

Housing Development: New opportunity for Consulting Firms in Nepal

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1. Urbanization in Nepal:

Nepal is predominantly a rural country, with more than 80 percent of the population living in rural areas. However, with the economic growth induced by the service sector and foreign remittance, rapid urbanization is taking place. The rate of growth of urban population in the decade of 1991-2001 was 6.67 percent which is one of the highest in South Asia. The urban population of Nepal is spread over 58 municipalities, most of which are located in the Southern part of the country. Kathmandu Valley, which is the national capital region of Nepal, accommodates almost 40 percent of the urban population. Although the 2001 census has indicated that the total population of Kathmandu Valley is 1.6 million, it is estimated that this population at present is well above 2.5 million. Urbanization in Kathmandu Valley has crossed the municipal boundaries of five municipalities of the Valley viz. Kathmandu, Lalitpur, Bhaktapur, Madhyapur and Kirtipur. If the present rate of urbanization continues, bigger cities like Kathmandu, Biratnagar, Lalitpur and Pokhara will experience tremendous population growth. Table 1 shows the growth pattern of major cities in Nepal. As per the Local Self Governance Act-1999, only the municipalities enjoy the status of urban area. However, there are more than 132 small towns in the country which function as urban centre but do not have the status of municipalities. These small towns can be considered as the future municipalities with a lot of growth potential. The population projection

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Table 1. Growth of selected cities of Nepal

City	Population 2001	Doubling Period	Double population	Year
Kathmandu	671,846	17 years	1,337,713	2018
Biratnagar	166,674	30	334,681	2031
Lalitpur	162,991	25	322,315	2026
Pokhara	156,312	14	318,470	2015
Birgunj	112,484	22	227,555	2023
Dharan	95,332	20	189,329	2021

Source : Udle/GTZ, 2007

The country passed through a ten year period of insurgency. During this period there was huge migration of rural population in to different urban centres of the country in search of employment and security. The pressure created in the existing infrastructure of the cities and towns has resulted in huge demand in housing and urban basic

services like water supply, power , garbage problem, sanitation facilities and transportation. In the mid hills, cities like Kathmandu and Pokhara are growing rapidly where as border towns like Biratnagar, Bhairahawa and Nepalgunj are growing faster than other towns in inner Terai.

Foreign employment has become a major source of income of vast majority of rural population. The remittance received from foreign employment is being invested in land, housing and transportation rather than in industries and business. This phenomenon is attributed to poor environment for investment in those very important sectors of economy.

2. Urban housing development in Nepal:

Housing is one of the key indicators of urban growth and economy of a particular city. In case of Nepal, investment in housing by individual households far exceeds investment in other sectors. Till now, housing is dominated by owner-built system which is more of an informal type of housing development. In this system an owner is responsible for purchasing land, providing infrastructure and building the house. The role of public agencies in this system is issuing the building permit, providing basic urban services. There is no formal contract between the owner and the contractor nor with the designer who prepares building drawings and supervises the construction.

One of the prominent features of owner built system of housing is the lack of community facilities and a coherent built environment in residential neighbourhood. Land is fragmented in small parcels which are serviced by narrow and winding roads. Plotted development in most of the cities of Nepal has been responsible for inefficient land development and rising price of land.

With the rising price of land and building materials, it has become very difficult for households to buy land and build the house. With the availability of housing finance from banks and financial institutions, housing development in Nepal has been transforming from owner-built system to organized housing development. Housing in major cities of Nepal is now being considered as a commodity rather than a social asset. Dwelling units can now be bought, sold and rented out as per the housing demand. Investors are finding housing as an attractive area for investment because of its expanding market and lucrative return.

With the enactment of Apartment Ownership Act in 1997, legal framework for development, sale and management has been established. This act has been instrumental in initiating a formal housing market in Nepal where developers, design consultants, contractors and bankers have their own role to play. The bankers have found a new avenue for investment (both for builders and prospective buyers). The contractors have found housing market as the source of profitable projects. Similarly designers have found housing as a reliable job and an opportunity to express their creativity and innovation. Housing developers have emerged as the champion in the market because of their skill in bringing together all the above-mentioned parties in achieving their goal. Housing developers have been successful in creating a new kind of business entrepreneurship in the country that can guide planned urban development by the private sector.

3. Evolution of consulting practice in building sector in Nepal:

The consulting practice in the building sector in Nepal has evolved over a period of three decades. Since private buildings were designed and constructed by traditional master builders, role of engineers and architects was never realized by individual households. In the public sector, Department of Housing Building and Physical Planning was responsible for designing, constructing and maintaining public buildings. The trend of hiring consultants in private as well as public buildings had started in early seventies. There were very few consulting firms and their projects were located in Kathmandu Valley only. However, with the growth of donor aided projects, the role of consultants further expanded and they were engaged in building projects outside Kathmandu Valley too. With unprecedented growth of Kathmandu and some other cities like Pokhara, Birgunj and Biratnagar, the demand for architectural consultants increased in such a way that there was sudden increase in the number of architectural firms owned by individuals as well as groups. The public awareness on good architecture which ensures functional use, aesthetic beauty and scientific strength also increased over the years. The services rendered by consultants also expanded in terms of engineering expertise and geographical coverage. The consulting firms provided an alternative for government jobs and an avenue for entrepreneurship for young and aspirant engineers and architects.

The building projects undertaken by Nepalese consulting firms in the eighties, exhibited a mixture of experiment in architectural forms and functions as well as imitation of the architectural character of the country where the architect was trained. This generation of buildings failed to create a pleasing built environment and harmonious architecture. The people in general were unaware of the implications of the experimental architecture and took it for granted that they are the symbols of modern architecture. The imposition of RCC framed structure in all kinds of buildings and in all geographical regions of the country was the hallmark of this period. The indigenous architectural character and construction practice was often ignored and very little thought was given to the climatic and cultural requirements. The input of architects in residential buildings were limited to preparing plans and façade treatment only. The informal process of building construction in the private sector also hindered involvement of qualified architects in the design and construction. In that period, architects and engineers who were working in government agencies or who worked as consultants for the government were heavily involved in the construction of different types of public buildings throughout the country. Due to the lack of uniform design guidelines and building code, the architecture and construction practice varied from one sector to the other. For example, the Ministry of Education followed one guideline in designing educational buildings where as the Ministry of Agriculture followed the other in agriculture buildings.

After 1990, with the expansion of private sector in national economy, Nepalese consulting firms were engaged in different and often complex type of building projects such as banks, office complexes, supermarkets, hospitals and nursing homes, bus terminals, airports etc. During this period municipalities enacted building byelaws and prepared urban development plans. Similarly the government formulated National Building Code as per Building Act 1997. These initiatives created a base for streamlining the consulting practice in housing and building sector in the country. The role of engineering and architectural consultants in national development has been

further recognized by the then government by including provisions for hiring of consultants in public sector projects. The requirement of donors was also fulfilled by promulgation of Public Works Directives in 2001.

4. Housing Development and consulting practice:

With the advent of new millennium, private sector saw housing as a promising sector for investment. The National Shelter Policy 1996 also envisaged greater role of private sector in the provision of affordable dwelling units. The policy has limited the role of government as an enabler and facilitator. The liberalization of market economy also helped financial institutions to divert part of their investment to housing from conventional sectors such as transportation, business and cottage industry. Leading business houses and young entrepreneurs ventured into the housing sector which received encouraging response from the people. The government also provided policy and legal base for promoting private investment in housing. So far 23 apartment projects have been approved by the Department of urban Development and Building Construction.(DUDBC, 2008) in Kathmandu Valley. Similarly planning permits for 29 housing and land development projects have been issued by Kathmandu Valley Town Development Committee. Although exact data is not available for cities outside Kathmandu, private developers have launched housing development projects in Pokhara, Birgunj , Hetauda and Dharan.

The housing development in the country is an opportunity for engineering and architectural consultants in the sense that it creates jobs as well as gives a platform for creativity and innovation to architects and engineers. Housing projects brings professionals of different disciplines in the design and construction phase for creating a pleasing and functional built environment and providing affordable and decent dwelling units to the people. It has encouraged architects to introduce new architectural character in terms of forms, texture, colour and layout. Successful housing projects have motivated developers and architects in planning new schemes in different parts of the country. The tedious and cumbersome process in owner-built system is slowly giving way to the organized housing development because the former is becoming unaffordable and inefficient in the present context.

The author feels that once the housing developers launch affordable schemes for middle and lower income group of people, people will find group housing schemes more convenient and affordable compared with plotted housing development. The organized housing development is better from the point of view of provision of infrastructure, collection of utility charges and revenue, maintenance and operation of the colony, and creation of a cohesive and inclusive community environment. For the households, it provides an affordable, secured and convenient housing. It provides consulting industry a new source of jobs and a platform for meeting developers and investors. With the entry in WTO by Nepal in the near future, Nepalese consulting industry should be well equipped to meet the challenge from abroad. I feel that the following steps have to be immediately taken to get ready for the new challenge as well as opportunity in the future:

1. Improvement in technical and managerial expertise of consulting firm.
2. Ensuring healthy competition between Nepalese firms in getting projects.

3. Investing in training, research and development in housing and building sector.
4. Retaining qualified and dedicated human resource within the country.
5. Partnering with public agencies in different types of housing and building projects.

5. Conclusion

Housing is an emerging sector of national economy that will grow with the growth of national economy. The commitment of double digit growth by the government, if it is realized, will create a housing boom in the urban areas of the country. The current trend of housing development should be further expanded to other major cities of the country and it should target to lower income group of the society. On the other hand housing demand should be created by the government through fiscal incentives and structural adjustment. This will lead to increased revenue for the government, good profit for developers and investors, employment for workers and professionals and decent and affordable dwelling to buyers.
