participate in the labour force, with the majority of these women employed in the informal sector only. Due to cultural and social norms, as well as security concerns, the overwhelming majority of women find it difficult to enter the workforce.

This reality was reflected in Reall's research, as the overwhelming majority of surveyed women identified as housewives. Many focus group participants expressed eagerness to engage in gainful work within the Faisalabad 1 community. AMC are now exploring several options for female employment on the housing estate, including, tailoring and composting.

Farah, a resident at Faisalabad 1, was forced to resign from her job as a primary school teacher in a local school due to her declining health. Following improvements in her condition as a result of moving to Faisalabad 1, she decided to set up her own school in her home, teaching children from the estate. The school has since expanded to eighteen children, and with AMC's help she plans to move it into a commercial building on Faisalabad 1 in the future.

## CREATING WOMEN'S GROUPS

Currently, there are no formal savings or self-help groups at Faisalabad 1. Such groups, headed by women, often play a significant role in bringing communities together and organising collective action. Although women-led groups are not the norm in Pakistan, they do exist, and include savings and loans associations known locally as Kameti. Moving forwards, it has been recommended that AMC capitalise on the energy and enthusiasm of women in Faisalabad 1 by supporting them in starting a savings and loan arm of their own self-help group.

