

SOCIAL HOUSING POLICY OF VIETNAM: INADEQUACIES AND SOLUTIONS

By

Pham Thi Truc Hoa Quynh

CAPSTONE

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

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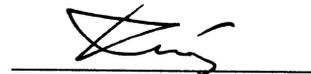
MASTER OF PUBLIC POLICY

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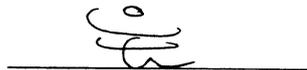
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EXECUTIVE SUMMARY

SOCIAL HOUSING POLICY OF VIETNAM: INADEQUACIES AND SOLUTIONS

By

Pham Thi Truc Hoa Quynh

Social housing is a term that has various variations such as public housing, affordable housing, and low-income housing. It was born in 1945 with the initial name of public housing but in Vietnam, it just has mentioned officially in legal documents since 2005. To date, this terminology has become popularly for residents, especially low-income households because Vietnam is facing to the severe shortage of housing, including housing for low-income individuals and families as a result of intensive influx of immigration from rural to metropolitan areas. To solve this problem, the government of Vietnam has recently promulgated a series of policies with great incentives in order to call for investors to construct more social housing for the low-income households. There is no doubt that social housing policy has becoming one of the leading priority policies in Vietnam, these days.

The birth of social housing policy in Vietnam, although later than other countries in the region and the world, shows the government's efforts in ensuring and meeting the demands for housing of the residents. Regarding social housing policy of Vietnam, there are several questions which are needed to be addressed as follows: (1) Even though social

housing policy of Vietnam has been revised and amended many times by the government and other ministries over past two years, whether that policy is really perfect or not, to date. If social housing policy is really imperfect, in other words it still contains inadequacies, in this case which inadequacies need to be remedied? (2) There are various reasons for current inadequacies of social housing policy of Vietnam, among them which reasons are the most important? (3) In order to remedy current inadequacies of social housing policy, what are solutions for them? This in-depth study, in accordance with answering the above questions, will examine and assess the Vietnam's social housing policy based on current legal documents with an ultimate aim to find out imperfections and inadequacies to remedy them. Moreover, this paper also studies experiences of three countries namely Singapore, Hong Kong, and Thailand which have gained noticeable achievements in developing social housing model over the past years. Based on analysis and assessments, this study will give valuable lessons that Vietnam can consider and apply to its reality.

In order to achieve the purpose as mentioned, the analytical (data) and comparative methodologies will be used. By these methodologies, some inadequacies that are seen as one of the main contents of this study will be indicated such as limited beneficiaries by social housing policy, few housing policies for young generation, and the shortage of urban infrastructures within social housing projects. Thereby, it is essential to perfect and remedy these inadequacies by expanding the scope of beneficiaries, enacting more policies targeting to young generation, promulgating policies to enhance the development of social infrastructures within social housing projects, and amending regulations on housing finance to help demanded people to access social housing estates.

Specifically, instead of providing social housing dwellings to some specific groups in terms of cadres, civil servants, public employees, officers, professional army forces, workers, students, and low-income households in urban areas, the government should facilitate vulnerable groups in the society including the elderly, disabilities, and retired people to access to social housing units. Additionally, it is worthy to give young generation more assistance in accessing this kind of affordable housing estates. Furthermore, the government should also develop social infrastructures, including kindergartens, schools, hospitals, and entertainment centers within social housing projects to improve the residents' quality of life. These are crucial suggestions for perfecting and remedying social housing policy in the following period.

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INTRODUCTION

‘Social housing’ has become a popular topic to many public policy researchers, policy-makers, and residents in various countries in the world. Along with similar concepts, such as public housing, affordable housing, and low-income housing, ‘social housing’ reflects the deep social value. The basic premise of social housing policy is to assist low-income individuals and families to rent, purchase, and own housing units at appropriate price levels. This terminology has developed since 1945 with the initial phrase namely ‘public housing’ (1945-1960s), then ‘sites-and-services’ (1972-1980s), and ‘market-enabling’ (1980s-present) (Harris & Giles 2001). Currently, the concept ‘social housing’ has been used widely in many national policies including the United Kingdom, Canada, some East European countries, and Chile, as well as academic writings. Regardless of the different names, their key concepts are so similar that they often mean same things in similar contexts. Therefore, the term ‘social housing’ also refers to ‘public housing’, ‘affordable housing’ or ‘low-income housing’ and vice versa.

There is a fact that the concept of ‘social housing’ used widely in many worldwide countries mainly refers to rental housing provision which is carried out by state, non-profit organizations or both to low-income households who unable to buy at the market price. Although these nations have the same viewpoint of social housing, governments develop social housing models towards different ways. However, it is undeniable that social housing policy is one of the humanitarian policies that not only create positive chances for residents to access affordable housing estates, minimize social

inequality, but also help to stable the housing market. These roles are also no exception for Vietnam.

Since 1986, as a developing country in Asia, the Vietnamese government “launched a renovation (Doi moi) process” “with the goal of adopting markets mechanisms wherever possible while preserving social inclusion” (The International Development Association 2009, 2). So far, Vietnam has achieved impressive successes in terms of the socio-economic development and the poverty reduction. According to the statistics of the World Bank (WB), the economic growth rate of Vietnam, during a decade between 1986 and 1996, sharply increased from 2.78 percent to 9.34 percent but suddenly declined by 5.76 percent in 1998 due to the Asian financial crisis in 1997 (The World Bank's Homepage 2010). More importantly, compared with other Asian countries’ economic growth rate in 2009 such as Thailand (-2.3 percent), Malaysia (-1.7 percent), Philippine (0.9 percent), and Indonesia (4.6 percent), Vietnam still maintained its growth rate at 5.32 percent (The World Bank's Homepage 2010) in spite of the unrevoked-global economic crisis in 2007¹. Also, the Vietnam’s poverty rate decreased from 58.1 percent (1993) to 37.4 percent (1998), then 28.9 percent (2002) and 15.1 percent (2009) (The World Bank's Homepage 2010). The Vietnam’s cases have been heralded as successful ones by international agencies and organizations.

However, like other nations in the world, Vietnam faces challenges caused by the rapid socio-economic growth, such as increased social inequality and inadequate infrastructures. Especially intensive urbanization process with the great flux of immigrants results in the great shortage of housing in the big cities. The low-income

¹ The global economic crisis happened in 2007 originated from collapsing of the United States’ subprime mortgage market. It hit worldwide in the year of 2008 leading to the fallen stock markets, collapsed financial institutions, high unemployment, and growing public deficits.

individuals and families are those who tolerate much more difficulties than others in the society, due to the lack of settlement to live. According to the World Bank, the urban population in Vietnam accounted for 20.30 percent of the total population in 1990 but increased by 24.30 percent in 2000, and 27.84 percent in 2008. The annual urban population growth rates during those periods were 2.9 percent, 1.9 percent, and 3 percent respectively (The World Bank's Homepage 2010). Therefore, the housing issue is attracting more and more attention from governors and policy-makers. The lack of affordable housing units for low-income individuals and families has created a strong pressure toward the Vietnamese government to generate appropriate solutions.

Facing this challenge, the Vietnamese government has realized obviously that the lack of affordable housing not only affects severely and directly residents' lives but also impacts negatively on the long-term national development objectives and programs. Indeed, while social housing policy of Vietnam is formulated later than that of other countries in the region, promulgation of those legal documents is essential for governors, housing developers, and residents to develop, manage, and operate effectively the model of housing.

With such background, this paper intends to address some key questions associated with Vietnamese social housing policies: (1) Even though social housing policy of Vietnam has been revised and amended many times by the government and other ministries over past two years, whether that policy is really perfect or not, to date. If social housing policy is really imperfect, in other words it still contains inadequacies, in this case which inadequacies need to be remedied? (2) There are various reasons for current inadequacies of social housing policy of Vietnam, among them which reasons are

the most important? (3) In order to remedy current inadequacies of social housing policy, what are solutions for them? Along with answering the above questions, this report will support the comprehensive understanding about social housing policy of Vietnam. Incorporating the experiences of some other nations, such as Singapore, Hong Kong, and Thailand, this paper also gives valuable lessons that the Vietnamese governors and policy-makers may learn and apply them in practice to renovate and remedy present inadequacies of social housing policy.

To fulfill the research goals, this study mainly uses two methodologies, namely data analysis and comparison. The data are gathered from different sources including internal and external ones. More especially, in this paper, a great number of legal documents were used regularly. With selected methodologies, it is expected that various findings will be exposed that make an underlying basis for given recommendations later.

PART 1
THE CONCEPT OF SOCIAL HOYSING

1. Concept of social housing

It is uneasy to give a concise concept of ‘social housing’ because each nation, and organization or even each researcher has different definitions based on various specific characteristics and criteria. To date, in addition to the concept of ‘social housing’, there are some other commonly used concepts such as ‘public housing’, ‘affordable housing’, and ‘low-income housing’ that seem to be sometimes used interchangeably. However, there is a subtle difference between them and it will be better if these terms are identified and distinguished so as to users can use them accurately and prevent confusion.

In term of ‘public housing’, according to Friedman (2007), it is “housing that is built, operated, and owned by a government and that is typically provided at nominal rent to the needy” (Dictionary of Business Terms, Fourth Edition). In another book namely the *Dictionary of Real Estate Terms, Sixth Edition*, Friedman, Harris, and Lindeman (2005) also indicated that ‘public housing’ is “government owned-housing units made available to low-income individuals and families at no cost or for nominal rental rates”. Likely, Harris (n.d) in the *Dictionary of Architecture and Construction* claimed ‘public housing’ is “low-cost housing, owned, sponsored or administered by a municipal or other governmental agency”. This implies that the government, central or local agencies particularly play the key role in supporting this kind of housing to residents.

Similar to ‘public housing’, the concept of ‘social housing’ has the same meaning. To date, some countries in the world have been using this term instead of ‘public

housing’ such as the United Kingdom and Canada. The Communities and Local Government, a ministerial team of the United Kingdom’s government, states that ‘social housing’ (concisely social rented housing), in parallel with intermediate housing, is one of two forms constituting affordable housing. Accordingly:

Social rented housing is rented housing owned and managed by local authorities and Registered Social Landlords (RSLs) for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to be above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant. (The Communities and Local Government’s Homepage 2010).

Whist Canada’s concept of ‘social housing’ refers to “an accommodation subsidized by a government or a community group for households that cannot afford shelter at average market rents. Rent for units in social housing projects is allocated as average market-rent, below-market or rent-gearred-to-income” (The Canada Mortgage and Housing Corporation 2007a cited in Pitt 2007, 2). Upon varieties definitions, it is widely accepted that ‘social housing’ is a term implying to the rental housing provision which is carried out by state, non-profit organizations or both to low-income households who unable to buy at the market price. The same definition is true to ‘public housing’.

Unlike two concepts as mentioned previously, ‘affordable housing’ is a term used to describe a dwelling unit whose total housing cost is affordable to those who having the median income level. The total housing cost becomes affordably when the expenditure for a does not exceed 30 percent of a household’s gross income. This concept is used widely in the United States and Canada in which the former defines this kind of housing as follows:

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Families who pay more than 30% of their income for housing are considered cost burdened and may have

difficulty affording necessities such as food, clothing, transportation, and medical care...The lack of affordable housing is a significant hardship for low-income households preventing them from meeting their other basic needs, such as nutrition and health care, or saving for their future and that of their families (The United States Department of Housing and Urban Development's Homepage 2010). while the latter describes affordable housing succinctly that “when a household spends less than 30 percent of its income on adequate shelter” (The Canada Mortgage and Housing Corporation 2007a cited in Pitt 2007, 2). The term ‘affordable housing’, hence, has been set mainly based on the specific spending of an individual or a family’s for an accommodation. It includes the taxes and insurances for owners as well as utility costs. If the monthly costs are over 30 percent of household income, the concept of ‘affordable housing’ does not exist.

Lastly, the terminology of ‘low-income housing’ implies an adequate provision of housing for individuals without enough income to purchase a home because they fail to qualify for a mortgage. Therefore, the most important thing for authorities is to have the guideline including verifying annual income and reporting changes in income and dependent number. This helps to determine concisely the eligible target groups and prevent the fraudulent applicants. With the concept of ‘low-income housing’, its content also involves the changes in construction methods thanks to using advanced technologies that help to reduce the cost of construction leading to the decrease the price of housing. Besides, this concept also relates to financial methods that three authors including Friedman et al. demonstrated in the *Dictionary of Real Estate Terms, Sixth Edition* that “housing that is eligible for special tax credit of up to 9% of their cost (4% in certain situations) that can be claimed over a 10-year period. Strict rules must be followed concerning tenant qualification, certification, and project financing”. It may be true to say that, as well as affordable housing, the rented procedures and conditions of low-income

housing should be prescribed tightly because it relates to the financial issue that is seen as one the most important criteria to determine concisely demanded tenants.

In short, there are numerous similarities and differences between the concepts of social housing, public housing, affordable housing, and low-income housing. However, there is a significant thing that can help to distinguish social housing and other concepts is that the term social housing mainly emphasizes the role of the government in supporting affordable dwelling units to needed residents who is impossible to purchase by their own income. In this case, the state is considered as the most crucial subject that has full of political, economic, and legislative power to assist all individuals and families to settle their lives on the great scope. Definitely, although non-governmental and private organizations also have been participating in providing social housing estates to tenants, the government's responsibility is regarded as an important and essential guarantee for the success of this model in reality.

2. Concept of social housing under the Vietnam's current legal regulations

The *Law on Housing 2005*, adopted by the National Assembly in 29th November, 2005 and became effective in July 1st, 2006, is the first legal regulation mentioning officially social housing model as well as setting out a comprehensive legal framework for this issue in Vietnam. However, there is no definition of 'social housing' included in this law. The concept of 'social housing' was defined in the *Decree No.90/2006/NĐ-CP dated September 06th, 2006 by the government providing details and guidance on the implementation of the Law on Housing* and then in the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government providing details and guidance on the implementation*

of the *Law on Housing* (the latter replaced the former). In the light of Article 3 of *Decree 71/2010/NĐ-CP*, “social housing means a house built by the state or an organization or an individual of any economic sector for sale, rent, or hire-purchase to the target groups defined in Article 53 or 54 of the *Law on Housing 2005* and specified by this Decree in accordance with the mechanism stimulated by the state”. Accordingly, eligible target groups to rent and hire-purchase social housing include:

1. Cadres, civil servants and public employees defined by the *Law on Cadres, Civil Servants, and Public Employees 2008*.
2. Officers and professional army forces who are monthly salaried by the state budget.
3. Workers working in industrial parks, export processing zones, economic zones, hi-tech parks.
4. Those who have returned official-duty housing.
5. Students of public and non-public universities, colleges, professional secondary schools, vocational colleges and vocational intermediate schools entitled to lease houses during their studying period.
6. Low-income individuals living in the urban areas as specified by provincial-level people’s committees.

Obviously, compared the concept of ‘social housing’ defined in the Vietnamese legal documents with that of other countries in the world, there is not much difference between them. It also emphasizes the role of state in providing the affordable housing to the households who are unable to purchase housing units at the market price. This kind of housing is constructed, managed, and operated by the government or assigned organizations, and the beneficiaries are only allowed to rent or hire-purchase, and inherit. In order to be eligible for renting or hire-purchasing social housing dwellings, these beneficiaries have to fully meet legible requirements and conditions as well as comply with legal procedures. Detailed contents of these regulations will be analyzed in the next part of this study.

However, there is a fact that, since 2009, the government of Vietnam has enacted a series of legal documents to create the essential legal framework for the state management and operation of social housing. Because there have been numerous different terminologies related to social housing that are indicated inside legal documents such as housing for low-income households, housing for students, housing for workers, hence it is necessary to clarify and distinguished them. It, indeed, will be better if using the following table to compare and summarize the concepts' main contents (See Table 1).

Table 1: Distinguishing the differences between concepts: social housing, housing for low-income households, housing for students, and housing for workers

Contents	Social housing	Housing for low-income households	Housing for students	Housing for workers
Applied legal documents	<ul style="list-style-type: none"> - <i>Law on Housing of 2005.</i> - <i>Decree No.71/2010/NĐ-CP dated June 23rd, 2010.</i> - <i>Circular No.16/2010/TT-BXD dated September 1st, 2010.</i> 	<ul style="list-style-type: none"> - <i>Resolution No.18/2009/NQ-CP dated April 20th, 2009.</i> - <i>Decision No.67/2009/QĐ-TTg dated April 24th, 2009.</i> - <i>Circular No.10/2009/TT-BXD dated June 15th, 2009.</i> - <i>Circular No.14/2009/TT-BXD dated June 30th, 2009.</i> - <i>Circular No.15/2009/TT-BXD dated June 30th, 2009 (Article 10 Clause 1 & 2 are invalid).</i> - <i>Circular No.36/2009/TT-BXD dated November 16th, 2009.</i> 	<ul style="list-style-type: none"> - <i>Resolution No.18/2009/NQ-CP dated April 20th, 2009.</i> - <i>Decision No.65/2009/QĐ-TTg dated April 24th, 2009.</i> - <i>Circular No.10/2009/TT-BXD dated June 15th, 2009.</i> - <i>Circular No.13/2009/TT-BXD dated June 30th, 2009.</i> - <i>Circular No.14/2009/TT-BXD dated June 30th, 2009.</i> - <i>Circular No.15/2009/TT-BXD dated June 30th, 2009 (Article 10 Clause 1 & 2 are invalid).</i> - <i>Circular No.17/2009/TT-BXD dated June 30th, 2009.</i> - <i>Decision No.96/2009/QĐ-TTg dated July 22nd, 2009</i> - <i>Directive No.03/2010/CT-BXD dated July 30th, 2010</i> - <i>Decision No.70/2010/QĐ-TTg dated November 5, 2010.</i> 	<ul style="list-style-type: none"> - <i>Resolution No.18/2009/NQ-CP dated April 20th, 2009.</i> - <i>Decision No.66/2009/QĐ-TTg dated April 24th, 2009.</i> - <i>Circular No.10/2009/TT-BXD dated June 15th, 2009.</i> - <i>Circular No.13/2009/TT-BXD dated June 30th, 2009.</i> - <i>Circular No.14/2009/TT-BXD dated June 30th, 2009.</i> - <i>Circular No.15/2009/TT-BXD dated June 30th, 2009 (Article 10 Clause 1 & 2 are invalid).</i>
Nature	<p>* Social housing is a kind of housing unit constructed by state, or organizations or individuals of any economic sector for legal eligible target groups to rent or hire-purchase.</p> <p>* There are two types of social housing:</p> <ul style="list-style-type: none"> - Social housing is constructed by state with state budget for rent. - Social housing is constructed with none-state budget for sale, rent or hire-purchase. 	<p>Housing for low-income households is a kind of housing unit constructed by enterprises' investment capital that was mobilized from different resources. These enterprises have gotten huge incentives from the government.</p>	<p>Housing for students is a kind of housing unit constructed mainly by central and local state-budget for students of public and non-public universities, colleges, professional secondary schools, vocational colleges and vocational intermediate schools to rent during the studying period.</p> <p>The government also encourages economic sectors to invest their capital to build this type of housing towards the socialized procedure.</p>	<p>Housing for workers is a kind of housing unit constructed by the investment capital resource of economic sectors for workers working in industrial parks, export processing zones, economic zones, hi-tech parks to rent.</p>
Eligible target groups	<ul style="list-style-type: none"> - Cadres, civil servants and public employees. - Officers, professional army forces who are monthly salaried by the state budget. - Workers working in industrial 	<p>* Households with at least one member or individual (single family) are:</p> <ul style="list-style-type: none"> - Cadres, civil servants and public employees who are monthly salaried by the state budget; Officers, 	<p>Students of public and non-public universities, colleges, professional secondary schools, vocational colleges and vocational intermediate schools.</p> <p>In cases, there is not enough place</p>	<p>Workers of industrial parks, export processing zones, economic zones, hi-tech parks.</p>

	<p>parks, export processing zones, economic zones, hi-tech parks.</p> <ul style="list-style-type: none"> - Those who have returned the official-duty housing. - Students of public and non-public universities, colleges, professional secondary schools, vocational colleges and vocational intermediate schools. - Low-income individuals living in the urban areas. 	<p>professional army forces (including retired people); Employees working in non-public agencies, enterprises, cooperatives, (including retired people), self-employees, private entrepreneurs whose income can afford the cost of social housing rent or hire-purchase.</p> <ul style="list-style-type: none"> - Households and individuals whose housing units and residential lands are acquired due to clearance or improvement of condominiums and they have already compensated by the amount of money instead of being compensated by the housing units or land. 	<p>for students, it will be implemented towards the priority order: outer-province students, poor students, students getting good academic results, first-year students.</p>	
Rights of eligible target groups	<ul style="list-style-type: none"> - Rent, hire-purchase, and inherit. - Do not sell or transfer their ownership to other people during the rent or hire-purchase period. Allow to sell or sublease to other people only after having paid the whole money to investors and being granted the Certificate of Housing Ownership, after at least 10 years since the time a housing rent or hire-purchase contract has already signed. - If the rent deadline is under 10 years and within this period renters or purchasers want to transfer their housing to other people, they have to transfer to the State, investors or a social housing management agency under localities' regulation with the transfer price is not higher than the price of social housing of the same type at that time of sale. 	<ul style="list-style-type: none"> - Rent, hire-purchase. - Do not sublease, mortgage, or transfer their ownership to other people. Allow to sell or sublease to other people only after having paid the whole money to investors and being granted the Certificate of Housing Ownership, after at least 10 years since the time a housing rent or hire-purchase contract has already signed. If the rent deadline is under 10 years and within this duration, renters or purchasers want to transfer their housing to other people, they have to transfer to the State, investors, social housing management agencies or other eligible target groups under localities' regulation. The transfer price is not higher than the price of social housing of the same type at that time of sale. 	<ul style="list-style-type: none"> - Do not sublease, transfer rented housing contract to other people. 	<ul style="list-style-type: none"> - Do not sublease, transfer rented housing contract to other people.
Conditions for rent or hire-purchase	<p>* <u>For social housing constructed by state with state budget:</u> renters or hire-purchasers</p> <ul style="list-style-type: none"> - Having no house under their ownership and having not yet been rented or purchased state-owned houses, having not yet had any support or provision of housing and 	<p>* <u>Renters or hire-purchasers:</u></p> <ul style="list-style-type: none"> - Having no house under their ownership; having houses with their ownership but these houses are acquired due to clearance and owners have already compensated by the amount of money instead of being compensated by the housing 		<ul style="list-style-type: none"> - Workers who work at the industrial parks. - Priority is given for: <ul style="list-style-type: none"> + Outer-province workers who have already signed a contract to work in industrial parks where having social housing projects. + Workers who have low-income.

	<p>land by state; Owning a house with an average area under 5 m² of floor area/person; Owning a house under the makeshift, damaged or dilapidated conditions;</p> <ul style="list-style-type: none"> - Household's monthly average income level is low under prescribed regulations by provincial level people's committees. <p>* For social housing constructed by none-state budget: renters or hire-purchasers:</p> <ul style="list-style-type: none"> - Having no house under their ownership and having not yet been rented or purchased state-owned houses, have not yet received housing and land support by state; Owning a house with an average area under 5 m² of floor area/person; Owning a house under the makeshift, damaged or dilapidated condition; - Having household's monthly average income level is low under prescribed regulations by provincial level people's committees. - In cases of purchase and hire-purchase: renters or hire-purchasers must have a permanent or long-term temporary residence in localities where projects of social housing are deployed; 	<p>units or land.</p> <ul style="list-style-type: none"> - Having a house under their ownership with a small area or having a house under the process of certificate issuance. A house is: <ul style="list-style-type: none"> + an apartment in a condominium with an average area under 5 m² of floor area/person; + a detached house with an average area under 5 m² of floor area/person and the total of land is under the minimum land area that is enable to construct or reconstruct. - Having not any allocation of housing unit and land by the state: <ul style="list-style-type: none"> + not yet be allocated land; + not yet be rented or purchased state-owned house; + not yet rented or hire-purchased social housing unit; + not yet presented a gratitude house; + not yet compensated in land or house when the state retrieved land or improved condominiums. + not yet assisted by state in improving their house via other forms. - In cases of purchase and hire-purchase: renters or hire-purchasers must have a permanent or long-term temporary residence in localities where having projects of low-income housing. For armed force personnel who have no permanent or long-term temporary residence, they have to submit a verified certificate of their agencies where they are working. - Having the monthly average income that are non taxable regular income stipulated by the <i>Law on Personal Income Tax 2009</i>. 		<ul style="list-style-type: none"> + Workers who have no house under their ownership or have a house under the makeshift conditions.
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Procedures of payment	<p>- <u>In cases of hire-purchase</u>: renters or rent-purchasers have to pay 20 percent of the gross value to be hire-purchased social housing in the first payment.</p> <p>- <u>In cases of hire-purchase social housing built by non-state budget under the procedure of deferred or installment payment</u>: hire-purchasers have to make the first payment not exceed in 20 percent of the gross value of the rented social housing unless there are other agreements. The minimum duration of purchase is 10 years since the purchase contract was signed.</p> <p>- <u>In cases of hire-purchase social housing</u>: hire-purchasers have to make the first payment equivalent to 20 percent of the gross value of social housing unit. The minimum duration of hire-purchase is 10 years since the hire-purchase contract has already signed.</p>	<p>- <u>In cases of low-income housing units for sale under the procedure of lump-sum, deferred or installment payment</u>: if investors and customers agree together that the former mobilizes advance payment of the latter, the design of low-income housing units have already approved and their foundations have already constructed. In cases, low-income housing units for sale under the procedure of deferred or installment payment, purchasers have to make the first time payment not exceeded 20 percent of the gross money of the rented social housing unless there are other agreements.</p> <p>- <u>In cases of low-income housing units for rent</u>: renters pay their monthly rented cost under joint agreements in contract.</p> <p>- <u>In cases of low-income housing units for hire-purchase</u>: hire-purchasers have to make the first payment equivalent to 20 percent of the gross money of the rented social housing unit. The payment duration is under an agreement of both but minimum term is 10 years since the hire-purchase contract has already signed.</p> <p>- Renters or hire-purchasers can loan the money from commercial banks with preferences of interest rate to purchase or hire-purchase social housing towards lump-sum or repayment procedures.</p>		
Procedures of transaction	By a recurring signed contract with the maximum duration is no more than 5 years (60 months).	By a recurring signed contract with the maximum duration is no more than 3 years (36 months). Before the contract expires, tenants have to apply a certification with an eligible condition to go on rent during entitled period.	By a contract	By a contract
Penalties when regulations are		Eligible applicants who violate regulations will be applied one of	<p>- Rent contract will be cancelled.</p> <p>- Their notice of violation will be</p>	<p>- Rent contract will be cancelled or be applied other penalties that are</p>

violated		<p>the following penalties:</p> <ul style="list-style-type: none"> - State's supports to renters or hire-purchasers will be recovered. - Sale, rent or hire-purchase contract will be cancelled - Housing ownership certificate will be recovered. - Be applied other penalties defined by legal regulations. 	sent to academies where students are studying.	defined under legal regulations.
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PART 2

SOCIAL HOUSING POLICY EXPERIENCES OF SEVERAL NATIONS

IN THE WORLD

Social housing model, nowadays, has been becoming popularly in almost all developed countries worldwide such as the United States, Mexico, Canada, Australia, New Zealand, France, Austria, Germany, Sweden, the United Kingdom, Singapore, Hong Kong, and Thailand. The birth of this kind of estate is to help residents to access to affordable housing units, so it contains social meaning in depth. To date, the above nations have also gained achievements in developing social housing model that Vietnam can learn from their experiences. However, this paper only selects three cases in the Asia region including Singapore, Hong Kong, and Thailand to study. Although political regime between these countries is completely different from Vietnam, some factors in terms of history, culture, and lifestyle are quite similar to Vietnam, thereby application of these countries' social housing policy to Vietnam's reality has high feasibility. It does not mean that social housing policy of other nations in the North America, Europe, and Oceania is impossible to be applied to Vietnam. The problem lies in the fact that similarity of elements as mentioned before along with gained achievements in developing social housing model of nations in the same region are main reasons for selection of this study.

1. Singapore

Singapore is one of the developed nations in the Asia with the land area of 710.3 sq km, in 2009, was a total population of 4,987.6 thousand people. Although being a country that has a small area, the Singapore's GDP at 2005 market price reached \$SGP 247.3 billion (The Singapore Department of Statistics 2010). Singapore is viewed as one of the nations that have been gaining significant successes in providing public housing units to low-income households due to the government's appropriate policies and the timing interventions.

For Singapore, the birth of public housing is to “make housing affordable and accessible to the lower income families” (Yuen 2007, 7). The Singaporean government determined that it has a key responsibility for constructing and providing affordable and inclusive housing to the lowest income households in the society by itself.



Back to the past, in 1947, “Singapore was one of the world's worst slums”

according to Yuen (2007, 6). At that time, “300,000 people lived in the temporary squalid dwelling in squatter areas without sanitation, water or any of health facilities and another

Source: <http://www.hdb.gov.sg>

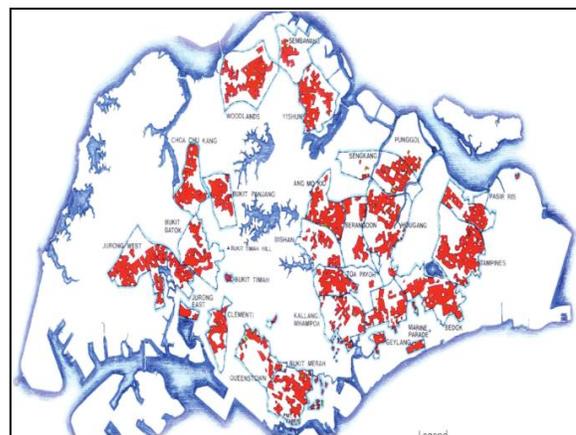
250,000 in ramshackle shophouses¹ within the city area, in neighborhoods such as Chinatown” (Yuen 2007, 6). After independence in 1953, Singapore faced serious shortage of housing and the government enacted the *Housing and Development Act in 1960* that empowered the Singapore Housing and Development Board (HDB) to “provide affordable homes of quality and value, create vibrant and sustainable towns, and promote the building of active and cohesive communities” (The Singapore Department of Statistics 2010, 129). This has been an only authority responsible for the construction, distribution, and management of public housing in Singapore, these days.

In Singapore, the HDB is a major agency that has been empowered to offer a series of institutional schemes concerning rent, hire-purchase, and ownership of the HDB flats. In 1964, the Home Ownership for the People Scheme was introduced, aiming at “giving citizens an immovable asset” (The Singapore Housing & Development Board's Homepage 2010) instead of just renting. In 1994, the Singaporean government issued the Central Provident Fund (CPF) Housing Grant Scheme meaning that the first-timer citizen families would be bought a resale flat that was in the same town/estate or within 2 km. One year later, a new scheme namely the Two-tier Grant System were launched in which the higher-tier grant was “applicable to the first-timer families who buy resale flats to live together with or near their parents while the lower-tier grant was applicable to the first-timer families who buy any resale flat” (The Singapore Department of Statistics 2010, 129). This scheme was extended and applied to the purchase of Executive Condominiums and single citizens in the later period. For the single citizens, there was a specific scheme namely the higher-tier Singles Grant that allowed the single people to buy flats with their

¹ A shophouse is a building with a communal lavatory and bathroom.

parents in order to encourage them to live together. In 2006, the HDB also introduced the Additional CPF Housing Grant (AHG) Scheme to help the first-timers to become the homeowners. Additionally, in order to assist families with lower and middle-income to purchase their first flats, the HDB “gave an AHG ranging from \$5,000- 40,000 on top of the existing housing subsidy” to “the eligible first-timer households who wanted to buy a new or resale flat” (The Singapore Department of Statistics 2010, 129). The above given schemes showed that the HDB’s public housing policies are very flexible and they are always broadened to cover different target groups in the society. By this way, not only low-income households, but also Singaporean residents have positive chances to find appropriate places to settle their lives.

Parallel with promulgating institutional frameworks, the Singaporean government has also used various financial tools to assist low-income households to rent and purchase public housing estates. Specifically, residents could use the Central Provident Fund (CPF), a compulsory comprehensive social security savings plan to aid housing payments. In the year of 1968, the government allowed



Legend
 ■ Completed
 ■ Under Construction
 ■ HDB Development Boundary

Figure 1: Location of the HDB Development
 Source: HDB Annual Report 2008/2009

citizens to use their pension fund to buy and own homes they were renting. This was the Singaporean government’s incentive in an effort to help the low-income individuals and families to own an accommodation. Thirteen years later (1981), the government launched

the Home Protection Scheme to ensure that buyers would not lose their houses due to the binding of loan repayments.

In accordance with financial assistances, the Singaporean government also carried out improving and renewing the old estates so as to balance the quality between them and newer towns. With the Estate Renewal Strategy launched in 1995, more modern and convenient facilities such as lifts have been installing in apartment blocks via varieties programs such as the Main and Interim (Plus) Upgrading Programs, the Selective En bloc Redevelopment Scheme (SERS), the Lift Upgrading Program (LUP). Thereby, “the poor quality overcrowded housing and temporary mass self-help housing” were replaced by “high-rise accommodations and improved facilities in the public housing estates and new towns” (Yuen 2007, 5).

By the government and the HDB’s great efforts and effective management, to date, the Singaporeans have been living in the high-rise building with full of convenient facilities. According to noticed statistics of the Department for Statistics belonging to the Singapore Ministry of Trade and Industry, the number of residential dwelling units in this nation rose increasingly during ten years from 1999 to 2009. The following table (Table 2) will show this prominent result.

Table 2: Residential dwelling units of Singapore, 1999-2009

Year	Residential Dwelling Units (Thousand)	Type of Dwelling ¹			
		Private houses (%)	HDB Flats (%)	Private Flats ² (%)	Others ³ (%)
1999	1,002.0	6.7	81.0	10.2	2.1
2004	1,121.0	6.3	78.8	12.9	2.0
2005	1,133.9	6.2	78.2	13.9	1.7
2006	1,140.3	6.2	77.8	14.3	1.7

¹ Data for 1999, 2004-2009 are from the National Database on Dwellings.

² Includes condominium flats.

³ Includes other public flats, shophouses and attap/zinc-roofed houses.

2007	1,144.1	6.3	77.5	14.6	1.6
2008	1,155.6	6.2	77.3	14.9	1.6
2009	1,163.6	6.2	76.7	15.5	1.6

Source: The Singapore Department of Statistics (2010).

As can be seen from the above table, the number of the HDB flats accounted for a great proportion among all kinds of dwelling units in Singapore nowadays. However, the proportion of HDB flats slightly decreased during a past decade while private flats had a converse tendency. Significantly, Table 3 demonstrated that the number of public housing units managed by the HDB increased gradually, although the percent of the Singaporean population living in the public flats was on the decrease during the period from 1999-2007 and stabled in the years of 2008 and 2009. Look at the Table 3 as follows:

Table 3: Statistics of the Public Housing in Singapore

Year	Public Housing ¹			
	Public Flats		Percent of Population Living in ²	
	Total number managed ³	Percent Home-Ownership ⁴	Public Flats	Home-Ownership Flats
1999	823,760	92	86	82
2004	876,985	94	84	82
2005	877,546	94	83	81
2006	878,820	95	82	80
2007	883,448	95	81	79
2008	884,920	95	82	80
2009	888,143	95	82	80

Source: The Singapore Department of Statistics (2010).

In Singapore, public housing is normal for low-income individuals and families, but living in the public housing does not mean that residents have to suffer from the lack

¹ Refers to flats managed by HDB.

² Refers to resident population.
Data as at 31 March of year.

³ As at end of each year.

⁴ Refers to percentage of sold flats over total units under management.

of necessary facilities. Also, it is not a sign of the poverty. Around or within public housing buildings, there are full of public services such as, hospitals, business and working offices, entertainment centers, and schools, for the residents' comfort. Nowadays, public housing in the Singapore's new towns has been designed to be the high rise, high density buildings or complex apartments.

	
<p>Horizon Central – A social housing building in Singapore constructed by HDB. Source: http://www.hdb.gov.sg</p>	<p>A studio apartment within social housing in Singapore. Source: http://www.hdb.gov.sg</p>

As calculated by the HDB, to develop a public housing project, occasionally requires a land area of about 650 ha and this future town has a capacity to accommodate 250,000 people with 92 dwelling units per hectare. A half of land is for residential development and the rest is for balance and improvement of the living environment. To examine the distribution of land for a new town, look at the following sample that is illustrated by Table 4.

Table 4: Land use distribution and gross density of new town in Singapore

Land use	Prototype new town (60,000 dwelling units)
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	Land area (ha)	Percentage
Commercial (town centre and neighborhood centre) ¹	30	4.6
Residential ²	347	53.4
School	62	9.5
Open Space	26	4.0
Sport Complex	7	1.1
Institutions	15	2.3
Industry ³	44	6.8
Major Roads	89	13.7
Utilities and Others	30	4.6
Total	650	100.0
Gross new town density	92 dwelling units per hectare	

Source: HDB 2000a cited in Yuen (2007, 10).

For a town, in the past the average height of the building is 12-storey but nowadays that is 30-40 storey high. On account of the increased population growth whilst the land area is unchangeable, the buildings with more stories have been becoming popularly. Under the Singapore's legal regulations, eligibility conditions for renting/buying public housing units are publicly noticed. In order to rent or purchase a flat, Singaporeans have to meet general requirements such as ageing, nationality, monthly income, and others. Whereby, "all Singaporean citizens who do not own homes and whose combined monthly household income falling below a specified ceiling are eligible to rent/buy the HDB flats" (Yuen 2007, 15). Individuals who have the ceiling income exceeding this regulation will not qualify to rent or buy public housing. Table 5 shows the eligibility conditions for rental/purchase of the HDB flats.

Table 5: Eligibility conditions for rental/purchase of the HDB flats in Singapore

Flat Type	Average floor	Public Scheme
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¹ Includes civic, cultural, recreational uses and incidental developments in the town and neighborhood centers.

² Includes private housing within the town boundary.

³ Non-pollution industry only

	area (sq m)	Rent (S\$)	Eligibility conditions
1-room	33	26-33	- Singapore citizens - At least 21 years old at the time of application
2-room	45	44-75	- Total household income is less S\$800/month - Must form a family nucleus - Must not own other property.
Buying a flat directly from the HDB			- Singapore citizens - At least 21 years old at the time of application - Have a family nucleus - Total household income is less S\$8000/month - Must not own private residential property. - Have not bought any flat direct from the HDB nor enjoyed any housing subsidy.

Source: HDB 2000a cited in Yuen (2007, 10)

Lesson learned: From the Singapore's experiences, there is no doubt that this nation has flexible policies in operating and managing the public housing model. During a long period, the Singaporean government introduced and launched many different schemes and programs targeting to all the target groups in the society with an aim to help them to settle their lives. The key purpose of schemes and programs are to create equal opportunities for everyone in owning an accommodation. The Singapore government has done by its all efforts to not only bring about stable accommodations to individuals and families but also created significant marks with mass buildings named HDB.

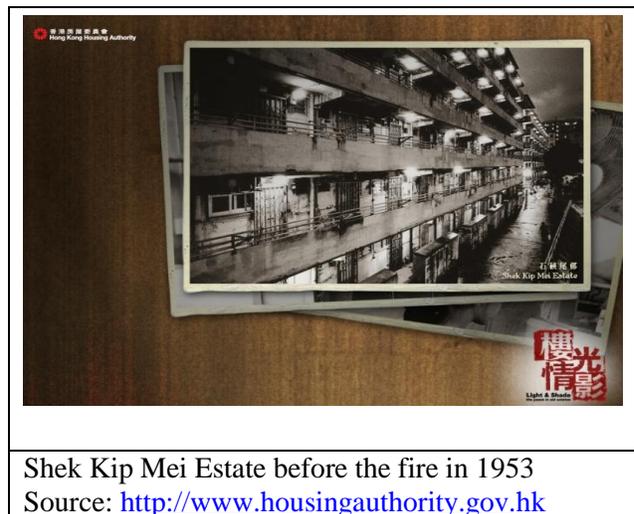
2. Hong Kong

"Hong Kong is one of the most densely inhabited areas in the world" with a total land area of about 1,104.38 square km and a population of 7.00 million people by the middle of 2009 (The Hong Kong Yearbook's Homepage 2010). Even so, according to

Delang and Lung (2010), “most of the Hong Kong population is concentrated on 120 square km of built-up land” resulting in a high population density per square kilometer (6,480). The most densely populated district council is Kwun Tong with 53,110 people per square kilometer.

Experiencing the Civil War in the mainland in 1949, Hong Kong was destroyed with masses of refugees and drastically increased squatters. In 1953, there was a fire swept through in the Shek Kip Mei squatter area in Kowloon leading to 53,000 homeless people and only one year later, by the government’s efforts, eight permanent six-storey buildings named Mark I were accomplished to resettle victims of the fire. At that time, the Hong Kong Housing Authority was established, and under this organization’s authority, the first low-cost housing estate – North Point Estate – was accomplished.

During the period from 1960s to 1970s, Hong Kong intervened strongly to the social housing segment via the promulgation of the policies to enhance its development. Specifically, in two years 1961 and 1964, the government introduced and launched the Government Low-Cost Housing



Program and the Temporary Housing Scheme respectively. Moreover, the resettlement blocks were gradually upgraded to be the high-rise buildings with more sufficient facilities such as balcony and toilet (applied to the Mark IV, V, and VI buildings in 1965). In 1972, the government announced the Ten-year Housing Program (1972-1982) which

then was expanded to 1987 to provide housing units to a total of 1.8 million people. In 1987, the Home Ownership Scheme was introduced, accordingly government-subsidized flats in six courts were offered for sale. More importantly, in 1979, the Hong Kong government launched the Private Sector Participation that allowed private sector take part in providing social housing to population.

When it comes to the Hong Kong social housing policy, there is no doubt that Hong Kong was one of the countries in the world that has endorsed the Housing Subsidy Policy since 1986 in which residents were provided dwelling units freely and this policy was reformulated seven years later. For



So UK Estate – public housing building in Hong Kong
Source: <http://www.housingauthority.gov.hk>

tenants, they could purchase rented-housing units when the Tenants Purchase Scheme first launched while for applicants who were on the Public Rental Housing Waiting List could acquire early home ownership under the regulations of Buy or Rent Option. Tenants in Hong Kong were waived for all Public Rental Housing and Interim Housing for one month. In 2006, the Housing Authority launched a three-month consultation on the review of its domestic rent policy to recommend a new rent adjustment mechanism based on the changes in household's income of public housing tenants.

Significantly, Hong Kong has promulgated a series of special schemes to give positive chances to the elderly. Accordingly, the Hong Kong Housing Authority accomplished the first Housing for Senior Citizens in 1997 in Ping Tin Estate setting a

new standard for public housing catering for demanded elderly. Furthermore, the eligible elderly applicants were offered an allowance in lieu of Public Rental Housing. Similarly, the Hong Kong Housing Authority also launched an ex-gratia scheme to help the elderly who were living in private depilated buildings to move into Housing for Senior Citizens of the Authority or the Housing Society on a license basis. In 2005, the Hong Kong government set an annual quota for non-elderly one-persons applying for public rental housing, at the same time, established a point system to grade and accord priority to applicants with higher age. For an elderly person who wanted to live alone, she or he could apply to a public rental housing flat under the Single Elderly Persons Priority Scheme. In cases, two or more who were unrelated people and wished to live together, they may apply to the Elderly Persons Priority Scheme. For the elderly, the Hong Kong Housing Authority also shortened the average waiting time of the elderly applicants to 1.1 years. Parallel with these regulations, the government issued the Harmonious Families Priority Scheme to encourage family members to live together as well as take care of the elderly relatives better.

Table 6: The actual public housing production from 2000/01-2009/10 of Hong Kong

Year	Rental Housing Flats
2000/01	55,492
2001/02	29,817
2002/03	20,390
2003/04	15,148
2004/05	24,682
2005/06	17,153
2006/07	7,192
2007/08	13,726
2008/09	19,050
2009/10	15,389

Note: These figures include the production of Public Rental Housing (PRH), Interim Housing and projects transferred from surplus Home Ownership Scheme to PRH but excluded the production of projects built as rental housing but subsequently transferred to Buy or Rent Option Scheme/Mortgage Subsidy Scheme Housing.

Source: The Hong Kong Housing Authority's Homepage (2010)

Thanks to diversified and flexible policies, Hong Kong has gained significant successes in providing public housing dwelling units to its residents and become a territory that “has the largest public housing system in the world” after Singapore (Delang & Lung 2010) (Table 6). In 2009, among 2.31 million domestic households in Hong Kong, 52.3 percent occupied by owners, 43.9 percent by tenants, and 3.8 percent by person living in either rent-free accommodation or accommodation provided by employers (The Hong Kong Yearbook's Homepage 2010). Also, according to launched statistics, there were 2.1 million people living in public rental estates of the Hong Kong Housing Authority and the Hong Kong Housing Society. Up to December 2009, out of 2,534,500 housing stocks, there were 745,400 public rental housing flats with about 30 percent population and 393,200 subsidized home ownership flats with 18 percent population who have been living there (The Hong Kong Yearbook's Homepage 2010).

Not only the elderly gets adequate assistances from the Hong Kong government but also other groups of people get the same benefits to access affordable housing units. For individuals or families who are unable to afford a private rental accommodation may apply to subsidized public rental housing units towards the public housing program through the Hong Kong Housing Authority. In the light of current regulations, the average waiting duration to for applying public rental housing today is approximate 3 years for general applicants while in 1996 was 7 years.

Lesson learned: Similar to Singapore, Hong Kong is one of the countries in the Asia region that has been gaining distinct successes in managing and operating social

housing model. This country has 57-year experiences in providing of affordable housing units to the target groups who fail to access to market housing price due to their low incomes. As a result, its promulgated social housing policy is diverse, flexible, and worthy of learning for Vietnam. Among them, schemes for the elderly are seen as the most typical policies that Vietnam can learn to apply to its reality. From Hong Kong's experiences, it is widely accepted that, at the early development period, instead of supporting affordable dwelling units to the mass of citizens, the government assist a part of population who have urgent needs of settlement. Then, the same chances will be given to other target groups and that is a reason for the instruction of more new schemes. This shows that there is no inequality between groups of beneficiaries in Hong Kong and the government's priority policy is considered as the best solution to help to access affordable housing dwellings.

3. Thailand

Thailand is one of the Asian nations that has the total land area is 514,000 km² with a population of is 66.7 million people. Its GDP growth rate was -2.3 percent in 2009 (The National Statistical Office Thailand 2010). According to Giles (2001, 228), "Thai government has expressed concern over the issue of housing since 1940 but has had limited success in addressing the growing shortage of decent and affordable housing that emerged in urban areas above all Bangkok". However, as compared with Vietnam, Thailand has gained notable achievements in developing social housing model.

"Since the 1940s, housing has been in short supplied throughout Thailand" (Giles 2001, 230). Like Singapore, at that time, a large number of slums existed in Thailand during a long period. According to Giles (2001), there were 86 slums in Thailand in the

1940s, and ten years later, the figure increased to 183 and then reached a peak at 361 in 1960. From the 1970s, the increasing rate of slums seemed slower than that in the previous period in which in the year of 1978, the proportion of slums accounted for 24 percent and decreased by 13 percent during a next decade.

There was a fact that, after the Second World War, a number of housing estates in the inner cities of Thailand was destroyed and various industrial and commercial buildings were constructed afterwards but their price was expensive. Therefore, almost all low-income households had few chances to purchase their own accommodations. Besides, the increased land price due to a competition among commercial investors also affected residents' ownership of housing units.

In the year of 1940, the Thai government established the Housing Division and then the Housing Bureau in 1942, the Office of Community Improvement and Government Housing Bank (GHB or Housing Welfare Bank) in 1953 that was followed by the Office of Community Improvement in 1960. However, the Housing Division and the Housing Bureau only became more active after 1950 in which the former had "responsibility for construction of public housing projects" and the latter's duty was to "undertake their management" (Tanphiphat and Singhasakeres 1998, 141 cited in Giles 2001, 232). Also, according to these authors, the purposes of establishment of the Office of Community Improvement and Government Housing Bank and the office of Community Improvement were for "slum clearance, urban renewal, and the construction of apartment for slum dwellers". Because several housing agencies were set up in Thailand so, during the period from the 1950s to 1970s, under assessments of Giles (2001, 232), the Thai government "played the limited role in the housing market". The

government only “focused on public housing and slum clearance as methods to solve the housing shortage”.

According to the statistics, from 1950 to 1972, there were eight major housing projects deployed in the Bangkok creating 7,346 public housing units, including apartments, duplexes, and detached houses to individuals and families. The purpose for constructing these buildings was to “re-house slum-dwellers displaced through urban renewal and other families who had impossible to find adequate shelters” (Noranitipadungkarn 1978, 388 cited in Giles 2001, 233). Even so, these buildings did not make the tenants satisfactory because according to their assessments, these dwelling units were so small and noisy, poorly lit and lacking of ventilation with the unreliable water supply. Especially, almost all the buildings were constructed outside the city centre, so the people suffered from the difficulties when they wanted to catch the buses. That was a reason showing that the social housing model of Thailand did not gained success as the government’s expectation in the early period.

In 1972, the National Housing Authority (NHA) that had responsibility for consolidating all activities in housing field such as housing construction, urban community development, slum clearance and resettlement of those affected by the clearance, dwelling provision for rent, sale and hire-purchase, subsidization and guarantee for tenants and buyers was set up (Giles 2001, 236). The NHA, in 1976, launched a five-year plan to construct 20,000 units per year for supporting three main income groups, but this plan was rejected then due to its over ambition and unaffordability. This forced the Thai government to consider alternatives for housing policy. One year later, under the pressure of international organizations, Thailand

conducted two plans, namely Plan A and Plan B. The first plan was to build 14,949 new housing units at six sites and the second one was to upgrade slums with 596 new flats supporting to 26,000 families (Giles 2001, 237). Even so, due to political instability, the government cancelled its supports to the plans and only provided an amount of money for constructing 1,200 flats in Bangkok in 1978. The NHA also drew up the third plan in the year of 1984 with a main goal of upgrading slums and this plan received the approval from the government but, by 1985, none of the proposed projects were deployed.

In Thailand, almost all social housing projects are run by Thai government via several organizations such as the National Housing Authority (NHA), the Government Housing Bank, the Community Organization Development Institute, the Community Organization Development Institute, and the Government Saving Bank. Among them, NHA is a major agency that has responsibility for developing low-income housing projects for more than 30 years. The NHA's projects are supported by Thai government with soft-loan and project guarantee.

To date, Thailand has deployed a series of social housing projects for low-income households outside the Bangkok city. These projects have constructed by the governmental companies such as NHA, CODI (Community Organization Development Institute). At present, "the Bangkok metropolitan areas are spreading to neighboring provinces like Nonthaburi, Samutprakarn, Nakhon Pathom, and Pathumthani" (Sreshthaputra n.d, 2), but low-income customers are still interested in social housing projects including the NHA's projects thanks to convenient public transportation (bus routes) so. In Thailand, the NHA's projects called Eur Ar Thorn Housing were established by the Former Prime Minister Thaksin Sinawatra in 2003. Under the "one

price policy”, it was expected that low-income people would be provided with one million of social housing units at the price of USD 10,000 for a living unit in spite of the type of estate or its location. There are four types of dwelling units with 33 square meters for each apartment as follows:

- 1) Single house
- 2) Duplex
- 3) Row-house (town-house)
- 4) 5-story condo

According to the ‘one price policy’, if individuals or families want to live in the center city, they have to pay USD 11,000 for a condo, and in the case, they prefer to own a single house, they can purchase it at the same price but at locations far away from the city. “All designs of houses and specification of materials were fixed by the NHA Design Department” (Sreshthaputra n.d, 3). Currently, NHA has also embarked on an ambitious program to build a range of low cost housing units for residents via the Baan Eua Art Horn projects. This is a project that “designated to be a condominium with land including project facilities and utilities in accordance with NHA standards” (The National Housing Authority's Homepage 2010, 2). Specifically, mass of starter homes were constructed and these dwelling units can be expanded mainly the front first floor area as family income increases and family grows. Thereby, the design of the homes is initially very simple and then, when their increased incomes, residents can customize their homes with gardens or decorate them in accordance with their favorite as well as construct additional facilities such as stores, commercial areas to trade. Furthermore, the inhabitants may also expand their homes by constructing new rooms at the ground floor but must ensure that the

general architecture is unchanged. This is a significant project that allows the residents to have the right to reconstruct their homes (Hoicka 2010).



Lesson learned: Upon analysis and assessment of the Thai government’s social housing development procedures, Vietnam can reference, select and apply if those models are appropriate to the Vietnam’s reality. There is a fact that, these days, the Vietnamese building developers would prefer the market segmentation of commercial housing rather than that of social housing, but with projects like Baan Eua Art Horn of Thailand, they completely construct and sale to demanded households. Since, some Vietnamese families wish to own individually larger space areas as well as own dwelling units that they can improve and reconstruct towards their favorite designs. Therefore, if social housing projects like Baan Eua Art Horn of Thailand are deployed in the reality, it is forecast that this will become a potential market segment in Vietnam.

From three cases including Singapore, Hong Kong, and Thailand, it is undeniable that these countries’ governments have been flexible in promulgating housing policies that Vietnam can reference and apply based on its own reality. There is a fact that, likely

Vietnam, at the early period of development, three nations were impossible to support housing units to mass residents because of their limited state budget. Hence, all countries carried out a priority to each group of individual and family in which initially government would assist to households that had urgent needs and gradually broadened to other target groups in the society. This has made social housing policy become one of the most humanitarian policies meaning that all residents who have suffered from dilemmas of settlement can be beneficiaries. Thereby, the government of Vietnam might reference the Singapore, Hong Kong, and Thailand's experiences in development of social housing model to apply creatively in the Vietnam's reality. Their lessons are worth for Vietnam to learn.

PART 3

THE SOCIAL HOUSING OF VIETNAM

1. Economic and market factors: conditions pushing up the establishment of social housing in Vietnam

1.1 Economic growth and the improved quality of life

Vietnam has been implementing the Doi moi (renovation) policy since 1986 with a substantially structural transformation from a centrally planned to a market-oriented economy including: (i) economic restructure for building up a multi-sector economy, (ii) financial, monetary, and administrative reforms, and (iii) development of external economic relations (The Ministry of Planning and Investment 2007, 8). Under this transformation process, the Vietnamese economy has achieved remarkable outcomes in the socio-economic development and the poverty reduction. According to the World Bank (WB), “Vietnam is one of the fastest growing economies in the world” and “it has potential to be one of the great success stories in development” (The International Development Association 2009, 1). Vietnam has experienced the impressive economic development process that can be described by the following table:

Table 7: Vietnam’s achievements after the Doi moi (renovation) period

Vietnam’s indicators	1986	1990	1995	2000	2005	2008
GNI per capita (Atlas method, current US\$)	-	120	250	390	620	890
GNI (Atlas method, current US\$ billions)	-	8.24	18.47	30.20	51.34	76.78
GDP growth (annual %)	2.78	5.10	9.54	6.78	8.44	6.17
GDP per capita (current US\$)	437	97	284	401	635	1,051
External debt stock (% of GNI)	-	384.01	123.98	41.74	36.93	29.73
Inflation, consumer prices (annual %)	-	-	-	-1.71	8.28	23.11
Life expectancy at birth (years)	61.64	65.46	69.43	71.94	73.70	74.37
Literacy (% of population age 15+)	-	-	-	90.15	-	92.50
School enrolment, primary (% gross)	-	103.34	110.52	106.37	-	102.00

Vietnam's indicators	1986	1990	1995	2000	2005	2008
School enrolment, secondary (% gross)	43.88	35.49	41.19	64.61	-	-
School enrolment, tertiary (% gross)	-	2.83	2.88	9.59	-	-
Internet users (per 100 people)	-	-	-	0.25	12.88	24.16
Improved sanitation facilities (% of population with access)	-	58	68	79	88	94
Electric power consumption (kWh per capita)	73.41	97.82	157.15	295.02	-	-

Source: The World Bank's Homepage (2010)

Based on the published statistics, according to the World Bank (2002) cited in Liu (2008, 411), Vietnam has been one of countries achieving “the highest growth rate in the world”; especially during the period between 1993 and 1998 with an “average annual growth rate was 7.9% in the 1990s”. During the Asian financial crisis in 1997, even though Vietnam was less hit by this event than many of its neighbors, one year later, it faced to a considerable deceleration of the economic growth (Masina 2003, 3) with the growth rate of 5.76 percent (The World Bank's Homepages 2010). However, with the global economic crisis outbreak in 2007, the Vietnamese economy was strongly affected with the reverse impacts seen in almost all areas, leading to declined merchandise export growth, decreased foreign direct investment inflows, large budget deficit, reduced financial market indicators, and high consumer price index. To respond to these challenges in a timely manner, the government of Vietnam enacted a series of solutions toward ensuring macroeconomic stability. Thereby, “Vietnam has navigated the global crisis better than many other countries” with a GDP growth rate of 5.3 percent in 2009 (The World Bank 2010, 1). Compared with other regional nations such as Thailand (-2.3 percent), Malaysia (-1.7 percent), Philippine (0.9 percent), and Indonesia (4.6 percent), the Vietnamese economy's growth rate is more stable and “at a fundamental level, the external position of Vietnam is sustainable” (The World Bank 2010, 74).

Accompanying with the above economic development achievements, Vietnam is regarded as one of the countries in the Asian region that has gained the impressive outcomes of poverty reduction. In Vietnam, “poverty reduction is a long-standing priority” (Cling, Razafindrakoto, and Roubaud 2009, 8) and it has been ongoing since the 1990s under government’s efforts and the international donors’ assistances. If the proportion of Vietnamese population living below the rational poverty line in 1993 was 58.1 percent, five years later, this figure dropped to 37.4 percent and then 28.9 percent in 2002. In 2009, this percentage was 15.1 percent, according to the World Bank’s Homepage (2010).

In addition to its successes of economic development and poverty reduction as mentioned earlier, there have been various evidences showing that the Vietnamese residents’ quality of life, over the last decades, has been improved considerably. In particular, the criteria used to evaluate the quality of life is based on the housing access, provision of safe water, sanitation facilities, waste treatment systems, transportation, telecommunication, and internet services access. As noted in the Table 1, the Vietnamese residents’ quality of life has changed comprehensively since government had implemented the Doi moi (renovation) policy. Among them, housing access is seen as one of the crucial criteria in this connection. One of its aspects, namely social housing access, is the key topic of this paper. Currently, the demands for housing in the urban areas of Vietnam have been increasing dramatically and if they are met in an effective manner, it will create an essential condition for alleviating poverty, improving the quality of life and promoting sustainable economic development. The linkage between socio-economic factors hence becomes more solidly.

1.2 Urbanization and urban population growth

Rapid economic growth rate accompanied with a sharp decline in poverty and considerable improvement in the quality of life, urbanization and urban population growth are also seen as the elements pushing up the Vietnamese residents' increased needs for housing, these days.

The term of urbanization, occasionally, “stands for concentration of population in urban areas and is defined by the proportion of urban residents to total population” (Iimi 2005, 90). According to this author, urbanization “is characterized by agglomeration of production and consumption, which stimulates overall economic growth” (88). In the light of this point, there are three factors of urbanization including: natural increase in urban population, rural-urban migration, and reclassification from rural to urban areas due to a population increase. Nonetheless, under the assessments of Iimi (2005), both elements such as natural increase or reclassification are not so serious because the former can occur everywhere, not only in urban areas and the latter has few significant impacts on the real economy. The factor making the urbanization issue become more complicated is rapid rural-urban migration. In that sense, like some countries in the Asian region, Vietnam is one of the countries that have the high rural-urban migration rate and this “plays an extremely important role in urban population growth” (Iimi 2005, 98).

Table 8: The Vietnam's urban population development

Vietnam's indicators	1990	1995	2000	2005	2006	2007	2008	Pre 2009
Population (millions)	66.0	71.9	77.6	82.3	83.3	84.2	85.1	86.02
	1	9	3	9	1	2	2	
Population growth rate (% per year)	1.92	1.65	1.35	1.17	1.12	1.09	1.07	1.06
Urban population (millions)	12.8	14.9	18.7	22.3	23.0	23.7	24.6	25.46
	8	3	2	3	4	4	7	
Urban population (% of total)	2.41	3.55	3.32	3.38	3.20	3.04	3.90	3.21

Vietnam's indicators	1990	1995	2000	2005	2006	2007	2008	Pre 2009
population)								
Rural population(millions)	53.1	57.0	58.9	60.0	60.2	60.4	60.4	60.55
	3	5	0	6	6	7	4	
Rural population (% of total population)	1.80	1.17	0.74	0.38	0.34	0.34	-	0.18
							0.04	

Source: The General Statistics Office's Homepage (2010)

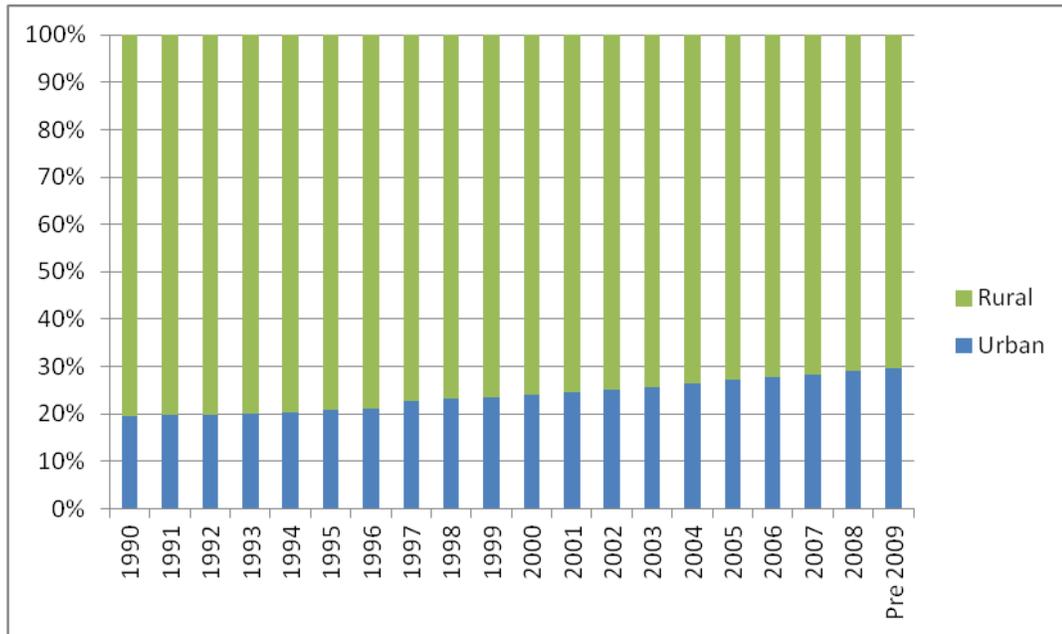
Looking back the last decades, Vietnam has undergone the rapid urbanization process during the post-Doi moi period. Under the view of Coulthart, Nguyen, and Sharpe (2006, 3), "Doi moi effectively ended a period of urban neglect" to then "made cities more acceptable and attractive as centers of formal and informal economic activity and opportunity". It can be seen from the Table 8 that, the number of urban population in Vietnam rose dramatically. Reasons for the upward trend of the urbanization process in Vietnam during the period from 1989-1999, according to McGee (2000, 8), were an outcome of "the administrative reclassification of territorial units such as provinces surrounding the urban areas as they assume more urban characteristics". There was a fact that, most of these changes were in areas adjacent to Hanoi (capital city) and Ho Chi Minh, two largest cities in the North and the South of Vietnam respectively. Moreover, the transition from the agriculture to industry production as well as the attraction of huge capital resources via foreign direct investment (FDI) projects in which "most FDI is directed toward cities" (Coulthart et al. 2006, 1) have been making population to prefer living in the metropolitan areas to other ones. Inside these cities, a means of industrial parks, economic processing zones, hi-tech parks have been setting up attracting a great number of manual workers to work and temporary live.

According to the Central Population and Housing Census Steering Committee (2010, 84), there were 29.6% of Vietnam's population living urban areas in April 01,

2009, lower than that in Brunei (72 percent), Malaysia (68 percent), Philippine (63 percent), Indonesia (48 percent), Thailand (36 percent), and Myanmar (31 percent); and higher than that in Cambodia (15 percent), East Timor (22 percent), and Laos (27 percent). During the period from 1999 to 2009, the Vietnam's urban population grew rapidly with an average annual growth rate of 3.4 percent, as compared to only 0.4 percent per year in rural areas. Among six economic regions in the whole country of Vietnam, the Southeast region had the largest urban population (57.1 percent compared with 55.1 percent in 1999) of total regional population, followed by the Red River Delta (29.2 percent and 21 percent respectively). However, the urbanization growth rate of the latter was faster than the former. These days, along with Hanoi, Ho Chi Minh City, Hai Phong, and Da Nang, the most dramatic average annual urban population growth rate has seen in the economically dynamic cities such as Binh Duong and Can Tho (see Table 10 in some next pages).

In summary, there are many evidences showing that there is a correlation between urbanization and urban population growth with demand of housing access in urban areas. "In urbanization, an absolute scale of urban population itself is very important" (Iimi 2005, 94), hence it is necessary to support sufficiently housing units to residents to ensure their basis living demand.

Figure 1: Proportion between Vietnam’s urban and rural population



Source: The General Statistics Office’s Homepage (2010).

1.2 The influx of migrants and urban spatial expansion

It is undeniable that urbanization process and urban population growth, as analyzed earlier, have an inter-linkage with intensive influx of rural-urban migrants and constant urban spatial expansion of Vietnam, these days. Under an explanation by Coulthart et al. (2006, 1), “economic opportunities in urban areas are propelling rapid growth in the urban population with significant rural to urban migration”. Obviously, rapid economic growth rate and potential employment chances in urban areas have been becoming a powerful driving force for rural-urban influx of migrants. Furthermore, “the income difference between urban and rural is increased, further stimulating migration and urbanization” Coulthart et al. (2006, 3). This has been happening in most countries

worldwide, especially at the beginning of socio-economic development process and Vietnam is no exception.

Table 9: Number of migrants and migration rate by migrant’s status, 1999 and 2009

Administrative/Geographical Level	No. of migrants (1000 people)		No. of non-migrants (1000 people)		Migration Rate (1/1000)	
	1999	2009	1999	2009	1999	2009
Intra-district migrant	1,343	1,618	67,808	76,893	19	21
Inter-districts migrant	1,138	1,709	68,013	76,802	16	22
Inter-provincial migrant	2,001	3,398	67,150	75,113	29	43
Inter-regional migrant	1,334	2,361	67,817	76,150	19	30

Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office’s Homepage (2010).

Based on the Vietnamese practical statistics over the past years, it is generally accepted that the majority of migrants are manual workers (they want to look for employment or trade), students (they are studying at universities, colleges, and vocational secondary schools), graduates (they do not want to return your home towns on account of attraction of potential job opportunities with great promotion, high income, and a life with full of facilities at the metropolitan areas). This has been creating great pressures for municipal governors and policy-makers to solve the problems of unemployment, demand for housing, and needs for a safe life by urban residents. From statistical data, “big cities were the main centers absorbing most rural-urban migrants, and of these municipal cities, Ho Chi Minh City, followed by Hanoi were the best destinations for migrants” (The General Statistical Office 2000 cited in Cu n.d, 130) (Table 11).

Table 10: Number of in and out-migrants by socio-economic region, 1999-2009

Socio-economic region	Number of people age 5 years and older (1000 person)		Number of in-migrants (1000 person)		Number of out-migrants (1000 person)		Net migrants (-/+)(1000 person)	
	1999	2009	1999	2009	1999	2009	1999	2009
Entire country	69,059	78,511	1,334	2,361	1,334	2,361	0	0
Northern Midlands and Mountains	9,859	10,011	84	91	180	271	-96	-180
Read River Delta	15,507	17,931	163	289	333	331	-170	-42
North and South Central Coast	16,158	17,292	114	110	425	775	-311	-665
Central Highlands	3,497	4,569	326	166	60	125	266	41
Southeast	9,257	12,906	580	1,635	125	125	455	1,510
Mekong River Delta	14,781	15,802	67	70	211	734	-144	-664

Note: Data from the 1999 Population and Housing Census in this table were recalculated to be consistent with the current 6 socio-economic regions using data from completed results.

Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office's Homepage (2010).

Table 11: Some indicators about urbanization and migration by administration units

Administration	Average annual urban population growth rate (%)	In-migration rate (in-migrants per 1,000 person)	Out-migration rate (out-migrants per 1,000 person)	Net-migration rate (net-migrants per thousand person)
Entire country-urban	3.4	26.3	7.0	19.3
Socio-economic region		30.1	30.1	0.0
Northern Midlands and Mountains	2.4	9.1	27.0	-17.9
Read River Delta	4.2	16.1	18.5	-2.3
North and South Central Coast	2.7	6.4	44.8	-38.4
Central Highlands	2.5	36.3	27.4	8.9

Administration	Average annual urban population growth rate (%)	In-migration rate (in-migrants per 1,000 person)	Out-migration rate (out-migrants per 1,000 person)	Net-migration rate (net-migrants per thousand person)
Southeast	3.6	126.7	9.7	117.0
Mekong River Delta	3.4	4.4	46.5	-42.1
63 Provinces/cities		43.3	43.3	0.0
Lai Chau	-	48.8	14.5	34.3
Thai Nguyen	2.3	30.2	39.6	-9.4
Hanoi	4.2	65.3	15.8	49.5
Quang Ninh	2.3	28.5	24.6	4.0
Hung Yen	3.3	27.2	46.9	-19.8
Hai Phong	4.0	28.1	19.1	9.0
Bac Ninh	10.2	31.9	44.5	-12.6
Da Nang	3.5	100.6	23.9	76.7
Kon Tum	3.7	46.4	19.5	26.9
Dac Nong	-	94.3	28.4	65.8
Binh Duong	7.2	365.9	25.4	340.0
Dong Nai	3.1	104	37.9	66.1
Vung Tau	4.0	62.4	41.2	21.3
Ho Chi Minh City	3.4	156.4	20.8	135.7
Can Tho	8.6	50.8	47.6	3.2

Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office's Homepage (2010).

Figure 2: The Vietnam's map of regional and provincial distribution



Upon the analysis and assessments of the Vietnam's urbanization process with the intensive rural-urban inflow of migrants, it is agreed that the urban spatial expansion is an objective and undeniable demand for cities. These cities' governors need more appropriate spaces to relocate administrative units, manufacturing and business bases as well as spaces for communal activities to meet residents' increased needs.

Theoretically, urban spatial expansion is one of the processes derived from the self-directive cyclical development including urbanization, suburbanization, de-urbanization, and re-urbanization, "based on housing and rent prices as indicators, with physical population capacity as limiting condition" (Iimi 2005, 8). This is regarded as a dynamic urbanization implying the dynamic of each city hardly to be captured. Other authors namely Storch, Eckert, and Pfaffenbichler (2008, 448) also argued that "spatial

development in metropolitan areas worldwide is characterized by the continuing use of mainly agricultural land, a finite resource, for settlement, and traffic purposes”. Unsurprisingly, there is a correlation between urban spatial expansion with land consumption in metropolitan or agglomeration regions and land consumption “is characterized by a continuous and high rate mainly caused by the construction of new housing projects and transportation infrastructure” (Storch et al. 2008, 448).

For cities in an emerging country in South-East Asia like Hanoi and Ho Chi Minh City of Vietnam, urban spatial expansion is essential to satisfy enterprises’ demand for land as well as to meet needs for housing estates of the great number of migrants (Table 12). It is forecasted that, in the coming period, scale of these cities in terms of spatial structure continues to be broadened. Together with appropriately allocating a part of land areas to construct urban transportation, trade centers, commercial buildings, it is also necessary to allot other land areas to build social housing units for low-income individuals and families.

Table 12: The population of some big cities in Vietnam, 2009

Indicators	Vietnam	Hanoi	Ho Chi Minh City	Hai Phong	Da Nang	Dong Nai	Vung Tau	Can Tho
2009								
Area (km ²)	331,051.4	3,344.6	2,095.5	1,522.1	1,283.4	5,903.4	1,987.4	1,401.6
Population (million)	86.02	6.47	7.16	1.84	0.89	2.49	0.99	1.18
Population Density (p/km ²)	260	1,935	3,419	1,210	694	422	502	849
No. of Districts	47	10	19	7	6	0	0	5
No. of Towns	46	1	0	0	0	1	1	0
No. of Communes	556	18	5	8	2	9	6	4
No. of Wards	1366	154	259	70	45	29	24	44
No. of Towns (urban)	625	22	5	10	0	6	7	5

Indicators	Vietnam	Hanoi	Ho Chi Minh City	Hai Phong	Da Nang	Dong Nai	Vung Tau	Can Tho
areas)								
No. of Towns (rural areas)	9121	401	58	143	11	136	51	36
2005								
Area (km ²)	329,314.5	921	2,095.2	1,526.3	1,255.5	5,894.8	1,982.2	1,390
Population (million)	82.39	3.13	6.23	1.77	0.80	2.26	0.93	1.14
Population Density (p/km ²)	250	3,402	2,974	1,162	642	384	474	827
No. of Districts	43	9	19	5	6	0	0	4
No. of Towns	58	0	0	1	0	1	1	0
No. of Communes	541	5	5	8	12	9	6	4
No. of Wards	1,219	128	254	57	45	29	24	30
No. of Towns (urban areas)	588	6	5	9	0	6	5	4
No. of Towns (rural areas)	9,069	98	58	152	11	136	53	33
2000								
Area (km ²)	329,314.5	921	2,095.2	1,526.3	1,255.5	5,894.8	1,982.2	2,998
Population (million)	77.63	2.76	5.27	1.69	0.70	2.05	0.82	1.83
Population Density	236	3,005	2,518	1,108	562	348	419	611
No. of Districts	33	7	17	4	5	0	0	0
No. of Towns	62	0	0	1	0	0	1	1
No. of Communes	507	5	5	8	2	8	5	7
No. of Wards	1,018	102	238	50	33	23	16	19
No. of Towns (urban areas)	563	8	4	9	0	7	5	11
No. of Towns (rural areas)	8,930	118	61	157	14	133	48	79

Note: In 2000, statistics of Can Tho included those of Hau Giang due to two provinces did not be split.

Source: Summary based on statistics of The General Statistics Office during the years of 2009, 2005, and 2000.

1.4 The affordable housing shortage of the low and middle-income households

Similar to other countries in the Asian region, these days, Vietnam is facing the shortage of affordable housing due to severe imbalance between commercial housing and social housing segment in the market.

According to (Nguyen 2002, 3), “in Vietnam, up to the 1990s, housing was provided by state to state employees”. However, in practice, this subsidization was abolished in 1986 in accordance with the *Decision No.103/CT-CTHDBT dated April 18th, 1986 by the Chairman of Committee for Ministers deciding on collect the fees for housing and water usage by state employees*. In particular, these dwellings were mainly apartment blocks constructed in the socialist period with a range of collective kitchens and communal toilets. However, the Vietnamese government, afterwards, figured out negative aspects of this policy such as limited state budget versus the increased employees, inadequate and degradation of subsidized buildings, and apartments were allocated to state employees only based on their rank and number of years in service. Thereby, only about one third of state employees were accommodated. The difficulties in housing supply by the state’s civil services led to the abolishment of housing subsidy after 1990. In 1991, the Housing Ordinance was enacted, recognizing private ownership of housing. This resulted in a boom in construction in the whole country. According to statistics of Gough and Tran (2009, 176), “between 1985 and 1997, about 70 percent of new accommodations was constructed using financial capital from household and private sources”. Furthermore, to further boost housing development, the government issued a series of legal documents and call for investors to invest their capital recourse in developing infrastructure systems such as roads, bridges, industrial parks, processing zones, and residential buildings. Housing demand, thereby, has rapidly increased partly due to land clearance for investment projects and partly because of residents’ improved quality of life. This has contributed to the official birth of real estate market in Vietnam in the early 2000s.

There have been evidences showing that, during the period from 2001 to 2009, both domestic and foreign developers preferred to invest their capital resources in the segmentation of industrial and commercial housing as well as other infrastructures such as roads, ports, bridges, and pipeline than social housing. This is attributed to the fact that, investment in office buildings and rent buildings or resorts normally helps investors to gain much more benefit than social housing units because developed urban infrastructures along with rapidly growing urban population have created increased a demand for property in cities. Additionally, the availability of mortgage and rising remittances from overseas Vietnamese have driven up demand for better-quality housing estates. Moreover, the increasing growth of the Vietnamese middle class along with tourist numbers and expatriates have stimulated building developers target to the segmentation of commercial building. As a result, even though the government of Vietnam has made significant changes to the property investment law, the number of commercial housing projects still accounts for the majority and has been on the rise.

According to the assessments of the American Embassy in Singapore (1995), for real estate projects, “the most common types of buildings being constructed in Vietnam are large hotels, offices, and small multilevel residential housing projects”. In addition, there are many projects of large scale resorts, spas, department stores, shopping malls, and entertainment activities. Among real estate projects, market segment of foreign investors is normally higher than that of domestic ones due to the advantage of their capital resources and international investment experiences. It can be listed here some projects with the great amount of foreign investments capital such as the Mulberry Lane deluxe apartment project by CapitalLand, Singapore with USD 170 million, both projects

of Danang Beach Resort by VinaCapital Real Estate with USD 500 million, and Hyatt Regency Danang Residences by Indochina Land derived from Indochina Capital in Da Nang, the United States with USD 130 million, Sai Gon Riviera with USD 35 million and Sai Gon Sports City with USD 130 million in Ho Chi Minh City by Singaporean Keppel Land, Singapore, Daewon Cantavil An Phu (USD 20.5 million), Daewon Binh Thanh (USD 29.5 million), and Daewon Cantavil Da Nang (USD 30 million) by Daewon, Korea in cooperation with companies of Vietnam. According to statistical data, to date, there are around 2,500 real estate projects in the whole country in which 800 projects are deploying in Hanoi (75,189 ha), 1,400 projects (4,490 ha) in Ho Chi Minh City, 260 projects (nearly 2,600 ha) in Hai Phong, over 120 projects (2,300 ha) in Da Nang (The Diaoc Online’s Homepage 2010).

	
<p>The Trung Hoa – Nhan Chinh residential Tower in Hanoi. Source: http://www.overseaspropertymall.com</p>	<p>A model of Cantavil An Phu (Ho Chi Minh City) invested by Daewon (Korea) cooperating with TDH (Vietnam). Source: http://www.diaonline.vn</p>

Compared with commercial housing, Vietnam’s social housing segment for low-income households officially boomed in 2009. For this market segment, building developers are only domestic investors such as Vinaconex Xuan Mai Concrete and Construction Joint Stock Company (invested a housing project for low-income households with 554 apartments in Vinh Yen (Vinh Phuc)), Vinaconex 21 and Vinaconex

Xuan Mai (has started constructing over 1,500 apartments in August, 2010 in Kien Hung (Ha Dong, Ha Noi)), Viglacera Coporation (deployed housing projects for low-income households with 1,000 apartments in Dang Xa (Gia Lam, Hanoi) and 124 apartments in Dai Mo, (Tu Liem, Hanoi)), Handico 3 and 5 (invested to housing projects for low-income households with 840 apartments in Sai Dong (Gia Lam, Hanoi)) (The VnExpress's Homepage 2010). After one year of implementation of the *Resolution No.18/2009/NQ-CP dated April 20th, 2009 by the government*, up to 2010, there have been 24 social housing projects for workers with the amount of capital reached 2,600 billion VND (equivalent to USD 133 thousand¹) to invest in 753,000 m² of floor aiming at supporting accommodations for 125,000 workers. Likewise, there have been 33 social housing projects for low-income households with the amount of capital reached 2,500 billion VND (equivalent to USD 128 thousand²). The total of floor areas of these projects are 655,000 m² and about 55,000 individuals will be accommodated in the coming period (The State Assets Information's Homepage 2010). In 2010, the first social housing projects in terms of housing for workers, housing for low-income households were accomplished and launched such as social housing projects within the Viet Hung New Urban Area (Long Bien, Hanoi), social housing projects for low-income households in Vinh Yen (Vinh Phuc), and 16 other social housing projects in Ho Chi Minh City (The Housing and Real Estate Market Management Agency's Homepage 2010).

¹ It is calculated based on the exchange rate between USD and VND by the Vietcombank in October 14th, 2010: USD 1 = 19,500 VND (Vietnam Dong)

² Ibid: p.58.



Social housings in the Viet Hung New Urban Area (Hanoi) which has 24,518 m² including 8 6-storey buildings with 515 apartments 36m², 52m², and 63m². It was launched in September, 2010 after more than 17 month constructing.

Source: <http://www.laodong.com.vn>



Social housing in Vinh Yen (Vinh Phuc) which has 3,8 ha including 4 5-storey buildings, 2 11-storey buildings, and 2 19-storey buildings with 554 apartments. It was launched in September, 2009.

Source: <http://vnexpress.net>

The fact shows that the Vietnamese individuals and families' demand for social housing is far beyond the building developers' supply. These days, under the published data of the Vietnam Industrial Parks derived from the Ministry of Planning and Investment, out of 249 industrial parks in the whole country, there are 162 ones in operation attracting 1.34 million employees (The Industrial Parks' Homepage 2010). Additionally, the number of students studying at 403 universities and colleges as well as 282 professional secondary schools is 1.79 million and 699 thousand people respectively (The General Statistics Office of Vietnam 2010, 565 & 569). Along with this, the Vietnamese civil servants amount to 600,000-700,000 people, these days (The Hanoi Moi Online's Homepage 2010). Therefore, in the following period, it is projected that demand for social housing still goes on increasing sharply; hence the market segment of social housing will attract the great attention by investors. According to statistics, currently, there are 264 registered housing projects for workers with 59,245 billion VND

(equivalent to USD 303.8 billion¹) and 263 registered housing projects for low-income households with 72,710 billion VND (equivalent to USD 372.8 billion²) to be put into construction. When they are accomplished, about 821,520 people are expected to be accommodated in nearly 205,380 apartments (The Hanoi Moi Online's Homepage 2010).

2. Rationale for the birth of Vietnam's social housing policy

Upon the economic and market factors as mentioned previously, it is worth nothing that the birth of Vietnam's social housing segmentation is an inevitable outcome under the context of a severe imbalance between supply and demand as well as between commercial and social housing market segmentation during a long past time. Furthermore, the shortage of government's essential mechanisms and regulations for housing developers also has impacts on the development of social housing segmentation in Vietnam. In addition, the global economic crisis in 2008 paralyzed the Vietnam's construction industry; as a result a great number of projects by domestic and foreign investors had to stop due to financial reason. Facing this complex dilemma, on 20th April, 2009, the government of Vietnam issued the *Resolution No.18/2009/NQ-CP by the government promulgating a number of mechanisms and policies to promote investment in building accommodations for students of universities, colleges, and professional intermediate schools, workers at industrial parks, and low- income people living in urban areas*. The inaction of this legal document remarked an emergence of a series of social housing regulations afterwards. Under the Vietnamese government's point of view, the introduction of these legal documents is to prevent economic recession, promote

¹ It is calculated based on the exchange rate between USD and VND by the Vietcombank in October 14th, 2010: USD 1 = 19,500 VND (Vietnam Dong).

²Ibid: p.60.

production and business, stimulate investment and consumption, and ensure social security.

2.1 Demands for housing by Vietnamese residents

There is a fact that, demand for housing by the Vietnamese residents has been increasing speedily in accordance with rapid economic growth rate in recent years. According to the statistics cited from the 2009 Vietnam Population and Housing Census: Major Findings (2010), at the time of the 2009 census (April 01st, 2009), out of 85.78 million people (equivalent to 22.62 million households) across country, there were 85.58 million people (equivalent to 22.61 million households) owned their houses. There were, thus, 201.96 thousand people (equivalent to 11,762 households) who had no accommodation to live. The calculation indicated that, every 10,000 households, there were nearly 4.7 households with no dwelling. The figures for urban and rural areas were 6.9 and 3.7 respectively. Notwithstanding, the proportion of households living in permanent dwelling units accounted for almost half (46.7 percent) of all households who were having housing estates. This portion was higher in rural areas than urban ones (Table 13) (The Central Population and Housing Census Steering Committee 2010, 121).

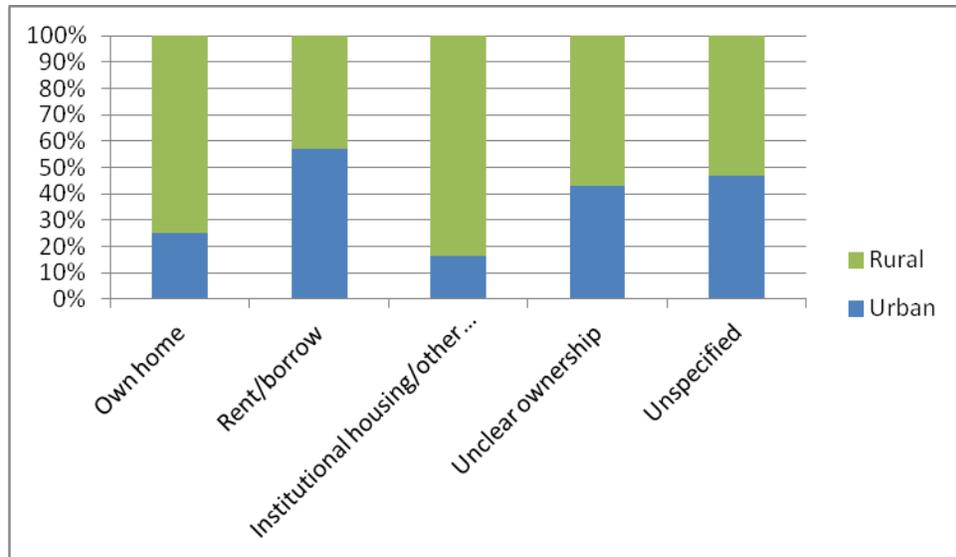
Table 13: Number and distribution of Vietnamese households with housing by urban/rural residence and dwelling type, 2009

Dwelling type	Number (household)			Percentage distribution		
	Total	Urban	Rural	Total	Urban	Rural
Overall	22,616,405	6,945,594	15,670,810	100	100	100
Permanent	10,559,513	2,877,521	7,681,992	46.7	41.4	49
Semi-permanent	8,633,005	3,661,632	4,971,373	38.2	52.7	31.7
Temporary	1,759,816	227,964	1,531,853	7.8	3.3	9.8
Simple	1,664,071	178,478	1,485,593	7.4	2.6	9.5

Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office's Homepage (2010)

It can be seen from the above table that, even though the number of households in semi-permanent dwellings is smaller than that in permanent dwellings, the share in urban areas (52.7) is much higher than in rural areas (31.7 percent). This may be explained by construction of temporary housing and rental housing units for migrants to rent in urban areas that caused the increased number of semi-permanent structure. Also, from 2000 to 2009, the percentage of households living in houses with their ownership was the majority (90.5 percent) while only 8.5 percent households lived in rented or borrowed houses and 0.8 percent households lived in the institutional houses or other types of ownerships. The rest lived in the houses whose ownership is hardly clarified and specified. Nonetheless, in comparison of urban and rural areas, households living in the rented or borrowed houses in the former accounted for the highest proportion although they desired to live in dwellings with their ownership because the cost of renting houses been becoming a burden compared with their average income. Indeed, to facilitate those who have demands for accommodations, a provision of social housing units is considered as one of the best effective solutions for this problem.

Figure 3: The percentage of Vietnamese households owning housing in rural and urban areas, 2000-2009



Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office's Homepage (2010).

And

Table 14: Number and distribution of Vietnamese households with housing by urban/rural residence and dwelling types, 2009

Administration	Population have dwelling (person)			
	Total	Apartment buildings	Single detached house	Not stated
Total	85,587,613	1,065,963	84,366,346	155,304
Urban	25,312,395	947,154	24,235,007	130,234
Rural	60,275,218	118,809	60,131,339	25,070
Administration	Floor space (m ²)			
	Total	Apartment buildings	Single detached house	Not stated
Total	1,529,333,042	17,095,420	1,508,645,642	3,591,981
Urban	557,143,123	14,356,930	539,433,140	3,353,053
Rural	972,189,919	2,738,490	969,212,502	238,927
Administration	Floor space per capita			
	Total	Apartment buildings	Single detached house	Not stated
Total	17.9	16.0	17.9	23.1
Urban	22.0	15.2	22.3	25.7
Rural	16.1	23.0	16.1	9.5

Source: The 2009 Vietnam Population and Housing Census: Major Findings (2010), The General Statistics Office's Homepage (2010, 398-406)

2.2 Socio-economic elements affecting the capacity of housing purchase

Aside from the shortage of housing supporting to residents, over the past many years, the Vietnamese low and middle-income households are seemingly impossible to purchase a housing estates due to their low monthly income compared with high inflation rate and quick devaluation of Vietnam Dong (VND) in correlation with US dollar (USD). If in 1986, Vietnam's inflation rate was 398 percent and went down during the later period to reached 21.6 percent when the economic crisis out-broke worldwide in 2008 (Table 15).

Table 15: Vietnam's inflation and official exchange rate after 1986

	1986	1987	1988	1989	1990	1995	1996	2000	2005	2006	2007	2008
Inflation, GDP deflator (annual %)	398	362	411	69	42	17	8.6	3.4	8.1	7.2	8.2	21.6
Inflation, consumer prices (annual %)	-	-	-	-	-	-	5.6	-1.7	8.2	7.3	8.3	23.11
Official Exchange Rate (LCU per US\$, period average)	22.7	78.2	606.5	4,463	6,482	11,038	11,032	14,167	15,858	15,994	16,105	16,302

Source: The World Bank's Homepage (2010)

Parallel with high inflation rate, the official exchange rate between USD and VND also increased steeply during a long time, resulting in a sharp devaluation of the latter. The price of a house is far beyond a civil servant' monthly income leading to he or she is incapable to purchase a private property although the minimum wage level is

adjusted annually by the government¹. For example: in 2011, according to the *Decree No.22/2011/NĐ-CP dated April 4th, 2011 prescribing the common minimum wage level*, the monthly minimum wage of 830,000 VND (equivalent to USD 40.3²) was applied from May 01st, 2011 to those who are working at:

- State agencies, armed forces, political organizations, socio-political organizations;
- Non-business units of state, non-business units of political organizations and socio-political organizations; and non-state units established and operated under current legal regulations;
- One-member limited liability companies with state-owned capital which are established, managed, and operated under the Law on Enterprises 2005.

Additionally, in the light of the Article 91 of the *Law on Social Insurance 2006*, employees have to pay 5% of total monthly salaries or remuneration to the retirement and survivorship allowance funds and from 2010 on, an additional 1% shall be paid for every two years until the payment level of 8% is achieved. Likewise, employees ought to pay 1% of total monthly salaries to health insurance based on Clause 1, Article 15 of the *Decree 63/2005/NĐ-CP dated May 16th, 2005 by the government promulgating the health insurance regulations*. Employees, moreover, must pay 1% of total monthly salaries to unemployment insurance under Article 25, Clause 1 of the *Decree No.127/2008/NĐ-CP dated December 12th, 2008 by the government detailing and guiding a number articles of Law on Social Insurance regarding unemployment insurance*. Indeed, it can be figured out the monthly wage of a civil servant in the form of an equation:

¹ The common minimum wage was: 290,000 VND (2004), 350,000 VND (2005), 450,000 VND (2006), 540,000 VND (2008), 650,000 VND (2009), 730,000 VND (2010), and 830,000 VND (2011).

² It is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

$$\text{Monthly wage} = (\text{minimum wage level} * \text{wage coefficient}) - 5\% \text{ of monthly salary to the retirement and survivorship allowance fund} - 1\% \text{ monthly salary to health insurance} - 1\% \text{ monthly salary to unemployment insurance}$$

Based on this formula, an undergraduate person who is recruited and appointed to be a civil servant of a state agency (Type of civil servant: A1) will get an amount of monthly wage equivalent to at level 1 (Table 16). After every 3 years (36 months), the monthly wage of this civil servant will be applied to the higher wage coefficient. Supposing, in order to get the monthly wage at level 9, the civil servant has to experience 27 working years and the total of wage for the whole period that the civil servant may get amounts to 305,116,632 VND (USD 14,797¹) without any expenses for his or her daily living demand. If purchasing a house with an average prize about 800,000,000 VND (USD 38,797²), a civil servant with the highest wage coefficient (8.0) only gets yearly salary with 74,859,360 VND (USD 3,630³). Absolutely, this is a dilemma for almost all civil servants with low or even middle-income in Vietnam. Consequently, it is necessary to support social housing units for these target groups.

¹ It is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

² Ibid: p.66.

³ Ibid: p.66.

Table 16: A monthly wage of a Vietnamese civil servant with type A1 working at a state agency since May 01st, 2011

	Level 1	Level 2	Level 3	Level 4	Level 6	Level 6	Level 7	Level 8	Level 9
Type of civil servant: A1									
Minimum wage (VND)	830,000	830,000	830,000	830,000	830,000	830,000	830,000	830,000	830,000
Wage coefficient	2.34	2.67	3.00	3.33	3.66	3.99	4.32	4.65	4.98
Nominal Wage (VND)	1,942,200	2,216,100	2,490,000	2,763,900	3,037,800	3,311,700	3,585,600	3,859,500	4,133,400
Deducted social insurance (VND) ¹	97,110	110,805	124,500	138,195	151,890	165,585	179,280	192,975	206,670
Deducted health insurance (VND) ²	19,422	22,161	24,900	27,639	30,378	33,117	35,856	38,595	41,334
Deducted unemployment insurance (VND) ³	19,422	22,161	24,900	27,639	30,378	33,117	35,856	38,595	41,334
Monthly received wage (VND)	1,806,246	2,060,973	2,315,700	2,570,427	2,825,154	3,079,881	3,334,608	3,589,335	3,844,062
Yearly received wage (VND) ²	21,674,952	24,731,676	27,788,400	30,845,124	33,901,848	36,958,572	40,015,296	43,072,020	46,128,744
Change to USD (USD) ⁴	1,051	1,199	1,348	1,496	1,644	1,792	1,941	2,089	2,237

Source: Calculation of author based on the *Decree No.204/2004/NĐ-CP dated December 14th, 2004*, *Law on Social Insurance 2006*, *Decree 63/2010/NĐ-CP dated March 25th, 2010*, and *Decree 127/2008/NĐ-CP dated December 12th, 2008*.

2.3 The lack of government's incentive mechanism and regulations for property investors

¹ 5% of total monthly salary under the Article 91 of the *Law on Social Insurance 2006*.

² 1% of total monthly salary under the Article 15, Clause 1 of the *Decree No.63/2005/NĐ-CP dated May 16th, 2005*.

³ 1% of total monthly salary under the Article 25, Clause 1 of the *Decree 127/2008/NĐ-CP dated December 12th, 2008*.

⁴ It is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

Prior to 2009, regarding social housing policy, there were only the *Law on Housing 2005* and the *Decree No.90/2006/NĐ-CP dated September 06th, 2006* by the government but the latter was replaced by the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010* by the government. Since 2009, realizing the role of social housing model to inhabitants, the government of Vietnam has issued several investment incentives with an aim of pushing up the development of market segmentation of social housing. Notwithstanding, in practice, building developers have no desire for social housing market segment except for some domestic investors.

According to the *Law on Housing 2005* (Article 45, Clause 3), incentives for investors include an exemption from land use levy and land rent levy for the land areas used for constructing social housing buildings, and an exemption or a reduction of relevant taxes. However, the *Decree No. 90/2006/NĐ-CP dated September 06th, 2006* by the government did not specify any regulation concerning the above incentives leading to the fact that most of the building developers did not attention to the market segmentation of social housing. That was a main reason making social housing segmentation become less attractive to both domestic and foreign investors. In fact, there are a few domestic building developers who have invested their capital in social housing resulting in the severe imbalance of commercial and social housing market in Vietnam. It was not difficult to realize that building developers prefer investing in commercial housing segmentation to social housing due to the former is higher benefits and faster investment capital recovery. More importantly, there are few chances to speculate in the market segmentation of social housing, hence the investors will have no opportunities to effluence the market creating “cool” or “hot” waves with an aim of gaining profits easily.

In short, upon the above overall analysis as noted previously, it is clear that economic and market factors play a crucial role in pushing up the birth and development of social housing in Vietnam. Similar to other countries in the region and in the world at the beginning of socio-economic development process, Vietnam faced the shortage of affordable housing units to supply to its residents, particularly low-income households. In that sense, social housing is viewed as an effective solution to deal with residents' difficulties in access to housing estates. Thereby, promulgation of legal regulations really creates necessary institutional frameworks for state management and operation of the social housing segmentation. In the following part of this paper, the Vietnamese social housing policy will analyzed and assessed more specifically and based on those analyses and assessments, readers will obtain a comprehensive understanding about the formation of fundamental regulations, and can imagine their impacts on Vietnamese citizens.

Part 4

THE SOCIAL HOUSING POLICY OF VIETNAM

1. The formation of Vietnam's social housing policy

“Since 1986, the government of Vietnam has embarked upon a number of policies which are designed to permit the growth the market economy in the country” (McGee 2000, 4 & 5). Accordingly, these policies consisted of “the leasing of land, the abolishment of subsidies of price, the encouragement of private investment, and permission for the ‘individual economy’ to grow outside the state sector” (McGee 2000, 6). These have been as crucial factors impacting profoundly on the economy and the society. Under the above the state’s policies, there was no free provision of housing estate to civil servants while prior to the transitional process, they were subsidized by the government. Thereby, almost all residents had to make their autonomy to construct, rent, and purchase dwelling units depending on their own income level.

Since the introduction of Doi moi in 1986, the government has introduced a range of policies to encourage individuals, organizations, and companies to engage in constructing housing units. In 1988, the first legal document prescribing the Vietnam’s real estate namely *Law on Land* was issued but until 2005, the *Law on Housing* with the regulations on social housing was born. When it comes to legal documents of social housing, it can be listed by order as follows:

- On 29th November, 2005, the Vietnamese National Assembly adopted the *Law on Housing* and this law became effective on 1 July, 2006. This was the first law that its main purpose was “to set out comprehensive legal framework for the ownership, lease, use, and management of houses, including apartment, by local and foreign

individuals and organizations”. Likewise, it was the first time that regulations of social housing were mentioned officially and institutionalized legally.

- On 6th September, 2006, the Vietnamese Government promulgated the *Decree No.90/2006/NĐ-CP detailing and guiding the Law on Housing 2005*. This was a legal document supporting the detail guidance on the Vietnam’s housing issues including social housing.
- On 20th April, 2009, the Vietnamese Government enacted the *Resolution No.18/NQ-CP promulgating a number of mechanisms and policies to promote investment into building accommodation for students of universities, colleges, and professional intermediate schools, workers at industrial parks, and low-income people living in urban areas*. This was a legal document showing the government’s efforts and determination in enhancing the development of social housing segmentation that foreign and domestic investors have skipped over the past many years. Additionally, by this legal document, low-income individuals and families had the right to hope of renting, rent-purchasing or owning appropriate apartments to their incomes. More importantly, it was regarded as a milestone for the birth of varieties of other legal documents concerning social housing thereafter.
- On 20th April, 2009, the Vietnamese Prime Minister issued the *Decision No.65/2009/QĐ-TTg promulgating a number of mechanisms and policies on developing rented-accommodations for students of universities, colleges, and vocational schools*.
- On 24th April, 2009, the Vietnamese Prime Minister promulgated the *Decision No.66/2009/QĐ-TTg promulgating a number of mechanisms and policies on developing accommodations for workers at industrial parks*.
- On 24th April, 2009, the Vietnamese Prime Minister enacted the *Decision No.67/2009/QĐ-TTg promulgating a number of mechanisms and policies on developing housing units for low-income households living in urban areas*.
- On 15th June, 2009, the Minister of Construction issued the *Circular No.10/2009/TT-BXD guiding the management of investment projects to build dormitories for students, accommodations for workers and housing units for low-income households*.
- On 30th June, 2009, the Minister of Construction promulgated the *Circular No.13/2009/TT-BXD guiding the lease, management, and operation of dormitories for students, accommodations for workers at industrial parks*.
- On 30th June, 2009, the Minister of Construction enacted the *Circular No.14/2009/TT-BXD guiding the application of typical designs and model designs of dormitories for students, accommodations for workers and housing units for low-income households*.
- On 30th June, 2009, the Minister of Construction issued the *Circular No.15/2009/TT-BXD guiding methods to determine the rent price of dormitories for students, accommodations for workers at industrial parks, and housing units for low-income households living at urban areas as well as sale and rent-purchase prices of housing units for low-income households under projects invested by economic sectors*.

- On 30th June, 2009, the Minister of Construction promulgated the *Circular No.17/2009/TT-BXD* guiding measures to determine the rent price of dormitories for students that were invested by state budget.
- On 22nd July, 2009, the Vietnamese Prime Minister enacted the *Decision No.96/2009/QĐ-TTg* amending numerous of *Decision No.66/2009/QĐ-TTg* and *Decision No.67/2009/QĐ-TTg* dated April 24th, 2009 of the Prime Minister.
- On 16th November, 2009, the Minister of Construction issued the *Circular No.36/2009/TT-BXD* prescribing eligible conditions for residents to sale, purchase, rent, and rent-purchase low-income housing units in urban areas.
- On 23rd June, 2010, the Vietnamese Government promulgated the *Decree No.71/2010/NĐ-CP* guiding implementation of the *Law on Housing of 2005*. This Decree took effect in August 8th, 2010 and replaced the *Decree No.90/2006/NĐ-CP* dated September 6th, 2009.
- On 01st September, 2010, the Minister of Construction issued the *Circular No.16/2010/TT-BXD* detailing and guiding the implementation of the *Decree 71/2010/NĐ-CP* dated June 23rd, 2010 of the government detailing and guiding the implementation of *Law on Housing of 2005*.
- On 30st July, 2010, the Minister of Construction enacted the *Directive No.30/2010/CT-BXD* improving quality management of dormitories for students.
- On 05th November, 2010, the Prime Minister promulgated the *Decision No.70/2010/QĐ-TTg* amending and supplementing the Article 4 derived from the *Decision No.65/2009/QĐ-TTg* dated April 20th, 2009 of the Vietnamese Prime Minister promulgating a number of mechanisms and policies on developing dormitories for students of universities, colleges, and vocational schools.

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With the legal regulations listed above, especially those documents issued in two consecutive years of 2009 and 2010, it is clear to say that social housing has really become the leading concern of the Vietnamese government. Concurrently, it also reflects the residents' urgent demand for housing dwellings in the context of few affordable housing units for them to access. Therefore, the issuance of those legal regulations has had positive on the all related stakeholders, including low-income households, real estate investors, and managers.

2. The Vietnam's current regulations on social housing

Comprising 9 chapters with 153 articles, the *Law on Housing 2005* dedicated 16 articles with 41 clauses to specify the comprehensive contents of the Vietnam's social housing. Based on these general regulations, relevant decrees and ordinances by the government of Vietnam and line ministries shall be respectively enacted to provide details and guidance for its implementation, hence its enforcement will become more easily.

Like commercial housing, detached housing, official-duty housing, villa housing, and condominium housing, social housing is one of the major six types of housing governed by the *Law on Housing 2005*. Among them, social housing has been the only kind of housing that has been encouraged to develop by the government due to its significant role in the society. Since 2009, the government of Vietnam has issued a series of policies with the huge incentives to attract foreign and domestic investors, aiming at building social housing units for eligible target groups to rent and hire-purchase. The main contents of these policies will be further provided in the followings.

2.1. Investment capital sources to construct social housing estates

According to the Article 52 of the *Law on Housing 2005*, investment capital sources for constructing social housing estates shall be mobilized from the following sources:

- Proceeds from sale, rent or hire-purchase of state-owned housing units.
- 30-50% of land use levies of housing development projects in localities.
- State budget.
- Support money and voluntary contributions of domestic and foreign organizations and individuals.
- Investment capital mobilized from other sources.

More specifically, for dormitories for students that are constructed by the state budget, investment capital sources are mobilized from:

- Government bonds that are used to pay for (1) costs construction and equipments associated with dormitories and (2) costs of project management and consultancy.
- Annual budget revenues of ministries, localities, or academies that are used to pay for costs of furniture and reserve.
- Local budget revenues originated from land use and lease fees that are used to pay for compensation, site clearance, and development of land stock for dormitories. In cases, universities which are located in localities but managed by central agencies have a great demand of dormitories with over 10,000 demanded students but have tolerated difficulties in terms of capital for compensation, site clearance, and development of land stock for dormitories; they can be received a part of government bonds.

(The Article 1 of the *Decision No.70/2010/QĐ-TTg dated November 5th, 2010 by the Prime Minister*).

2.2. The land stock for development of social housing estates

This is a regulation showing the Vietnamese government’s perception and vision of social housing issue for the long term. It is necessary to reserve appropriate land areas to develop social housing units with full of facilities and services such as supermarkets, schools, hospitals, and entertainment centers. The Article 45, Clause 1 of the *Law on Housing 2005* and the Article 32 of the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government* emphasized that:

“The provincial people’s committees and the district people’s committees need to identify and allocate an essential land stock to develop social housing units when formulating and approving the following plans: the plans for land usage, the plans for urban construction, rural residential areas, economic zones, industrial parks, export processing zones, hi-tech parks in their own localities”.

Specifically:

- For the localities that have demand for social housing units, depending upon their specific respective conditions, the provincial people’s committees shall consider requesting the investors of the commercial housing projects as well as new urban-area development projects that cover an area of over 10-hectare land to reserve a necessary

land stock to develop social housing units. This land stock accounts for 20 percent the total construction areas of projects that have already developed their physical infrastructures.

In cases, investors want to transfer the above land areas to the local administrations in order to the latter build the social housing units, the investors will be refunded or be deducted the financial expenses that they have to pay to the state budget, including the expenses for compensation for site clearance and physical infrastructure construction.

- For the land stock used for building accommodations for workers of industrial parks, export processing zones, economic zones, hi-tech parks (hereinafter referred as industrial parks):
 - + For the industrial parks which are under construction, the industrial parks' management boards or enterprises that are running business in industrial parks' infrastructures shall be responsible for clearing sites and constructing the buildings' infrastructures as well as transferring them to investors. Expenses of compensation, site clearance, and infrastructure investment will be included in the land lease expenses.
 - + For the industrial parks that have been put into operation, the provincial people's committees shall be responsible for revising plans, supplementing plans, acquiring land, and making compensation for the site clearance in order to transfer the land areas to the infrastructure developers or real estate enterprises to build accommodations for workers. Expenses for site clearance are deducted from land use levy and land lease fee retained by local administrations.

2.3. The priority order for constructing social housing and commercial housing buildings within an investment project.

In cases, building developers who are nominated to build social housing buildings included in commercial housing development projects or new urban area projects, they must accomplish the construction of social housing buildings before the construction of commercial housing ones (The Article 7 of the *Circular No.16/2010/TT-BXD dated September 01st, 2010 by the Ministry of Construction*).

2.4. The design standards of social housing buildings

Under the *Law on Housing 2005* (Article 47, Clause 1 and 2), the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government* (Article 36, Clause 1), and

the *Circular No.14/2009/TT-BXD dated June 30th, 2009 by the Ministry of Construction* (Article 3), the design standards of dormitories for students, accommodations for workers and housing units for low-income households have been clarified as follows:

For social housing dwellings constructed by the state budget in the urban areas, these buildings must be condominiums. Specifically, (1) in special graded urban centers, they must be five or six-storey buildings; (2) in I, II, III, IV, and V graded urban centers, they must be under six-storey buildings. The floor area of each apartment shall not exceed 60m² and must not be smaller than 30m². By contrast, for social housing dwellings constructed by the state budget in the other areas, buildings are possible to be constructed towards detached houses or one-storey houses with many rooms.

For social housing dwellings constructed by other investment capital resources for workers of industrial parks and low-income households living in the metropolitan regions, the design standards of floor area within each apartment shall not exceed 70m². The number of storeys does not be limited and investors might adjust to increase the density and the coefficient of land usage by 1.5 times compared with the current regulations but it must be appropriate to approved plans.

For dormitories of students: minimum area of an apartment is 4m²/person, the maximum number of students per a room is 8 people.

For accommodations of workers: minimum area of an apartment is 5m²/person, the maximum number of workers per an apartment is 8 people.

According to the *Decree No.72/2001/NĐ-CP dated October 5th, 2001 by the government on classification of urban centers and urban management levels*, the criteria to classify the Vietnam's urban as follows:

Urban Classification	Number of Cities/Towns	Classification Characteristics
Special Cities (Hanoi and Ho Chi Minh City)	2	National center to promote national development More than 90% of non-agricultural labor Basically completed infrastructure Population over 1,500,000 people Population density over 15,000 people/km ²
Class I (Hai Phong, Da Nang, and Hue)	3	National center to promote national or regional development More than 85% of non-agricultural labor Completed infrastructure in many aspects Population over 500,000 people Population density over 12,000 people/km ²
Class II (Thai Nguyen, Nam Dinh, Viet Tri, Ha Long, Thanh Hoa, Vinh, Quy Nhon, Nha Trang, Buon Me Thuot, Da Lat, Bien Hoa, Vung Tau, My Tho, and Can Tho)	14	Regional center to promote inter-regional or some sector development More than 80% of non-agricultural labor Relatively completed infrastructure Population over 250,000 people Population density over 10,000 people/km ²
Class III (Vinh Yen, Bac Ninh, Hai Duong, Thai Binh, Lao Cai, Lang Son, Yen Bai, Bac Giang, Cam Pha, Dien Bien Phu, Son La, Hoa Binh, Dong Hoi, Tam Ky, Quang Ngai, Tuy Hoa, Pleiku, Phan Rang, Phan Thiet, Long Xuyen, Rach Gia, Soc Trang, and Ca Mau)	23	Regional or provincial center to promote a provincial or some sector development within province More than 75% of non-agricultural labor Completed infrastructure in certain aspects Population over 100,000 people Population density over 8,000 people/km ²
Class IV	54	Provincial center to promote a provincial development More than 70% of non-agricultural labor Completed infrastructure in certain aspects Population over 50,000 people Population density over 6,000 people/km ²
Class V	622	Provincial center to promote the district and/or rural center development More than 65% of non-agricultural labor Infrastructure in development Population over 40,000 people Population density over 2,000 people/km ²
Total	718	

Source: The Department of Architecture and Construction Planning, Ministry of Construction (2006) cited in Coulthart et al. (2006).

2.5. Regulations of monthly income level of the Vietnamese households to be entitled for renting or hire-purchasing social housing units

In order to be titled for renting or rent-purchasing social housing units, renters or hire-purchasers must be those who with a monthly average income lower than the monthly average income specified by the localities where they are living. Under the Article 38, Clause 3 of the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government*, the Provincial People's Committees shall have responsibility for determining the average and low-income level and conditions for being entitled for renting and hire-purchasing social housing units for each specific period. This information has to be released publicly on the localities' mass media or on electronic portal of the Provincial People's Committees and the Department of Construction where projects have been deploying. Thereby, the average and low-income of households living at 64 provinces of Vietnam is not the same. Granting the autonomy to local authorities in issuing the average income level in line with to the socio-economic development conditions in each province is viewed as one of the appropriate regulations to the Vietnam's reality. It allows local authorities to be more flexible in managing and operating the social housing model. However, it is not easy to determine the monthly average and low-income level of households and provincial or communal authorities can rely on several following methods:

Firstly, the local authorities can base on the average capita income level that is used for defining the poverty line in Vietnam under the *Decision No.09/2011/QĐ-TTg dated January 30th, 2011 by the Prime Minister promulgating the poverty line for the period of 2011-2015*. Specifically:

- In rural areas: Households with an average capita income of 400,000 VND (USD 19.4¹) per month (equivalent to 4,800,000 VND per year – USD 233²) or less shall be regarded as the poor.
- In urban areas: Households with an average capita income of 500,000 VND (USD 24.2³) per month (equivalent to 6,000,000 VND per year – USD 291⁴) or less shall be regarded as the poor.

Secondly, local authorities can also base on the monthly wage level of cadres, civil servants, officers, and army forces to figure out an appropriate income level that makes a basis to specify the target groups eligible for renting or hire-purchasing social housing units. In Vietnam, the monthly wage of the above target groups is calculated based on the wage coefficient and common minimize wage level. According to the Appendixes⁵ cited from the *Decree No.204/2004/NĐ-CP dated December 14th, 2004 by the government on salary and wages regimes applicable to cadres, civil servants, public servants, and armed force personnel* and the *Decree No.22/2011/NĐ-CP dated April 4th, 2011 by the government prescribing the common minimum wage level*, to date, there are seven systems of wage schedules applicable to cadres civil servants, public servants, and armed force personnel in Vietnam. The lowest wage level of a civil servant working at a state agency is 1,245,000 VND (USD 60.3⁶) (wage coefficient equivalent to 1.5, applied to staff). By contrast, the highest wage levels that one person can get amounts to 6,640,000 VND (USD 322⁷) (wage coefficient equivalent to 8.0, applied to senior experts)

¹ It is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

² Ibid: p.79.

³ Ibid: p.79.

⁴ Ibid: p.79.

⁵ These Appendixes will be indicated in the Appendixes of this paper.

⁶ It is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

⁷ Ibid: p.79.

as well as 8,632,000 VND (USD 419¹) (wage coefficient equivalent to 10.40, applied to armed forces, specifically generals).

Thirdly, in the light of the *Circular No.16/2010/TT-BXD dated September 1st, 2010 by the Ministry of Construction*, objects eligible for renting or hire-purchasing, and purchasing social housing units must have the monthly average income that are non taxable regular income stipulated by the *Law on Personal Income Tax 2009*. This means that people who have their income under 5,000,000 VND (USD 243²) per month or 60,000,000 VND (USD 2,910³) per year (prescribed at the Article 14 of the *Law on Personal Income Tax 2009*) will be the target groups eligible for renting or hire-purchasing and purchasing the social housing units built by non-state budget.

Overall, upon the current regulations as demonstrated earlier, the Chairmen of Provincial People's Committees can consider and select an average capita income ranging from 400,000 VND (USD 19.4) to 5,000,000 VND (USD 243) per month to stipulate target groups eligible for renting or hire-purchasing social housing units. Monthly average income is considered as one of the most crucial criteria that can help governors to examine and select the right individuals and families to help in the context the demand for social housing dwellings is greater than the supply. Because there are no general regulations on monthly average income across the country, this flexibility, hence, will allow local governors to enact the regulations in the line with the specific socio-economic development conditions of each province. This is seen as one of the open-regulations of the Vietnam's social housing policy.

¹ t is calculated based on the exchange rate between USD and VND by the State Bank of Vietnam in May 15th, 2011: 1 USD = 20,620 VND (Vietnam Dong).

² Ibid: p.80.

³ Ibid: p.80.

2.6. Incentives for investors to develop social housing estates

The Article 45, Clause 2 of the *Law on Housing 2005* stated: “The Government encourages domestic and foreign organizations and individuals of all economic sectors to invest their capital resources so as to develop social housing stocks”. At the same time, the Clause 3 of this Article also demonstrated specifically the incentives offered to social housing developers by the government of Vietnam. Accordingly, “social housing developers, including organizations and individuals, shall be exempted from land use levies and land rent fees, and shall enjoy the exemption or reduction of other relevant taxes under current regulations”. Specifically, the Article 34 of the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government* provided in detail that:

For social housing projects invested by non-state budget, investors will get incentives as follows:

- Exempted from the land use levies and land rent fees
- Granted with preferential value added tax rate as specified in the *Law on Value Added Tax 2008*.
- Provided with an exemption, reduction, and preferences of corporate income tax rates in accordance with the *Law on Corporate Income Tax 2003*.
- Provided with investment credits supports from following sources: preferential loans or interest rate subsidy; loans from the housing development fund or housing saving fund (if any); be supported a part of or the entire interest rates by the provincial People’s committee.
- Provided with a part of or entire capital resource used for constructing physical infrastructures of social housing development projects.
- Provided with social housing sample designs, typical designs, and other technical advances for constructing civil works free of charge in order to reduce the construction costs; entitled for applying the method of single source for the consultant service, civil works and equipment contracts.
- For enterprises that build accommodations for workers by their own investment capital resources without or with rental payment from tenants but the rental rates is not higher than that defined by the provincial people’s committee, and for the enterprises that lease the buildings for their workers’ accommodation, the

construction costs and rental costs are considered as reasonable costs in the production costs when calculating the enterprise income tax.

For projects building dormitories for students that are invested by non-state budget, in accordance with the *Decree No.69/2008/NĐ-CP dated May 30th, 2008 by the government on incentive policies for the socialization of educational, vocational, healthcare, cultural, sports, and environmental activities by the government*, the investors will get the following incentives:

- Entitled to rent localities' housing stocks, existing infrastructures, and infrastructures or buildings constructed by local authorities with preferential charge and in a long term.
- Be allotted land without land use levies.
- Entitled to rent land with a rent exemption.
- Be allotted land with land use levy but be exempted from land use levy.

In cases, investors have advanced funds for compensation and resettlement under a plan approved by a competent authority, the expenses will be refunded by the state budget.

- Be exempted from registration fees and other fees related to the land usage and the land-attached property ownership. Be reduced and exempted from infrastructure use fees.
- Be exempted value-added tax, import tax, export tax under regulations of *Law on Value Added Tax, Law on Export and Import Taxes*, and other regulations.
- Be applied income tax rate of 10% for the whole operation period. For the enterprises established after the *Decree No.69/2008/NĐ-CP dated May 30th, 2008 by the government* takes effect, they shall be exempted from corporate income tax during a 4-year period and then the tax shall be reduced by 50% for the following 5-year period. For enterprises established in areas where the government encourages investment, they shall be exempted from corporate income tax during a 4-year period, then the tax shall be reduced by 50% during the following 9-year period, and a tax rate of 10% shall be applied to the operation period.
- Provided with investment credit or be post-investment supports.
-

2.7. Criteria for selecting target groups eligible for renting or hire-purchasing social housing

According to the Article 5 of the *Circular No.36/2009/TT-BXD dated November 16th, 2009 by the Ministry of Construction*, in order to be entitled to be rent or hire-

purchased social housing units, applicants will be selected based on several criteria.

Specifically:

- Procedure: based on scoring system (with a maximum score of 100) and the priority shall be given to those who have higher scores.
- Transcript of Score:

Order	Criteria to score	Score
1	Criteria of housing dilemma	
	- Having no housing unit under ownership	50
	- Having housing unit under ownership with an average area under 5 m ² of floor area/person and the total of land is under the minimum land area that is unable to construct or reconstruct.	30
2	Criteria of eligible target groups	
	Target group 1: - Cadres, civil servants and public employees who are monthly salaried by the state budget; Officers, professional army forces (including retired people). - Households and individuals whose housing units and residential lands are acquired due to clearance or improvement of condominiums and they have already compensated by the amount of money instead of compensating by a house or a land area.	30
	Target group 2: Employees working in non-public agencies, enterprises, cooperatives, (including retired people), self-employed, private entrepreneurs whose incomes enable them to pay for the costs of social housing rental or hire-purchase.	20
3	Other priority criteria	
	- Households with 2 members or more belonging to Target group 1	10
	- Households with 1 person belonging to Target group 1 and at least 2 people belonging to Target group 2.	7
	- Households with 2 members or more belonging to Target group 2. <i>Note: In case, households and individuals meet various priority criteria, only the priority criteria with the highest score shall be applied for calculating the total scores.</i>	4
4	Priority criteria prescribed by the provincial People's Committees (specific conditions of each locality).	10

Moreover, in the light of Clause 4, Article 14 of the *Circular No.16/2010/TT-BXD dated September 1st, 2010 by the Ministry of Construction*, target groups for renting or hire-purchasing must have the monthly average income that are non taxable regular income (i.e. under 5,000,000 VND (USD 243) per month or

60,000,000 VND (USD 2,910) per year) stipulated by the *Law on Personal Income Tax 2009*.

- Based on the procedure and the Transcript of Scores as mentioned above, the provincial People’s Committees shall specify selection criteria in line with their own localities in order to guide investors to sale, rent, or hire-purchase social housing to appropriate target groups.
- Based on regulations on selection criteria promulgated by provincial People’s Committees, the investors will publicize principles, order, and target groups eligible for renting or hire-purchasing social housing under the projects they have invested.

Upon regulations as mentioned above, some provinces of Vietnam including Hanoi, Thua Thien-Hue, and Khanh Hoa have enacted various legal documents to specify selection criteria, specifically the Fourth Criteria in the Transcript of Scores. For example:

- The People’s Committee of Hanoi promulgated the *Decision No.34/2010/QĐ-UBND dated August 16th, 2010 issuing regulations on sale, rent, and hire-purchase as well as management of low-income housing in rural areas* and the *Decision No.45/2010/QĐ-UBND dated September 13th, 2010 issuing regulations on sale, rent, and hire-purchase as well as management of social housing in Hanoi*.
- The People’s Committee of Thua Thien-Hue promulgated the *Decision No.07/2011/QĐ-UBND dated March 10th, 2011 issuing priority criteria to select target groups eligible for sale, renting, and hire-purchasing low-income housing in urban areas*.
- The People’s Committee of Khanh Hoa promulgated the *Decision No.06/2011/QĐ-UBND dated March 7th, 2011 issuing regulations on sale, rent, and hire-purchase of low-income housing in urban areas*.

Also, in order to further specify and detail the Fourth Criteria in the Transcript of Scores, three provinces have issued guidance that can be illustrated by a table in the next page (See Table 17).

Table 17: Detailing the Fourth Criteria for selecting target groups of three provinces of Vietnam

Hanoi ¹	Scores	Thua Thien-Hue	Scores	Khanh Hoa ²	Scores
Revolutionary participants prior to Jan 1 st , 1945; revolutionary participants in the pre-revolution period; war-invalid soldiers, beneficiaries receiving the same allowances as those of war-invalid soldiers, Category B-war-invalid soldiers, soldiers with a reduction of working capacity by 81% or more due to diseases or injury; women rewarded the title ‘Vietnamese Mother Heroes’; heroic armed forces, labor hero in revolution periods; relatives of martyrs (parents, spouses, sons or daughters, and those who had nurtured martyrs); toxic chemical infected-revolutionary participants with a reduction of working capacity by 81% or more.	10	Women rewarded the title ‘Vietnamese Mother Heroes’, heroic armed forces, those who rewarded the title of ‘Labor Hero in Revolution Period’, war-invalid soldiers, beneficiaries receiving the same allowances as those of war-invalid soldiers, Category B-war-invalid soldiers, and soldiers with a reduction of working capacity by 81% or more due to diseases or injury.	10	<u>Priority Category 1:</u> - Cadres, civil servants, and employees owning postgraduate qualifications. - Athletes obtaining medals from international and regional sport competitions. - Professors, Associate Professors. - Scientists holding Chairperson positions of National-level Scientific Research Projects that have been applying in practice. - Those who awarded one of titles as follows: ‘People’s Artists’, ‘People’s Teachers’, ‘Elite Artists’, and ‘Elite Teachers’ or equivalent. - Those who awarded higher medal (the Labor Medal and above).	10
Those who rewarded the title of ‘Labor Hero in Renovation Period’.	10	Professors, Associate Professors, those who rewarded the title of ‘People’s Artists’, artisans, Doctor of Philosophy, those who rewarded the tile of ‘Elite Artists’, athletes achieving gold medals from international and national sport competitions.	9	<u>Priority Category 2:</u> - Young cadres, civil servants, and employees (below 35 years old) owning undergraduate qualifications. - Cadres, civil servants, employees recruited and employed for over 10 years. - Athletes obtaining medals from national sport competitions, those who awarded the title of ‘Local Emulation Fighters’.	8
War-invalid soldiers, beneficiaries receiving the same allowances as those of war-invalid soldiers, Category B-war-	8	Toxic chemical infected-revolutionary participants, war-invalid soldiers, beneficiaries receiving the same allowances	8	<u>Priority Category 3:</u> - Grade-5-skilled workers or higher. - Cadres, civil servants, and employees (35	6

¹ In cases, there are 2 households whose total scores are the same; the Provincial Department of Construction on behalf of the Provincial Committee of Selection holds a lottery to indentify a winner.

² In cases, households that have family members belong to different target groups prescribed in the Transcript of Scores, choosing a person among family members who archives the highest scores to calculate and then plus more grades under regulations of the Third Criteria in the Transcript of Scores.

invalid soldiers with a reduction of working capacity by under 81%, soldiers with a reduction of working capacity by under 81% due to diseases or injury, relatives of martyrs, toxic chemical infected-soldiers with a reduction of working capacity by under 81%.		as those of war-invalid soldiers, Category B-war-invalid soldiers, soldiers with a reduction of working capacity from 61- 80% due to diseases or injury.		years old or more) recruited and employed for under 10 years.	
Professors; those who rewarded one of titles as follows: ‘People’s Teachers’, ‘People’s Physicians’, ‘People’s Artists’, ‘People’s Artisans’; those who rewarded the ‘Most Noble Order’ such as ‘Gold Star Medal’, ‘Ho Chi Minh Medal’, ‘Independence Medal’, ‘Military Merit Medal’, ‘Motherland Protection Medal’, ‘Military Courage Medal’ and ‘the Grade-I-Labor Medal’.	6	War-invalid soldiers, beneficiaries receiving the same allowances as those of war-invalid soldiers, Category B-war-invalid soldiers, soldiers with a reduction of working capacity from 41- 60% due to diseases and injury, relatives of martyrs with a reduction of working capacity by 21-40%, revolutionary contributors receiving monthly allowances, revolutionary contributors awarded a title ‘Contributors to Motherland’, revolutionary contributors whose families received a title ‘Contributors to Motherland’, arrested-revolutionary participants in the war, international and national revolutionary participants rewarded ‘the Grade -I-Revolution Medal’ or ‘the Grade-I-Victory Medal’.	7	<u>Priority Category 4:</u> Households with a member received monthly allowances due to contributions to the revolution.	5
Associate Professors; those who rewarded one of titles as follows: ‘Elite Teachers’, ‘Elite Physicians’, ‘Elite Artists’, ‘Elite Artisans’, ‘National Emulation Fighters’, and skilled workers with the highest grade approved by competent authorities.	4			Officers, professional personnel of armed forces.	4
Households with 2 members who are cadres, civil servants or employees and have worked for over 25 years.	2			Workers with below Grade 5 of economic zones, industrial parks, processing zones, and hi-tech zones.	2

Upon the above analysis, it can be concluded that criteria for selecting a demanded household or individual entitled for sale, renting, and hire-purchasing social housing are diversified and aggregate. Among selection criteria indicated in the Transcript of Scores, it is not difficult to realize that the criterion of housing dilemma plays the most important role because it is a basic criterion for assessing target groups which have tolerated severe difficulties in accessing housing dwellings. However, to select target groups, this condition is essential but insufficient, so the government has empowered further provincial authorities via allowing them to issue regulations on priority criteria in line with their own socio-economic development conditions. Via this empowerment, the government not only wants to create the ‘open-mechanism’ to local authorities but also hopes to increase positive opportunities to access social housing estates of demanded applicants. Thereby, Criteria 1, 2 and 3 indicated in the Transcript of Scores are considered as ‘inflexible criteria’ (or ‘tough-criteria’), whilst ‘flexible criteria’ (or ‘soft-criteria’) refer to Criteria 4. Absolutely, it is expected that by ‘inflexible criteria’ and ‘flexible criteria’, application and enforcement will become easier because localities in the whole country have more autonomy to select demanded applicants in line with their own culture and socio-economic conditions.

2.8. Process for approving target groups who are entitled for renting or hire-purchasing social housing units

2.8.1 Social housing projects constructed by the state budget (Article 14, Clause 1 of the Circular No.16/2010/TT-BXD dated November 01th, 2010 by the Ministry of Construction).

- The target groups have to submit an application form and a certificate verifying that they are eligible target groups for renting or hire-purchasing social housing

units to the localities' Department of Construction where the social housing projects are constructed. If the target groups have already returned their official-duty housing units, they only need to submit a certificate of verification issued by the agencies where they are working.

- Upon receipt of the above two documents, the localities' Department of Construction, will review and examine and then submit them to the Local People's Committees.
- The Department of Construction has responsibility for establishing criteria and then submitting them to the Provincial People's Committees. These agencies will issue those selection criteria that must be publicized on the localities' mass media and on the electronic portal of the Provincial People's Committees and the Department of Construction where projects are deployed.

2.8.2 *Social housing units for low-income households* (Article 6, Clause 3 of the *Circular No.36/2009/TT-BXD dated November 16th, 2009 by Ministry of Construction*).

- The target groups have to submit an application form along with a certificate of verification proving status of residence that is verified by the Ward People's Committees. For armed forces that have no permanent or long-term temporary residence, they must submit a certificate of verification by their agencies where they are working. For self-employees, and private entrepreneurs, they must submit a certificate of verification by the Ward People's Committees verifying their personal status and occupation without approval of monthly income. For households and individuals whose housing units and residential land are acquired due to site clearance or improved condominiums and they have already compensated by the amount of money instead of compensating by the housing or land, they have to submit additionally a copy of the Decision on Residential Land Acquisition or the Decision of House Acquisition enacted by authorities plus a certificate proving an unresolved compensation of residential land or house approved by the District People's Committees.
- Upon receipt of registration dossiers, investors of low-income housing projects have responsibility for reviewing and examining each dossier based on legal regulations and then compiling a name list of demanded target tenants towards a priority order.
- Investors must send the name list of required target tenants to the local Department of Construction for the sake of examination and prevention of low-income households' violations. In cases, demanded objects target tenants included the name list were provided with residential land or housing units or have purchased, rented, hire-purchased low-income housing units derived from other projects, the Department of Construction shall send a written notice to the investors to clear their names from the name list. During 15 working days after receiving the name list, if the Department of Construction has no feedback,

investors will notice to demanded target tenants to make an agreement and sign a transaction contract.

- Upon signing a transaction contract, investors have responsibility for compiling a full list of target groups (including members of households) who have purchased, rented, and hire-purchased low-income housing units as well as have already signed transaction contracts, then send it to the Department of Construction to publicize within 30 working days since the date receiving the list. At the same time, investors must publicize this list at their offices and the real estate exchange or their website of low-income housing (if any).

2.9. Sale, rent, and hire-purchase prices of social housing units

According to the Article 39 of the *Decree No.71/2010/ND-CP dated June 23rd, 2010 by the government*, sale, rent, and hire-purchase prices of social housing units are regulated as follows:

- In cases, social housing units constructed by the state budget: sale price must cover all expenses for retrieving construction investment capital as well as expenses for maintaining, managing, and operating social housing units.
- In cases, social housing units constructed by non-state budget: (1) Sale price must cover all expenses for retrieving construction investment capital, interest rate (if any), and minimum profit. State-granted incentives must not be included in the sale price. (2) Rent and hire-purchase prices must cover all expenses for retrieving construction investment capital, interest rate (if any), expenses for maintaining, managing, and operating social housing units, and minimum profit. State-granted incentives must not be included in the rent and hire-purchase prices.

More specifically, expenses constituting the rent price of dormitories for students, accommodations for worker, and housing units for low-income households as well as the hire-purchase price of low-income housing are indicated by the Article 3 of the *Circular No.15/TT-BXD dated June 30th, 2009 by the Ministry of Construction*. Accordingly, these expenses shall cover:

- Costs of investment and construction.
- Costs of management and operation include:
 - + Salaries, allowances, expenses of social insurances, health insurances and other expenses.
 - + Costs of services such as security, sanitation, garbage collection, garden and ornamental plants, insecticides, and other services.

- + Costs of stationery, office furniture, perishable and cheap equipments.
- + Costs of water, electricity used by management agencies of buildings; electricity used for public lighting and elevator in buildings.
- + Costs of fixed asset depreciation such as: cars, desktop computers, photocopiers, and other assets.
- Costs of maintenance. They are sent to commercial banks and under ownership of management agencies of buildings.
- Norm profitability of projects that is computed by 10% of the gross value of investment projects.

While expenses constituting sale price of housing units for low-income

households in the light of the Article 4 of the *Circular No.15/TT-BXD dated June 30th, 2009 by the Ministry of Construction* shall cover:

- Costs of investment and construction.
- Costs of maintenance (applied to communal areas of buildings).
 - + For housing areas to sale: costs of maintenance are computed by 2% of sale price. These costs are included in sale price that buyers must pay.
 - + For housing areas under ownership of investors that do not sale (i.e. areas used for business and office services): investors must pay 2% of value of apartments with the highest prices.
- Costs of maintenance are sent to commercial banks and under ownerships of management agencies of buildings.
- Norm profitability of projects that is computed by 10% of the value of investment projects.

Note: Apart from the above expenses, buyers must pay monthly management and operation costs towards agreements of sale contracts.

Regarding methods used to determine prices of social housing units, the current

regulations of Vietnam stipulate that there are four types of prices in which,

1. *Rent-price of dormitories for students* shall be determined by a formula:

$$G_t = \frac{V_d + L + Q_1 + B_t - T_{dv}}{10 \times S} \times K$$

Where:

G_t : Rent price of 1 m² of a room per month (VND/m²/month)

$V_{\bar{d}}$: Costs of investment and construction that are allocated yearly towards capital preserving principles (VND/year).
 These costs are calculated by following equation.

$$V_{\bar{d}} = \frac{T_{\bar{d}} \times (1+r)^n}{(1+r)^n - 1}$$

Where:

- $T_{\bar{d}}$: Total costs of investment and construction at the time social housing buildings start launching (VND)
- r: Investment capital preserving interest rate (%/year) – It depends on authorities that have responsibilities for appraising and approving investment projects
- n: The number of years for capital retrieving – They depend on specific conditions of each projects and authorities that have responsibilities for appraising and approving investment projects but minimum duration is 20 years

L: Profitability of projects in which maximum profitability is computed by 10% of costs of investment and construction (VND/year)

Q_1 : Annual costs of management and operation (VND/year)

B_t : Annual average costs of maintenance (VND/year)

T_{dv} : Costs of business services including canteen, parking, and sport options (if any) (VND/year)

S: Entire use area of rent rooms (m²)

K: Floor coefficient determined towards a principle: $\sum k$ of 1 housing block = 1

Note: ‘10’: The number of months rented by students

2. Rent price of accommodations for workers and housing units for low-income households in urban areas are determined by formula as follows:

$$G_t = \frac{V_{\bar{d}} + L + Q_1 + B_t - T_{dv}}{12 \times S} \times K$$

G_t : Rent price of 1 m² of apartment per month (VND/m²/month)

Other components of the above formula are similar to those the rent price of dormitories for students

Note: '12': The number of months rented by workers or low-income renters

3. Sale price of social housing units for low-income households in urban areas in which:

3.1 For apartments soled under lump-sum procedure:

$$G_b = \frac{T_d + L + B_t}{S} \times K$$

Where:

G_b : Sale price of 1 m² of apartment per month (VND/m²)

T_d : Total costs of investment and construction at the time social housing buildings start launching (VND)

L: Profitability of projects in which maximum profitability is computed by 10% of costs of investment and construction (VND/year)

B_t : Costs of maintenance for communal areas (VND/year)

S: Total use areas of apartments including areas that investors sale and not sale (m²)

K: Floor coefficient determined towards a principle: $\sum k$ of 1 housing block = 1

3.2 For apartments soled under repayment procedure: Purchasers make the first payment not exceeding 20% of the gross value of the rented social housing unless there are other agreements. The duration of repayment depends on agreements between investors and purchasers but the minimum duration is 10 years.

4. Hire-purchase price of social housing for low-income households is determined by:

$$G_{tm} = \frac{A \times (V_d + L) \times K + Q_1 + B_t - T_{dv}}{12 \times S}$$

Where:

G_{tm} : Hire-purchase price of 1 m² of apartment per month (VND/m²/month)

A: Coefficient between the rest value of a hire-purchase apartment (after deducting the first payment) and the initial value of that apartment

V_d : Costs of investment and construction that are allocated yearly towards capital preserving principles (VND/year). The formula is:

$$V_{\bar{d}} = \frac{V_{\bar{d}} \times r(1+r)^n}{(1+r)^n - 1}$$

Where:

- $V_{\bar{d}}$: Total costs of investment and construction at the time social housing buildings begin launching (VND)
- r: Investment capital preserving interest rate (%/year) – It depends on authorities that have responsibilities for appraising and approving investment projects
- n: Hire-purchase duration – it depends on agreements between investors and hire-purchasers but minimum duration must be 10 years

Other components of the above formula are the same as those of the rent-price of dormitories for students

2.10. Regulations on trading social housing dwellings (Article 18, Clause 1 of *the Circular No.16/2010/TT-BXD dated November 01th, 2010 by the Ministry of Construction*)

Social housing units constructed for the sale, rent, or hire-purchase does not be traded via the real estate exchange. They are complied with specific regulations for the sale, rent, or hire-purchase of social housing dwellings.

2.11 Regulations on housing finances

According to the *Circular No.18/2009/TT-NHNN dated August 14th, 2009 by the State Bank of Vietnam detailing loan of commercial banks to households and individuals for purchasing and hire-purchasing low-income housing in urban areas*. In the light of this legal document, only cadres, civil servants, and employees as well as armed force personnel who are monthly salaried by the state budget are possible to loan money of

commercial banks to purchase and hire-purchase social housing dwellings. In order to be loaned money of commercial banks, borrowers must fully satisfy following conditions:

- Having legal capacity and legal capacity to act.
- Being qualified to purchase and hire-purchase low-income housing estates as well as being agreed by investors.
- Having a minimum equity capital equivalent to 30% of gross value of low-income housing units if borrowers want to make a payment towards lump-sum procedure.
- Having a minimum equity capital equivalent to 20% of gross value of low-income housing units if borrowers want to make a payment towards repayment procedure.
- Having financial capacity and schedules for repayment corresponding to initial commitments to commercial banks.

(Article 5 of the *Circular 18/2009/TT-NHNN dated August 14th, 2009 by the State Bank of Vietnam*).

Additionally, in the light of the Article 7 of the *Circular 18/2009/TT-NHNN dated August 14th, 2009 by the State Bank of Vietnam*, the amount of loan and loan term are stipulated as follows:

- For loan used to purchase low-income housing units towards lump-sum procedure:
 - + Commercial banks and borrowers shall make a deal about the amount of loan but not exceeding 70% of gross value of low-income housing units.
 - + Loan term depends on agreements between commercial banks and borrowers but maximum term is 5 years. In cases, borrowers have ability to repay loan to commercial banks prior to the maturity, commercial banks do not be authorized to charge borrowers for prepayment fees.
- For loan used to purchase low-income housing units towards repayment procedure and loan used to hire-purchase low-income housing units:
 - + Commercial banks and borrowers shall make a deal about the amount but not exceeding 80% of gross value of low-income housing units. Commercial banks only charge interest rate on actual incurred debt of borrowers and do not be authorized to charge borrowers for credit limit fees.
 - + Based on approved credit limit, commercial banks and borrowers shall make a deal about the amount of loan and disbursement schedules corresponding to the amount of loan and schedules of payment that borrowers commit investors to pay.
 - + Based on schedules and the amount of disbursed money as well as financial plans of borrowers, commercial banks and borrowers shall make a deal about payment schedules but the minimum duration of payment is 10 years.

According to Article 8 of the *Circular 18/2009/TT-NHNN dated August 14th, 2009 by the State Bank of Vietnam*, interest rates of loan used to purchase and hire-

purchase low-income housing shall be complied with commercial credit schemes. In cases, borrowers are supported the interest rate; this support shall be transferred to commercial banks aim to directly deduct in maturity terms.

Depending on actual situations of borrowers, commercial banks can select loan security schemes in accordance with current regulations. If borrowers make a full payment to investors and are granted the Certificate of Housing Ownership, after 10 years since the loan contracts was signed, commercial banks have the right to ask borrowers to mortgage their bought-apartments to guarantee initial loan (Article 9 of the *Circular 18/2009/TT-NHNN dated August 14th, 2009 by the State Bank of Vietnam*).

2.12 Management for social housing units (Clauses 1, 2, 3, and 4, Article 40 of the *Decree No.71/2010/ND-CP dated June 23rd, 2010 by the government*)

- In cases, social housing units constructed by state budget: investors shall select an agency to manage these buildings. If there are 2 agencies or more simultaneously register to manage, they shall be selected via bidding.
- In cases, social housing units constructed by non-state budget: investors shall manage these buildings.

Agencies managing social housing units have the right to trade services within social housing units to offset all expenses for operating and maintaining as well as to reduce rent price.

All services for managing and operating social housing units have the same mechanisms as public-utility services.

3. The impacts of the Vietnam's social housing policy

Compared with other countries in the region, seemingly the promulgation of social housing policy of the government of Vietnam and its respective ministries is later but essential under the context that Vietnam has faced the globally economic crisis, resulting in a serious degradation of the FDI resource as well as the construction industry. To date, most social housing projects have been deploying in some metropolitan areas particularly Hanoi, Ho Chi Minh City, and Da Nang and there have been only a few

projects that had launched in these cities. Indeed, the impacts of the Vietnam's social housing policy covered in this part are mainly those based on the expectations and observations that social housing policy can create in reality in the future.

Like other countries, Vietnam has experienced the lack of affordable housing units for supporting the individuals and families who are impossible to access to housing estates by their own low-income. In this sense, the birth of social housing policy is to create the necessary legal and institutional framework for domestic and foreign investors to further engage in the social housing fragment in Vietnam. This means that social housing policy is seen as an effectively guidable tool for building developers to invest in social housing segmentation. In other words, legal regulations on social housing with basic principles, framework, and institutions will guarantee the state's management of social housing construction in a smooth manner. In this case, local authorities, based on social housing regulations issued by government and ministries, shall "have a key role to play as partners in social housing development" (Coulthart et al. 2006, 3).

In addition to introducing legal and institutional framework on the state management of social housing market segmentation, it is expected that the promulgation of social housing policy will help to stabilize the real estate market. It implies that social housing policy will help to tradeoff commercial and social housing market as well as contribute to minimize negative changes of the real estate market towards frozen or hot trend. Via provision a great range of affordable housing dwellings for low-income individuals and families, it is predicted that the majority of residents who are impossible to buy accommodations by their own income can afford to rent or hire-purchase a housing unit to settle their lives. It partly assists to minimize the sale or resale of dwelling

units by speculators that is viewed as one of major factors making the abnormally increased housing price in the real estates.

Parallel with balancing the commercial and social housing sector, it is likely that social housing policy will help to establish a mechanism for creating a fair competition in the construction industry. This means that the birth of social housing policy “provides measures to encourage the sustainable growth of the construction industry at scale” (Coulthart et al. 2006, 4). In other words, thanks to the Vietnamese government’s social housing policy that was enacted in the context of economic crisis outbreak worldwide, investors including domestic building developers have started giving attention to social housing market segmentation. As a result, a number of social housing projects have been deploying in the entire country, revitalizing the construction industry. Even though the promulgation of social housing policy is to assist the economy and construction industry to overcome the global economic crisis (a short term purpose), it is also to create a fair competition for commercial and social housing construction industry (long term purpose).

Together with creating an equal competition for the construction industry, it is also anticipated that social housing policy will assist to minimize the social inequality and polarization in the Vietnamese society. Generally speaking, low and middle income households are not able to compete in the housing market, and for many of them, access to legal housing has become unaffordable in recent years whereas high income individuals not only own deluxe dwelling units with sufficient facilities but also speculate land and real estate properties. This inequality makes the gap between the rich and the poor wider and the chances for the latter to own accommodations at the market price

impossible. It is known that social housing regulations, directly or indirectly, contribute in a significant manner to improving the habitants’ quality of life in metropolitan areas.

	
<p>An old block of building needs to reconstruct in Vietnam. Source: http://www.hanoimoi.com.vn</p>	<p>More residential housing projects have been deploying in Vietnam. Source: http://nhadatvanminh.com.vn/</p>

Finally, social housing policy “has shown to be able to significantly address concerns around urban regeneration and improve housing densities” (Coulthart et al. 2006, 3). It means that social housing policy will help to restructure urban space towards approved master plans by governmental or local agencies. In effect, urban space in the Vietnam’s metropolitan areas such as Hanoi and Ho Chi Minh City has been deforming by a mixture of different types of dwelling units in terms of permanent, semi-permanent, temporary housing units or even slums. In that sense, the construction of a range of condominiums for low and middle income households will help restructure urban view and make it more beautiful. Moreover, relocation of residents to live in condominiums is considered as one of the effective solutions to improve the quality of their lives.

	
<p>An area of residential housing with master plan Source: http://www.google.com.vn</p>	<p>An area of residential housing units without master plan in Vietnam Source: http://ashui.com</p>

In conclusion, even though the birth of Vietnam’s social housing policy is later than other countries in the Asia and the world, it is expected that this policy will assist Vietnamese residents to easily access to affordable housing estates and assist them to settle their lives. With the social housing policy, it is also anticipated that there will an appropriately legal and institutional framework for domestic and foreign investors to engage in the social housing market segmentation. Also, social housing policy, under expectations of policy-makers, will help to stabilize the real estate market as well as create a fair competition in the construction industry. Furthermore, it is likely that the birth of social housing policy is to minimize social inequality and polarization that have been emerging in the Vietnamese society and to restructure the urban space towards approved master plans. Upon analysis as mentioned, there are evidences proving that the birth of Vietnam’s social housing policy is objectively indispensable and its role in the society and the economy is undeniable. It is a fact that Vietnam’s social housing policy has just been issued so it needs the time for being applied and tested. Nonetheless, during the past enforcement period, it is not difficult to realize that social housing policy is

containing several inadequacies that will be examined and assessed in the following part.

This is one of the major contents of this paper.

PART 5

INADEQUACIES OF THE VIETNAM'S SOCIAL HOUSING POLICY

The fact should be noted in discussing about inadequacies of the Vietnam's social housing policy is that, although these policies were promulgated in 2005 and amended by policy-makers, they have been applied and enforced for only a short period of time. As mentioned previously, in this part, numerous inadequacies in terms of loopholes or shortcomings of social housing policy will be indicated and will act as an underlying basis for the recommendations put forwards in the sixth part.

The *Law on Housing 2005* became officially effective in July 01st, 2006 and until now, various regulations have been amended towards more appropriate to the real context. Even so, during the enforcement process, there are some inadequacies that need to be revised as follows:

1. Limitation of beneficiaries

With the efforts to address the issues of housing affordability, the government of Vietnam has developed social housing model that has launched in almost all nations across the world since the nineteenth century. Social housing, however, is only for some specific target groups due to limited supply in the market. This leads to the fact that the socially vulnerable groups such as pensioners, the elderly (particularly lone elderly), retired individuals, disabled people, unemployed or even homeless people have few chances to get benefits brought about by the social housing policy even though these are those who really need durable shelters. It, as a result, “contributed to enhancing inequality between social groups and strengthening the existing social hierarchy” (Gough

et al. 2009, 176). It seems that the Vietnam's social housing policy inherited the former policy of housing subsidization that had carried out prior to the Doi moi period and was abolished in the end 1980s. Perhaps, the severe lack of social housing units at the current time makes policy-makers have to limit the target groups eligible for renting or hire-purchasing. Provided that the state cannot immediately support housing dwellings to socially vulnerable groups, in the long-term run, it is necessary to promulgate regulations to help them to settle their lives.

One more thing that needs to be emphasized here is that many Vietnamese households, to date, still maintain traditional family model in which all members live together and share mutual narrow living spaces. Among them, several couples have gotten married and wanted to move outside but failed due to financial difficulties. Consequently, "households with several young people who have formed their own families often have to subdivide their living spaces in order to accommodate them and have to accept overcrowding" (Gough et al. 2009, 182). These young families, at the same time, are not classified as the target groups eligible for renting or hire-purchasing social housing estates but they really have their demand to live separately with their grandparents and parents. For this case, there has not yet been any regulations prescribing their right to rent or hire-purchase social housing dwellings.

In short, it is undeniable that because of the limited state budget, to date, only some target groups get benefits from social housing policy. There is a fact that, initially, the priority for renting or hire-purchasing social housing estates is given to the people within the state system and then it has extended to some other target groups such as students and workers. The government's assistance currently to some target groups does

not mean that other classes in the society are neglected. On one side, this is considered as a zero-sum game. However, at the present time, there is no choice for the government of Vietnam when the number of individuals and families who have demands for social housing units further outweighs the number of accommodations constructed. This reality has been accepted by the majority of citizens, but in the long-term, the government should consider extending the coverage so that other citizens and households in the society shall be able to enjoy the benefits of social housing policy.

2. There are few housing policies for the young generation

Along with limited scope of beneficiaries as mentioned above, the Vietnam's regulations on social housing do not cover the demands for housing by another target groups who are students from outer provinces graduated from universities, colleges, and vocational training centers and want to look for employment with high income and durably settlement in urban areas. Nowadays, "youth aged from 14-25 are currently the largest demographic segment constituting a quarter of the total population of Vietnam" (The Ministry of Health 2005 cited in Gough et al. 2009, 182), thereby the government should take care of them because the youth is the future generation of the country. Moreover, according to the preliminary statistics of the General Statistics Office of Vietnam (2010, 565 & 569), in 2009, among 1.79 million students who were studying at 403 universities and colleges, there were 246.6 thousand of graduates whist out of 699.7 thousand students of 282 professional secondary schools, the figure of graduates was 203.5 thousand students. Although the number of Vietnamese graduates yearly only accounts for from 1/6 (from universities and colleges) to 1/3 (from professional secondary schools) of the total enrolment students, these graduates are impossible to

settle their lives and tolerate dilemmas of housing access due to lack of legal regulations, these days.

	
<p>A range of motels for students in the Vietnam's urban areas. Sources: http://www.dothi.net</p>	<p>A range of modernized motels for students, workers to rent in the Vietnam's urban areas. Source: http://mag.ashui.com</p>

Under current regulations, students are the target groups eligible for renting rooms of dormitories during the studying period but after their graduation, they have to move out. Since the attraction of higher promotion, income, and better living conditions in metropolitan areas, numerous graduates do not want to return to their home towns and desire to find an appropriate employment in urban areas. To maintain their lives, graduates have to rent rooms in a range of motels with insufficient living facilities and instantly increasing rent price. This not only affects their quality of life but also creates instabilities in the areas where they are living. Consequently, during their studying period students are eligible to live in dormitories with sufficient facilities, but after their graduation, they have to suffer from a dilemma of accommodations. This is considered as an unequal housing opportunity of the young generation in Vietnam.

As an inevitable outcome of a “winner” and “loser” pattern, the Vietnamese youth specifically outer-province graduates are facing unequal opportunities for dwelling access caused by the shortage of housing supply. To date, social housing in Vietnam is under the

pressure and this makes low-income individuals and families, including youth generation suffered from dilemma of dwelling access while the Vietnamese government’s supply capacity is limited. Indeed, to balance the beneficiaries’ right, governors and policy-

makers should issue regulations as soon as possible to create more positive opportunities for the youths to access to social housing units.

3. The shortage of urban infrastructures within social housing projects

	
<p>A dormitory namely the <i>Hacinco Student Village</i> that was built in 2001 in Hanoi, Vietnam. Source: http://www.hanoimoi.com</p>	<p>A dormitory for workers namely the <i>Linh Trung industrial parks</i> in Ho Chi Minh City, Vietnam. Source: http://mag.ashui.com</p>

Generally speaking, social housing units in Vietnam are constructed in outer metropolitan regions because of the low land price and clearance costs. These are suburban areas or regions that are newly expanded for implementing investment projects, relocating or constructing new administration agencies. Even so, inside these areas, there are few urban infrastructure systems such as schools, hospitals, supermarkets, transportation systems, and entertainment centers, thus having seriously adverse impacts

on the residents' daily lives. This same pattern is true to commercial housing model in Vietnam today.

According to the Article 6, Clause 1 of the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government*, investors, when preparing dossiers of housing development projects, have to reserve a land area to build social infrastructure systems such as kindergartens, schools, healthcare centers, sport and entertainment facilities, and parks except for the cases the social infrastructure systems have been available in the project areas. Additionally, under the Article 7, Clause 1 of the *Decree No.71/2010/NĐ-CP dated June 23rd, 2010 by the government*, authorities when issue a decision approving a housing development project must specify clearly areas for construction of social physical and social infrastructures in this decision. However, there are several evidences proving that, in effect, housing developers seem only focus on developing and constructing commercial housing buildings to trade without taking care of developing social infrastructure systems around these buildings. To date, the shortage of social infrastructure systems within both commercial and social housing projects has adverse impacts on the inhabitants' quality of life. For some residents, they can accept to live in apartments within social housing buildings due to the fact that they have no other choice when the number of social housing units is limited. Even so, the state management viewpoint, this is an imbalanced development and even it is seen as an unsustainable development. Thereby, it is essential to issue more legal regulations to govern the issue in the coming period.

4. Purchasers and hire-purchasers are also impossible to purchase and hire-purchase social housing units by their own income regardless of the government's great assistances

It is a fact that, to date, although government has promulgated a series of regulations with financial and land use incentives to encourage building developers to invest their capital in developing social housing units with lower price than the market price. In fact, the price of housing dwellings is so expensive that purchasers and hire-purchasers are impossible to purchase by their own income. According to the Baomoi's Homepage (2011), price of a low-income apartment with 10,000,000 VND/m² (USD 485) is appropriate to demanded people, while for an individual who wants to purchase an apartment with 70 m², he or she needs to pay 700,000,000 VND (USD 33,948). Compared with his or her monthly salary, current social housing price is still a burden for demanded people regardless of supported-great assistances by the government. If he or she has not got enough money for his or her payment, he or she must loan money of commercial banks to purchase social housing estates. Interest rates of loan, however, as indicated previously, are complied with commercial credit schemes. This means that borrowers must pay interests with unfixed rates launched by commercial banks where they loan, and these rates have rapidly increased over many past years. Though maximum term of payment is from 12 to 15 years, with sharply increased interest rates (for instances: Seabank: 17.5%, Habubank: 17.8%, ACB, Kien Long Bank, and HD Bank: 18%, Southern Bank and Techcombank: 19.2% (Lai suat's Homepage, 2011), there are a few households and individuals who want to loan money of commercial banks to purchase social housing units. In other words, target groups, which are eligible to

purchase or hire-purchase social housing estates, are not able to afford to pay loan when their income is mainly used to pay for basic necessities. Consequently, almost all purchasers are not interested in housing loan that are available at entire commercial banks in Vietnam, these days. Thereby, it is necessary to amend current regulations on housing finance so as to either support demanded people to access social housing dwellings easier and more effectively.

In all, the Vietnamese social housing policy was enacted initially in 2005 and has been revised and amended instantly during last two years. This demonstrates that the government of Vietnam has been making its efforts to assist residents to access to social housing dwellings. Although several legal documents were replaced by new ones, there are still various inadequacies existed. Perhaps, for a short term, some inadequacies can be accepted by almost all population, however, for a long term, they should be perfected and remedied to meet the residents' needs. Also, at the present, people may agree to share difficulties with the government, but for a long time, the government needs to ensure that almost all citizens not only access to affordable housing estates with full of necessary facilities and utilities but also enjoy the healthy living environment. More importantly, the government of Vietnam should learn the way of thinking about social housing units from Singaporean that those who live in social housing units are not the poor although social housing estates are only for low-income individuals and families. Additionally, the emergence of social housing buildings does not increase the equality in the society; by contrast it helps to narrow the gap between the poor and the rich.

PART 6

SOLUTIONS TO IMPROVE SOCIAL HOUSING POLICY OF VIETNAM

1. Principles for improving social housing policy

1.1 Ensuring and facilitating residents to access to affordable housing units with adequate utilities.

In addition to ensuring the accessibility to affordable dwelling units by low-income households, Vietnam's social housing policy should also facilitate them to adequately access to social and physical infrastructures in areas where they are living. This means that the Vietnam's social housing policy is not only to solve residents' needs of shelter but also contribute to further improving their quality of life. Indeed, renovating and perfecting social housing policy should be started for helping residents to utilize adequately social and physical infrastructures such as roads, bus stops, hospitals, schools around social housing buildings. Only ensure this condition, the social meaning of social housing policy is promoted in reality.

1.2 Minimizing delinquencies and low compliance rate of appliers

There is a fact that the Vietnam's social housing policy has issued, amended, and replaced many times by the government and ministries during the past time. These amendment and replacement are to help legal regulations to become more appropriate with the reality as well as minimize inadequacies during the enforcement process. Minimizing the potential delinquencies and low compliance rate of appliers and residents should be considered as one of crucial principles for improvement of the Vietnam's social housing policy. Because once this principle is carried out, it will help to build the

population's trust to a social policy that has been attracting the great attention of the most of low-income households.

1.3 Social housing policy should be set for a long term vision

The main purpose of social housing policy is to deal with the immediate shelter demand by residents who are impossible to purchase accommodations at market price. There is a fact that social housing policy of Vietnam, these days, is only formulated for short-term objectives, not for a long term vision. Thereby, policy-makers need to contemplate the rapid development growth and constant changes of the economy to formulate policies that have capacity to response to both immediate and long term needs of the residents. It implies that when formulating social housing policy, policy-makers and governors should forecast some future situations such as housing demand by families with a broadened scope, detached housing demand, and demand for housing by families with middle income. Vietnam can learn experiences from Singapore, Hong Kong, and Thailand in issuing social housing policy appropriate to each target group in a specific period and consider applying it in its own reality.

11. Solutions to improve social housing policy

2.1 Expand scope of beneficiaries

Due to the shortage of state budget, nowadays, there are several beneficiaries who benefit from social housing policy in Vietnam. However, as mentioned in the previous part, under the long vision, the Vietnam's social housing policy should target vulnerable groups including the elderly, disabilities, and retired people to minimize the inequality between different classes in the society. In addition to bridging the gap between the low and high-income households, this is also seen as a crucial solution to improve residents'

quality of life. For long vision, the government of Vietnam should consider this problem to ensure that almost all residents who are incapable of purchasing an accommodation with their income will be entitled to own social housing units with the government's assistances.

As mentioned in the Part II, this paper only focuses on analyzing the experiences of Singapore, Hong Kong, and Thailand that gained significant successes in supporting affordable housing units to low-income households. It is widely accepted that before gaining currently distinct outcomes, the three nations also faced various difficulties and even experienced a number of failures. From their successes and failures, Vietnam should consider and select its own procedures to develop and manage effectively social housing model appropriately to the Vietnam's reality. Like Vietnam, Singapore and Hong Kong suffered from the lack of affordable housing units for low-income households at the initial period of development process and they were impossible to provide social housing estates to almost all demanded citizens. Nonetheless, these three nations did very well afterwards. Vietnam should refer to Singapore's and Hong Kong's experiences in issuing social housing policy for the elderly, pensioners, single individuals, and families with a huge size to apply creatively to its practice. Vietnam may also develop social housing projects similar to Thailand in which social housing units are detached dwellings with land ownership right. This type of housing estate normally is suitable for families with big large size or middle-income households. After making their payment, purchasers can reconstruct and equip more facilities or utilities towards their favorites and income but must ensure that the houses' general architecture is unchangeable. More importantly,

these houses' price has to be affordable implying that it must be lower than the current market price.

2.2 Enacting more policies targeting to young generation

In addition to promulgating policy aiming at providing social housing for workers and students, it is essential to enact more policies targeting to the young generation who have graduated from universities, colleges, and vocational training schools. There is a fact that majority of Vietnamese students, nowadays, prefer to look for jobs with high income and quick promotion chance in urban areas and do not want to return to their home towns. If provinces in the whole country further develop social housing projects, it will contribute to reducing grate pressures of shelter for big cities such as Hanoi and Ho Chi Minh City. Simultaneously, this also helps to attract a considerable number of students to return to their home towns in order to prepare potential human resource for localities.

For a long term, developing social housing projects for the graduates should be a policy that the state needs to target. Currently, under the current regulations, after graduating from universities and colleges, students have to terminate their social housing rental contracts and then they will be target groups eligible for renting or hire-purchasing housing estates. However in practice, graduates have few positive chances to be applicants to rent or hire-purchase social housing dwellings. Indeed, creating positive opportunities for the young generation to access to social housing is an urgent requirement that should be received the concerns of policy-makers and governors.

2.3 Promulgating polices to enhance the development of social infrastructures within social housing projects

The government and ministries should issue more legal regulations or formulate plans promoting development of social infrastructures such as kindergartens, schools, hospitals, healthcare centers, entertainment centers and technical infrastructures, including bus stops, roads within social housing projects. This is to improve population's living quality meaning that residents can use public services and take part in communal activities in areas where they are living. It is undeniable that due to insufficient facilities in areas around social housing buildings, households have to use public services in inner cities result in overloaded capacity of those bases. Thereby, to achieve sustainable development of urban areas and, more importantly, to balance socio-economic development between center and areas outside cities, it is necessary to enact specific mechanisms and policies aiming at encouraging investors to develop projects with harmonized social and physical urban infrastructures.

In order to facilitate residents living in social housing buildings use public services in a convenient manner and participate in communal activities, in the next period, the government needs to locate appropriately social and technical infrastructures in both commercial and social housing projects. In fact, according to current legal regulations, building developers who would like to invest in housing projects have to design the areas for constructing social infrastructures inside their projects that they are going to submit to governors. Therefore, before approving these projects, governors also need to contemplate and figure out the scope of population and households as well as demand of the residents so as to decide the size and the number of kindergartens, schools, and hospitals. The government should promulgate more preferential regulations to encourage

investors to develop the social infrastructure development projects around social housing buildings.

2.4 Amending regulations on housing finance to assist target groups to hire-purchase and purchase social housing unit.

It is essential to revise and amend regulations on housing finance to help households and individuals to hire-purchase and purchase social housing estates. The State Bank of Vietnam should promulgate regulations on preferential-fixed-interest rate that is applied to entire commercial banks. This helps to alleviate financial burden and create positive opportunities for households and individuals to access social housing dwellings easier and more effectively. Mortgaged-apartments are shown as insured-properties, so for commercial banks, loan is completely secured.

There is no denying the fact that it is uneasy for all demanded people to purchase, rent or hire-purchase social housing units in Vietnam, today. Additionally, all procedures for reviewing, appraising and approving applicants who are eligible to purchase, rent and hire-purchase social housing, upon current regulations, are rigid. Supposing, selected-candidates would like to purchase social housing but they are unable due to financial dilemma. If commercial banks do not support fixed-interest rates to borrowers, no one wants to loan with daily raised-interest rates and then suffers from financial burden. Indeed, it is essential to integrate policy and finance solutions to help households and individuals to access social housing dwellings.

Briefly, the Vietnamese social housing policy officially issued in 2005 but at that time, it did not attract a great attention by the entire society. Four years later, with the Vietnamese government's and ministries' strong and huge efforts, numerous new legal

documents have been promulgated to revise, amend, or replace previous regulations aiming at pushing up the development of social housing market segment. To date, it can be said that social housing policy is still in a perfection progress, hence it needs to be regularly revised and amended to further meet population's needs as well as make it more appropriate to the economy's rapid changes. Hopefully, with the above given recommendations, several inadequacies of the Vietnamese social housing policy will also be perfected so that its positive impacts shall be spilled over the entire society. In remedying social housing policy, the government of Vietnam should refer to the Singapore's, Hong Kong's, and Thailand's experiences because their successes in developing social housing model are worthy to learn.

CONCLUSION

Vietnam is one of the developing countries in the Asia and the introduction of Doi moi (renovation) policy in 1986 has unleashed completely structural change in this country. Even though Vietnam has gained distinct socio-economic achievements, at the same time, it has also faced difficulties, including the shortage of housing units for low-income households, these days. This negatively influences residents' living quality as well as the government's long-term economic development objectives. Therefore, in order to assist population to access to housing units that they are capable of purchasing by their own income, since 2009 the government of Vietnam has promulgated a series of social housing policies in which an initially priority is to support to state cadres, civil servants, low-income individuals and families, students and workers. To date, social housing projects have been deploying in the whole country and there are a few buildings launched in the market. It is a fact that with 87.3 million people in 2009 (The World Bank's Homepage 2010) so Vietnamese' demand for housing is great and now it outweighs supply by building developers. Social housing is really an emerging issue in Vietnam nowadays and social housing policy, indeed, plays a key role in helping the government to manage and operate this new field.

The Vietnam's social housing policy is viewed as one of the humanitarian policies. Its promulgation is to assist low-income households to access to affordable housing units via a range of the government's assistances. Although this policy has been enacted and amended constantly over the past five years by the government of Vietnam and line ministries, it still needs to be improved in the coming period with an aim to better meet

better residents' demand. The findings of this paper are mainly based on analysis and assessments of the Vietnam's current social housing policy as well as experiences from Singapore, Hong Kong, and Thailand which gained significant successes in developing social housing model. Similarly, the recommendations put forwards in this paper are mainly for a long vision. Hopefully, the inadequacies of the Vietnam' social housing policy will be perfected and remedied as soon as possible so that this policy really become a useful tool that can help to reduce inequality and improve population's quality of life.

APPENDIX

1. Law on Cadres and Civil Servants 2008: According to the Article 4, cadres and civil servants are:

1. Cadres are Vietnamese citizens who are elected, approved and appointed to hold posts or titles for a given term of office in agencies of the Communist Party of Vietnam, the State, socio-political organizations at the central level, in provinces and centrally run cities (below collectively referred to as provincial level), in districts, towns and provincial cities (below collectively referred to as district level), included in the payrolls and salaried from the state budget.

2. Civil servants are Vietnamese citizens who are recruited and appointed to ranks, posts or titles in agencies of the Communist Party of Vietnam, the State, socio-political organizations at the central, provincial and district levels; in People's Army agencies and units, other than officers, professional military personnel and defense workers; in People's Police offices and units other than officers and professional non-commissioned officers, and in the leading and managerial apparatuses of public non-business units of the Communist Party of Vietnam, the State and socio-political organizations (below collectively referred to as public non-business units), included in the payrolls and salaried from the state budget; for civil servants in the leading and managerial apparatuses of public non-business units, they are salaried from the salary funds of these units according to law.

3. Cadres of communes, wards and townships (below collectively referred to as commune level) are Vietnamese citizens who are elected to hold posts for a given term of office in People's Council standing bodies and People's Committees, as Party secretaries and deputy secretaries, and as heads of socio-political organizations. Commune-level civil servants are Vietnamese citizens who are recruited to hold specialized titles in commune-level People's Committees, included in the payrolls and salaried from the state budget.

2. Decree No. 204/2004/NĐ-CP dated December 14th, 2004 by the government on salary and wages regimes applicable to cadres, civil servants, public servants, and armed force personnel

Note: Common minimum salary applicable to officials, public employees, public servants and armed force personnel shall be in accordance with the provisions of *Decree No.203/2004/ND-CP of December 14th, 2004 by the government* prescribing minimum salary level and this minimum salary is 290,000 VND (equivalent to USD 14.8) per month. From May 01st, 2010 to present, the common minimum salary is 730,000 VND (equivalent to USD 37.4) per month according to the *Decree No.28/2010/ND-CP dated March 25th, 2010 by the government* prescribing the common minimum salary level. In these following tables, the common minimum salary level that serves as basis for calculating wage levels in the system of salary scales, salary tables and salary-allowance levels for the State sector; calculating salary levels inscribed in labor contracts by enterprises which build salary scales and wage tables under the provisions of labor legislation; and for applying a number of other regimes to laborers according to law provisions. The salary indicated inside these tables are based on the figure of common minimum salary in the year of 2004. Therefore, in order to calculate the concise salary for 2010, we should use common minimum salary of the year of 2010.

Table 1:

SALARY SCHEDULE FOR SENIOR EXPERTS
(Issued together with the Decree 204/2004/NĐ-CP dated December 14th, 2004
by the government)

Unit: 1,000 VND

	Grade 1	Grade 2	Grade 3
Multiplier	<u>8.80</u>	<u>9.40</u>	<u>10.00</u>
Salary levels applicable as of 01/10/2004	2,552.0	2,726.0	2,900.0

Note: The above salary grades are applied for those who do not hold a position of authority (either elected for appointed) in the fields of politics, administration, economics, science and technology, education, health care, culture and art.

Table 2:

SALARY GRADES FOR CADRES AND PUBLIC SERVANTS IN STATE AGENCIES
(Issued together with the Decree 204/2004/NĐ-CP dated December 14th, 2004 by the government)

Unit: 1,000 VND

No	Category Groups	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12
1	Public servants of type A3												
a	Group 1 (A3.1) Multiplier Salary levels applicable as of 01/10/2004	<u>6.20</u> 1,798.0	<u>6.56</u> 1,902.4	<u>6.92</u> 2,006.8	<u>7.28</u> 2,111.2	<u>7.64</u> 2,215.6	<u>8.00</u> 2,320.0						
b	Group 2 (A3.2) Multiplier Salary levels applicable as of 01/10/2004	<u>5.75</u> 1,667.5	<u>6.11</u> 1,771.9	<u>6.47</u> 1,876.3	<u>6.83</u> 1,980.7	<u>7.19</u> 2,085.1	<u>7.55</u> 2,189.5						
2	Public servants of type A2												
a	Group 1 (A2.1) Multiplier Salary levels applicable as of 01/10/2004	<u>4.40</u> 1,276.0	<u>4.74</u> 1,374.6	<u>5.08</u> 1,473.2	<u>5.42</u> 1,571.8	<u>5.76</u> 1,670.4	<u>6.10</u> 1,769.0	<u>6.44</u> 1,867.6	<u>6.78</u> 1,966.2				
b	Group 2 (A2.2) Multiplier Salary levels applicable as of 01/10/2004	<u>4.00</u> 1,160.0	<u>4.34</u> 1,258.6	<u>4.68</u> 1,357.2	<u>5.02</u> 1,455.8	<u>5.36</u> 1,554.4	<u>5.70</u> 1,653.0	<u>6.04</u> 1,751.6	<u>6.38</u> 1,850.2				
3	Public servants of type A1												
	Multiplier Salary levels applicable as of 01/10/2004	<u>2.34</u> 678.6	<u>2.67</u> 774.3	<u>3.00</u> 870.0	<u>3.33</u> 965.7	<u>3.66</u> 1,061.4	<u>3.99</u> 1,157.1	<u>4.32</u> 1,252.8	<u>4.65</u> 1,348.5	<u>4.98</u> 1,444.2			
4	Public servants of type A0												
	Multiplier	<u>2.10</u>	<u>2.41</u>	<u>2.72</u>	<u>3.03</u>	<u>3.34</u>	<u>3.65</u>	<u>3.96</u>	<u>4.27</u>	<u>4.58</u>	<u>4.89</u>		

	Salary levels applicable as of 01/10/2004	609.0	698.9	788.8	878.7	968.6	1,058.5	1,148.4	1,238.3	1,328.2	1,418.1		
5	Public servants of type B												
	Multiplier	<u>1.86</u>	<u>2.06</u>	<u>2.26</u>	<u>2.46</u>	<u>2.66</u>	<u>2.86</u>	<u>3.06</u>	<u>3.26</u>	<u>3.46</u>	<u>3.66</u>	<u>3.86</u>	<u>4.06</u>
	Salary levels applicable as of 01/10/2004	539.4	597.4	655.4	713.4	771.4	829.4	887.4	945.4	1,003.4	1,061.4	1,119.4	1,177.4
6	Public servants of type C												
a	Group 1 (C1)												
	Multiplier	<u>1.65</u>	<u>1.83</u>	<u>2.01</u>	<u>2.19</u>	<u>2.37</u>	<u>2.55</u>	<u>2.73</u>	<u>2.91</u>	<u>3.09</u>	<u>3.27</u>	<u>3.45</u>	<u>3.63</u>
	Salary levels applicable as of 01/10/2004	478.5	530.7	582.9	635.1	687.3	739.5	791.7	843.9	896.1	948.3	1,000.5	1,052.7
b	Group 2 (C2)												
	Multiplier	<u>1.50</u>	<u>1.68</u>	<u>1.86</u>	<u>2.04</u>	<u>2.22</u>	<u>2.40</u>	<u>2.58</u>	<u>2.76</u>	<u>2.94</u>	<u>3.12</u>	<u>3.30</u>	<u>3.48</u>
	Salary levels applicable as of 01/10/2004	435.0	487.2	539.4	591.6	643.8	696.0	748.2	800.4	852.6	904.8	957.0	1,009.2
c	Group 3 (C3)												
	Multiplier	-	-	-	-	-	-	-	-	-	-	-	-
	Salary levels applicable as of 01/10/2004	<u>1.35</u>	<u>1.53</u>	<u>1.71</u>	<u>1.89</u>	<u>2.07</u>	<u>2.25</u>	<u>2.43</u>	<u>2.61</u>	<u>2.79</u>	<u>2.97</u>	<u>3.15</u>	<u>3.33</u>
		391.5	443.7	495.9	548.1	600.3	652.5	704.7	756.9	809.1	861.3	913.5	965.7

Note:

1. In State agencies, if there are positions for cadres and public servants of those categories subject to the application of Table 3 then their salaries shall be calculated in accordance with the categories specified in Table 3. Salary payment shall be in accordance with the regulations in the agencies/institutions in which these incumbents are working.
2. When salaries are calculated on the basis of new salary categories and grades, if the previous salary grade is higher than the highest salary grade in the new salary category, then the balance shall be converted to the seniority allowance for working experience beyond the limit for the highest salary grade in the new category.
3. The salary multipliers applicable to public servant categories of type C (including C1, C2 and C3) have taken into account the higher-than-normal working levels.
4. Cadres and public servants, who meet the standards and conditions and whose position is in accordance with the categories and there is still higher scale in the same professional field, shall be considered for participation in salary scale promotion test on the basis of the required minimum working time in the category:

- For cadres, public servants of type B and C: no minimum working time in the category is required
 - For cadres, public servants of type A0 and A1: minimum working time in the category is 9 years (including working time in other equivalent categories)
 - For cadres, public servants of type A2: minimum working time in the category is 6 years (including (working time in other equivalent categories)
5. In the implementation process, if there arise titles for cadres, public servants (categories) in addition to those stipulated in the part on objects of application in table 2, Ministries and Ministerial agencies responsible for the management of relevant categories of professional public servants shall propose to Ministry of Home Affairs to issue titles and professional standards for such categories of public servants and guidance for salary calculation suitable for such categories of public servants.

OBJECTS OF APPLICATION OF TABLE 2

1- Public servants of type A3:

- Group 1 (A3.1):

No.	Categories of public servants
1	Senior expert
2	Senior inspector
3	Senior tax controller
4	Senior auditor
5	Senior bank examiner
6	Senior custom inspector
7	Senior auditor
8	Senior market inspector

- Group 2 (A3.2):

No.	Categories of civil servants
1	Senior accountant
2	Senior phyto-zoological veterinary controller

2- Public servants of type A2:

- 1 (A2.1):

No.	Categories of public servants
1	Principal expert
2	Law enforcers in provinces and cities under the Government
3	Principal inspector
4	Principal tax investigator
5	Principal auditor
6	Principal bank examiner
7	Principal custom inspector
8	Principal auditor
9	Principal market inspector

- Group 2 (A2.2):

No.	Categories of public servants
1	Principal accountant
2	Principal phyto-zoological veterinary controller
3	Principal dyke inspector ^(*)

3- Public servants of type A1:

No.	Categories of public servants
1	Expert
2	Law enforcers in districts, cities under the provincial level
3	Notary public
4	Inspector

5	Accountant
6	Tax inspector
7	Auditor
8	Bank examiner
9	Custom inspector
10	Phyto-zoological veterinary controller
11	Principal forestry ranger
12	Dyke inspector ^(*)
13	Auditor
14	Market inspector

4- Public servants of type A0: to be applicable to the scales of public servants which are required to hold collegial degrees; Ministries and ministerial equivalents shall be responsible for the management of scales of public servants in their respective specialist domain and they shall propose to the Ministry of Home Affairs for issuance of job title, professional requirements and standards for the scales and guidelines for suitable salary levels to be applicable for these scales. (Public servants of type A0 shall take tests to be promoted to Public servants of type A2 – group 2 in the same specialist profession when they are eligible).

5- Public servants of type B:

No.	Categories of public servants
1	Junior functionary
2	inter-mediate accountant
3	Tax collector/inspector
4	cash, precious metal and stone treasurers (in a bank) ^(*)
5	Intermediate custom inspector
6	Phyto-zoological veterinary control technician
7	Forestry inspector
8	Intermediate dyke inspector ^(*)
9	Testing and preserving technician
10	Intermediate market inspector

6- Public servants of type C:

- Group 1 (C1):

No.	Categories of public servants
1	Cashier at treasuries and banks
2	Cash checker
3	Custom officer
4	Junior forestry inspector
5	Store keeper of group I
6	Store keeper of group II
7	Guard/security staff

- Group 2 (C2):

No.	Categories of public servants
1	Institutional cashier
2	Tax official

- Group 3 (C3): Category of junior accountants

Note: The category marked with an asterisk (*) means that there is a change in the classification of public servants.

Table 3:

**PROFESSIONAL SALARY SCHEDULE APPLICABLE TO CADRES AND CIVIL SERVANTS
IN STATE PUBLIC SERVICE AGENCIES**

(Issued together with the Decree 204/2004/NĐ-CP dated December 14th, 2004 by the government)

Unit: 1,000 VND

No	Category groups	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12
1	Civil servants of type A3												
a	Group 1 (A3.1) Multiplier Salary levels applicable as of 01/10/2004	<u>6.20</u> 1,798.0	<u>6.56</u> 1,902.4	<u>6.92</u> 2,006.8	<u>7.28</u> 2,111.2	<u>7.64</u> 2,215.6	<u>8.00</u> 2,320.0						
b	Group 2 (A3.2) Multiplier Salary levels applicable as of 01/10/2004	<u>5.75</u> 1,667.5	<u>6.11</u> 1,771.9	<u>6.47</u> 1,876.3	<u>6.83</u> 1,980.7	<u>7.19</u> 2,085.1	<u>7.55</u> 2,189.5						
2	Civil servants of type A2												
a	Group 1 (A2.1) Multiplier Salary levels applicable as of 01/10/2004	<u>4.40</u> 1,276.0	<u>4.74</u> 1,374.6	<u>5.08</u> 1,473.2	<u>5.42</u> 1,571.8	<u>5.76</u> 1,670.4	<u>6.10</u> 1,769.0	<u>6.44</u> 1,867.6	<u>6.78</u> 1,966.2				
b	Group 2 (A2.2) Multiplier Salary levels applicable as of 01/10/2004	<u>4.00</u> 1,160.0	<u>4.34</u> 1,258.6	<u>4.68</u> 1,357.2	<u>5.02</u> 1,455.8	<u>5.36</u> 1,554.4	<u>5.70</u> 1,653.0	<u>6.04</u> 1,751.6	<u>6.38</u> 1,850.2				
3	Civil servants of type A1												
	Multiplier Salary levels applicable as of	<u>2.34</u> 678.6	<u>2.67</u> 774.3	<u>3.00</u> 870.0	<u>3.33</u> 965.7	<u>3.66</u> 1,061.4	<u>3.99</u> 1,157.1	<u>4.32</u> 1,252.8	<u>4.65</u> 1,348.5	<u>4.98</u> 1,444.2			

	01/10/2004												
4	Civil servants of type A0 Multiplier Salary levels applicable as of 01/10/2004	<u>2.10</u> 609.0	<u>2.41</u> 698.9	<u>2.72</u> 788.8	<u>3.03</u> 878.7	<u>3.34</u> 968.6	<u>3.65</u> 1,058.5	<u>3.96</u> 1,148.4	<u>4.27</u> 1,238.3	<u>4.58</u> 1,328.2	<u>4.89</u> 1,418.1		
5	Civil servants of type B Multiplier Salary levels applicable as of 01/10/2004	<u>1.86</u> 539.4	<u>2.06</u> 597.4	<u>2.26</u> 655.4	<u>2.46</u> 713.4	<u>2.66</u> 771.4	<u>2.86</u> 829.4	<u>3.06</u> 887.4	<u>3.26</u> 945.4	<u>3.46</u> 1,003.4	<u>3.66</u> 1,061.4	<u>3.86</u> 1,119.4	<u>4.06</u> 1,177.4
6	Civil servants of type C												
a	Group 1 (C1) Multiplier Salary levels applicable as of 01/10/2004	<u>1.65</u> 478.5	<u>1.83</u> 530.7	<u>2.01</u> 582.9	<u>2.19</u> 635.1	<u>2.37</u> 687.3	<u>2.55</u> 739.5	<u>2.73</u> 791.7	<u>2.91</u> 843.9	<u>3.09</u> 896.1	<u>3.27</u> 948.3	<u>3.45</u> 1,000.5	<u>3.63</u> 1,052.7
b	Group 2: workers in charnel-house (C2) Multiplier Salary levels applicable as of 01/10/2004	<u>2.00</u> 580.0	<u>2.18</u> 632.2	<u>2.36</u> 684.4	<u>2.54</u> 736.6	<u>2.72</u> 788.8	<u>2.90</u> 841.0	<u>3.08</u> 893.2	<u>3.26</u> 945.4	<u>3.44</u> 997.6	<u>3.62</u> 1,049.8	<u>3.80</u> 1,102.0	<u>3.98</u> 1,154.2
c	Group 3: Herbal medical practitioner (C3) Multiplier Salary levels applicable as of 01/10/2004	<u>1.50</u> 435.0	<u>1.68</u> 487.2	<u>1.86</u> 539.4	<u>2.04</u> 591.6	<u>2.22</u> 643.8	<u>2.40</u> 696.0	<u>2.58</u> 748.2	<u>2.76</u> 800.4	<u>2.94</u> 852.6	<u>3.12</u> 904.8	<u>3.30</u> 957.0	<u>3.48</u> 1,009.2

Note:

1. In public service agencies, if there are positions for cadres and civil servants of those categories subject to the application of Table 2 then their salaries shall be calculated in accordance with the categories specified in Table 2. Salary payment shall be in accordance with the regulations in the agencies/institutions in which these incumbents are working.

2. When salaries are calculated on the basis of new salary categories and grades, if the previous salary grade is higher than the highest salary grade in the new salary category, then the balance shall be converted to the seniority allowance for working experience beyond the limit for the highest salary grade in the new category.

3. The salary multipliers applicable to categories of civil servants of type C (including C1, C2 and C3) have taken into account the higher-than-normal working levels

4. Cadres and public servants, who meet the standards and conditions and whose position is in accordance with the categories and there is still higher scale in the same professional field, shall be considered for participation in salary scale promotion test on the basis of the required minimum working time in the category:

- For cadres and civil servants of type B and C: no minimum working time in the category is required
- For cadres and civil servants of type A0 and A1: minimum working time in the category is 9 years (including working time in other equivalent categories)
- For cadres and civil servants of type A2: minimum working time in the category is 6 years (including working time in other equivalent categories)

5. In the implementation process, if there arise titles for cadres and civil servants (categories) in addition to those stipulated in the part on objects of application in table 3, Ministries and Ministerial agencies responsible for the management of relevant categories of professional civil servants shall propose to Ministry of Home Affairs to issue titles and professional standards for such categories of civil servants and guidance for salary calculation suitable for such categories of civil servants.

OBJECTS OF APPLICATION OF TABLE 3

1- Civil servants of type A3:

- Group 1 (A3.1):

No	Categories of civil servants
1	Senior Architect
2	Senior Researcher
3	Engineer
4	Senior benchmark setter
5	Senior Surveyor
6	Senior Forecaster
7	Senior Professor - Lecturer
8	Senior Doctor
9	Senior Pharmacist
10	Senior Editor - Playwright - Translator
11	Senior Reporter - Commentator
12	Senior film director
13	First-class Actor/Actress
14	Senior Painter
15	Senior Coach

- Group 2 (A3.2):

No	Categories of civil servants
1	Senior archivist
2	Senior zoopathological diagnostician
3	Senior forecaster
4	Senior pesticide-herbicide tester
5	Senior phyto-seed tester
6	Senior newscaster
7	Senior cameraman ^(*)
8	Senior musicologist
9	Senior librarian
10	Senior methodologist ^(*)
11	Senior sound editor ^(*)
12	Senior cataloguer ^(*)

2- Civil servants of type A2:

- Group 1 (A2.1):

No	Categories of civil servants
1	Principal Architect
2	Principal Researcher
3	Principal engineer
4	Principal benchmark setter

No	Categories of civil servants
5	Principal surveyor
6	Principal Forecaster
7	Principal Associate Professor - Lecturer
8	Principal medical doctor
9	Principal Pharmacist
10	Principal Editor – Playwright - Translator
11	Principal Reporter - Commentator
12	Principal film director
13	Principal painter
14	Principal coach

- Group 2 (A2.2):

No	Categories of civil servants
1	Principal Archivist
2	Principal zoopathological diagnostician
3	Principal phyto-pathological forecaster
4	Principal pesticide – herbicide tester
5	Principal phyto-seed tester
6	Senior Secondary school teacher
7	Principal newscaster
8	Principal Cameraman (*)
9	Senior film editor
10	Second-class actor/actress
11	Principal musicologist
12	Principal librarian
13	Methodologist Principal (*)
14	sound editor Principal (*)
15	Cataloguer Principal (*)

3- Civil servants of type A1:

No	Categories of civil servants
1	Archivist
2	Zoopathological diagnostician
3	Phyto-pathological forecaster
4	Pesticide – herbicide tester
5	Phyto-seed tester
6	Architect
7	Researcher
8	Engineer
9	Benchmark setter

No	Categories of civil servants
10	Surveyor
11	Forecaster
12	Principal surveyor
13	Lecturer
14	Secondary school teacher ⁽¹⁾
15	Doctor ⁽²⁾
16	Senior nurse
17	Senior birth attendant
18	Senior medical technician
19	Pharmacist
20	Editor – Playwright - Translator
21	Reporter - Commentator
22	Cameraman ^(*)
23	Principal film editor
24	Film director
25	Painter
26	Musicologist
27	Librarian
28	Methodologist ^(*)
29	Principal tourist guide
30	Principal propagandist
31	Coach
32	Sound editor ^(*)
33	Cataloguer ^(*)

4- Civil servants of type Ao:

No	Categories of civil servants
1	Junior secondary school teacher ^(*)
2	Newscaster ^(*)

Other categories of public servants that are required to hold collegial degrees; Ministries and ministerial equivalents that are responsible for the management of specialist categories of public servants in their respective specialist domain shall propose to the Ministry of Home Affairs for issuance of job titles, professional requirements and standards for the respective categories and guidelines for suitable salary grades to be applicable for these categories. (Public servants of type A0 shall take tests to be promoted to Public servants of type A2 – group 2 in the same specialist profession when they are eligible).

5- Civil servants of type B:

No	Categories of civil servants
1	Intermediate archivist
2	Archiving technician
3	Zoopathological diagnosis technician
4	Phyto-pathological forecasting technician
5	Pesticide – herbicide testing technician
6	Phyto-seed testing technician
7	Technician

No	Categories of civil servants
8	Surveyor
9	Primary school teacher
10	Preschool teacher ⁽³⁾
11	Medical practitioner
12	Principal nurse
13	Principal Birth attendant
14	Principal medical technician
15	Intermediate pharmacist
16	Principal pharmaceutical technician
17	Film editor
18	Third-class actor/actress
19	Intermediate painter
20	Musicological technician
21	Intermediate librarian
22	Tourist guide(in culture – information sector)
23	Propagandist
24	Tourist guide (in sports sector)

6- Civil servants of type C:

- Group 1 (C1):

No	Categories of civil servants
1	Junior surveyor
2	Nurse
3	Birth attendant
4	Medical technician
5	Nurse's aide
6	Prescription clerk
7	Pharmaceutical technician

- Group 2 (C2): Categories of staff working at mortuaries

- Group 3 (C3): Categories of public health workers (category of herbal medical practitioners)

Note:

Categories with an asterisk mark (*) means that there has been a change in the classification of civil servants.

(1) Junior secondary school teachers' salaries shall be calculated based on those for civil servants of type A0.

(2) For the category of medical doctor: Those who graduates from boarding training programs and who are recruited as medical doctors shall, during the probation period, be entitled to the salary which is calculated based on the salary grade applied to scale 2 of categories of medical

doctors; after the probation period, if they are appointed to the category of medical doctor then they will be entitled to the salary grade applicable to scale 2 of the category of medical doctors. The time when they are appointed to category of medical doctors will be the starting point in the calculation of working time needed for the consideration of salary promotion.

Galenic physician/herbalist shall be entitled to salary grade for the category of medical doctors requiring the same level of training.

(3) Preschool teachers which have not met the required standards shall be entitled to the salary grade applicable to the category of Civil servants of type C - Group 1.

Table 4:

**SALARY SCHEDULE FOR STAFF MEMBERS, SERVICE WORKERS IN STATE AGENCIES
AND IN STATE PUBLIC SERVICE AGENCIES
(Issued together with the Decree 204/2004/ND-CP dated December 14th, 2004 by the government)**

Unit: 1,000 VND

No	Category Groups for staff	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12
1	Drivers Typing technician Multiplier Salary levels applicable as of 01/10/2004	<u>2.05</u> 594.5	<u>2.23</u> 646.7	<u>2.41</u> 698.9	<u>2.59</u> 751.1	<u>2.77</u> 803.3	<u>2.95</u> 855.5	<u>3.13</u> 907.7	<u>3.31</u> 959.9	<u>3.49</u> 1,012.1	<u>3.67</u> 1,064.3	<u>3.85</u> 1,116.5	<u>4.03</u> 1,168.7
2	Technician Multiplier Salary levels applicable as of 01/10/2004	<u>1.65</u> 478.5	<u>1.83</u> 530.7	<u>2.01</u> 582.9	<u>2.19</u> 635.1	<u>2.37</u> 687.3	<u>2.55</u> 739.5	<u>2.73</u> 791.7	<u>2.91</u> 843.9	<u>3.09</u> 896.1	<u>3.27</u> 948.3	<u>3.45</u> 1,000.5	<u>3.63</u> 1,052.7
3	Typists Security guard Multiplier Salary levels applicable as of 01/10/2004	<u>1.50</u> 435.0	<u>1.68</u> 487.2	<u>1.86</u> 539.4	<u>2.04</u> 591.6	<u>2.22</u> 643.8	<u>2.40</u> 696.0	<u>2.58</u> 748.2	<u>2.76</u> 800.4	<u>2.94</u> 852.6	<u>3.12</u> 904.8	<u>3.30</u> 957.0	<u>3.48</u> 1,009.2
4	Filing clerk Multiplier Salary levels applicable as of 01/10/2004	<u>1.35</u> 391.5	<u>1.53</u> 443.7	<u>1.71</u> 495.9	<u>1.89</u> 548.1	<u>2.07</u> 600.3	<u>2.25</u> 652.5	<u>2.43</u> 704.7	<u>2.61</u> 756.9	<u>2.79</u> 809.1	<u>2.97</u> 861.3	<u>3.15</u> 913.5	<u>3.33</u> 965.7
5	Service workers Multiplier Salary levels applicable as of 01/10/2004	<u>1.00</u> 290.0	<u>1.18</u> 342.2	<u>1.36</u> 394.4	<u>1.54</u> 446.6	<u>1.72</u> 498.8	<u>1.90</u> 551.0	<u>2.08</u> 603.2	<u>2.26</u> 655.4	<u>2.44</u> 707.6	<u>2.62</u> 759.8	<u>2.80</u> 812.0	<u>2.98</u> 864.2

Note:

1. When salaries are determined on the basis of new salary categories and grades, if the previous salary grade is higher than the highest salary grade in the new salary category, then the balance shall be converted to the seniority allowance for working experience beyond the limit for the highest salary grade in the new category.

2. The salary multipliers applicable to the categories of staff members and service workers in State agencies and State Public service agencies in this schedule have taken into account the higher-than-normal working level requirements.

3. The salary multiplier applicable to working public servants in communes who have not graduated professional training courses as required shall be 1.18.

4. According to classification of public servants and civil servants:

- Staff members and service workers in the permanent payroll of State agencies shall get the same salary multiplier as the one applicable to public servants of staff category and equivalentents.
- Staff members and service workers on the permanent payroll of State public service units shall be entitled to the same salary multiplier as the one applicable to civil servants of staff category.

5. The staff members in categories listed in this salary schedule who meet the required standards and conditions, and who hold a post in accordance with the category shall be considered for taking the test to be eligible for promotion to such categories as those of public servants and civil servants of type A0 and A1 with no condition of minimum working time in the category and with no regards of the current salary multiplier applicable to them.

Table 5:

**SALARY LEVELS FOR FULL TIME CADRES IN COMMUNES, WARDS, TOWNS
Issued together with the Decree 204/2004/ND-CP dated December 14th, 2004
by the government)**

Unit: 1,000 VND

No	Leadership Titles	Grade 1	Grade 2
1	Party committee secretary Multiplier Salary levels applicable as of 01/10/2004	<u>2.35</u> 681.5	<u>2.85</u> 826.5
2	Vice secretary of the Party committee Chairperson of People's council Chairman of People's committee Multiplier Salary levels applicable as of 01/10/2004	<u>2.15</u> 623.5	<u>2.65</u> 768.5
3	Standing member of the Party Committee President of Vietnam Fatherland Front Vice chairman of People's council Vice Chairman of People's committee Multiplier Salary levels applicable as of 01/10/2004	<u>1.95</u> 565.5	<u>2.45</u> 710.5
4	Head of organizations/societies Member of People's committee Multiplier Salary levels applicable as of 01/10/2004	<u>1.75</u> 507.5	<u>2.25</u> 652.5

Note

- Communal organizations include: Communist Youth Union, Women's Union, Farmers' Association, and Veterans' Association.
- People graduating from college or higher-level educational institutions who were voted to work as full-time cadres in communes, wards and towns shall have their salary determined on the basis of their current titles and be entitled to the multiplier that makes up for the discrepancy between the salary multiplier of grade 1 applicable to public servants with equivalent level of training and education and the salary multiplier applicable to their position titles if their salary levels computed on the basis of their current position title are lower than those of grade 1 applicable to public servants with the same level of training and education. When salary grade is promoted to grade 2 in the category applicable to their current full-time position, (starting from their second tenure) discrepancy multiplier will be reduced correspondingly. For people who no longer hold full-time position in communes, wards, towns and if they are employed to work as public servants in State agencies (from

Central agencies to those of communes, wards, and towns) and as civil servants in State public service agencies, then the period in the tenure shall be taken into account in the classification of salary grades in the regular salary increment regime.

3. For public servants in communes, wards and towns who are elected to full-time responsible positions in communes, township, the provisions on remunerations and compensations for cadres, public servants in communes, wards, towns as provided for in Point e, Clause 1, Article 4 in *Decree 121/2003/NĐ-CP dated October 21st, 2003 by the government* shall be applied.

4. The remunerations for members of the communal militia as provided for in Article 22 of *Decree 184/2004/NĐ-CP dated November 02nd, 2004 by the government* shall be recomputed on the basis of new salary levels to be applicable to full-time cadres at communes, wards and towns as provided for in this Decree (except that the salary multiplier of 1.46 applicable for vice head of communal militia as provided for by the provision 3 of Article 22 of *Decree 184/2004/NĐ-CP by the government* shall be replaced by a new salary multiplier of 1.86). The new salary levels will be effective from January 01st, 2005.

Table 6:

**RANK-BASED SALARY SCHEDULES APPLICABLE TO OFFICERS IN PEOPLE'S
ARMY TO OFFICERS, NON-COMMISSIONED OFFICERS IN PEOPLE'S PUBLIC
SECURITY FORCE**

(Issued together with the Decree 204/2004/NĐ-CP dated December 14th, 2004
by the government)

1. Rank-based salary schedule

Unit: 1,000 VND

No	Ranks	Multiplier	Salary levels applicable as of 01/10/2004
1	General	10.40	3,016.0
2	Senior lieutenant-general	9.80	2,842.0
3	Lieutenant-general	9.20	2,668.0
4	Brigadier	8.60	2,494.0
5	Colonel	8.00	2,320.0
6	Senior lieutenant-colonel	7.30	2,117.0
7	Lieutenant-colonel	6.60	1,914.0
8	Major	6.00	1,740.0
9	Captain	5.40	1,566.0
10	Senior lieutenant	5.00	1,450.0
11	First lieutenant	4.60	1,334.0
12	Second lieutenant	4.20	1,218.0
13	Sergeant major	3.80	1,102.0
14	Sergeant	3.50	1,015.0
15	Corporal	3.20	928.0

**2. Rank-based salary increment schedule applicable to officers in people's army force
and people's public security force**

Unit: 1,000 VND

No	Ranks	First salary increment	Second salary increment
1	Colonel Multiplier Salary level applicable as of 01/10/2004	<u>8.40</u> 2,436.0	<u>8.60</u> 2,494.0
2	Senior Lieutenant Colonel Multiplier Salary levels applicable as of 01/10/2004	<u>7.70</u> 2,233.0	<u>8.10</u> 2,349.0

3	Lieutenant-colonel Multiplier Salary levels applicable as of 01/10/2004	<u>7.00</u> 2,030.0	<u>7.40</u> 2,146.0
4	Major Multiplier Salary levels applicable as of 01/10/2004	<u>6.40</u> 1,856.0	<u>6.80</u> 1,972.0
5	Captain Multiplier Salary levels applicable as of 01/10/2004	<u>5.80</u> 1,682.0	<u>6.20</u> 1,798.0
6	Senior lieutenants Multiplier Salary levels applicable as of 01/10/2004	<u>5.35</u> 1,551.5	<u>5.70</u> 1,653.0

Note: For army ranks of brigadier and higher, first and second salary increment shall not be applied.

Table 7:

**SALARY SCHEDULE APPLICABLE TO PROFESSIONAL SOLDIERS IN PEOPLE'S ARMY AND TECHNICAL SPECIALIST
IN PEOPLE'S PUBLIC SECURITY FORCE**

(Issued together with the Decree 204/2004/NĐ-CP dated December 14th, 2004 by the government)

Unit: 1,000 VND

No	Titles	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12
1	Senior professional soldiers												
a	Group 1												
	Multiplier	<u>3.85</u>	<u>4.20</u>	<u>4.55</u>	<u>4.90</u>	<u>5.25</u>	<u>5.60</u>	<u>5.95</u>	<u>6.30</u>	<u>6.65</u>	<u>7.00</u>	<u>7.35</u>	<u>7.70</u>
	Salary levels applicable as of 01/10/2004	1,116.5	1,218.0	1,319.5	1,421.0	1,522.5	1,624.0	1,725.5	1,827.0	1,928.5	2,030.0	2,131.5	2,233.0
b	Group 2												
	Multiplier	<u>3.65</u>	<u>4.00</u>	<u>4.35</u>	<u>4.70</u>	<u>5.05</u>	<u>5.40</u>	<u>5.75</u>	<u>6.10</u>	<u>6.45</u>	<u>6.80</u>	<u>7.15</u>	<u>7.50</u>
	Salary levels applicable as of 01/10/2004	1,058.5	1,160.0	1,261.5	1,363.0	1,464.5	1,566.0	1,667.5	1,769.0	1,870.5	1,972.0	2,073.5	2,175.0
2	Intermediate professional soldiers												
a	Group 1												
	Multiplier	<u>3.50</u>	<u>3.80</u>	<u>4.10</u>	<u>4.40</u>	<u>4.70</u>	<u>5.00</u>	<u>5.30</u>	<u>5.60</u>	<u>5.90</u>	<u>6.20</u>	-	-
	Salary levels applicable as of 01/10/2004	1,015.0	1,102.0	1,189.0	1,276.0	1,363.0	1,450.0	1,537.0	1,624.0	1,711.0	1,798.0		
b	Group 2												
	Multiplier	<u>3.20</u>	<u>3.50</u>	<u>3.80</u>	<u>4.10</u>	<u>4.40</u>	<u>4.70</u>	<u>5.00</u>	<u>5.30</u>	<u>5.60</u>	<u>5.90</u>	-	-
	Salary levels applicable as of 01/10/2004	928.0	1,015.0	1,102.0	1,189.0	1,276.0	1,363.0	1,450.0	1,537.0	1,624.0	1,711.0		
3	Junior intermediate professional soldiers												
a	Group 1												
	Multiplier	<u>3.20</u>	<u>3.45</u>	<u>3.70</u>	<u>3.95</u>	<u>4.20</u>	<u>4.45</u>	<u>4.70</u>	<u>4.95</u>	<u>5.20</u>	<u>5.45</u>	-	-

	Salary levels applicable as of 01/10/2004	928.0	1,000.5	1,073.0	1,145.5	1,218.0	1,290.5	1,363.0	1,435.5	1,508.0	1,580.5		
b	Group 2												
	Multiplier	<u>2.95</u>	<u>3.20</u>	<u>3.45</u>	<u>3.70</u>	<u>3.95</u>	<u>4.20</u>	<u>4.45</u>	<u>4.70</u>	<u>4.95</u>	<u>5.20</u>	-	-
	Salary levels applicable as of 01/10/2004	855.5	928.0	1,000.5	1,073.0	1,145.5	1,218.0	1,290.5	1,363.0	1,435.5	1,508.0		

3. Law on Social Insurance 2006:

Article 2: Subjects of application:

Laborers entitled to participate in compulsory social insurance are Vietnamese citizens, including:

a/ Persons working under contracts of indefinite term or contracts of a term of full three months or longer;

b/ Cadres, officials, public servants;

c/ Defense workers, police workers;

d/ Officers and professional personnel of the people's army; professional officers and non-commissioned officers, technical officers and non-commissioned officers of the people's police; persons engaged in cipher work and enjoying salaries like army person or police person;

e/ Non-commissioned officers and soldiers of the people's army and non-commissioned officers and combatants of the people's police on term services;

f/ Persons working overseas for a definite term who previously paid compulsory social insurance premiums.

2. Employers entitled to participate in compulsory social insurance include state agencies, non-business units, people's armed force units; political organizations, socio-political organizations, socio-professional-political organizations, socio-professional organizations, other social organizations; foreign agencies and organizations, international organizations operating in the Vietnamese territory; enterprises, cooperatives, individual business households, cooperative groups, other organizations and individuals hiring, employing and paying wages to laborers.

3. Laborers entitled to participate in unemployment insurance include Vietnamese citizens working under labor contracts or working contracts of indefinite term or a term of between full twelve months and thirty six months for employers specified in Clause 4 of this Article.

4. Employers entitled to participate in unemployment insurance are employers specified in Clause 2 of this Article who employ ten or more laborers.

5. Persons entitled to participate in voluntary social insurance are working-age Vietnamese citizens who are not specified in Clause 1 of this Article.

6. Agencies, organizations and individuals related to social insurance.

Laborers participating in compulsory social insurance, laborers participating in unemployment insurance and persons participating in voluntary social insurance are hereinafter collectively referred to as laborers.

Article 5: Social insurance principles

1. The level of social insurance entitlement shall be calculated on the basis of the premium rate, the social insurance payment duration and the sharing among social insurance participants.
2. The payable compulsory social insurance or unemployment insurance premium shall be calculated on the basis of laborers' salary or remuneration. The payable voluntary social insurance premium shall be calculated on the basis of the income level selected by laborers, which, however, must be at least equivalent to the common minimum salary.
3. Laborers who pay both compulsory and voluntary social insurance premiums are entitled to the retirement regime and survivorship allowance regime on the basis of the duration of payment of social insurance premiums.
4. The social insurance fund shall be managed in a uniform, democratic, open and transparent manner, be used for proper purposes and be independently accounted according to the component funds of compulsory social insurance, voluntary social insurance and unemployment insurance.
5. Social insurance shall be implemented in a simple, easy and convenient manner, promptly and adequately ensuring the interests of the insured.

Article 91: Levels and modes of payment by laborers

1. Monthly, laborers defined at Points a, b, c and d of Clause 1, Article 2 of this Law shall pay 5% of their salaries or remuneration into the retirement and survivorship allowance funds; and from 2010 on, an additional 1% shall be paid for every two years until the payment level of 8% is achieved.
2. Laborers enjoying salaries or remuneration according to production or business cycles in agricultural, forestry, fishery or salt-making enterprises shall be subject to the monthly social insurance premium payment levels specified in Clause 1 of this Article; payment shall be made on a monthly, quarterly or biannual basis.
3. The levels and modes of payment by laborers defined at Point f, Clause 1, Article 2 of this Law shall be stipulated by the Government.

Article 92: Levels and modes of payment by employers

1. Monthly, employers shall make payments calculated on the funds of social insurance payment salaries and remuneration of laborers defined at Points a, e, c and d, Clause 1, Article 2 of this Law as follows:
 - a/ 3% into the sickness and maternity fund; of which 2% shall be withheld by employers to pay in time to laborers entitled to the regime specified in Section 1 and Section 2, Chapter III of this Law and conduct settlement thereof on a quarterly basis with social insurance organizations;

b/ 1% into the labor accident and occupational disease fund;

c/ 11% into the retirement and survivorship allowance fund; from 2010 on, an additional 1% shall be paid for every two years until the payment level reaches 14%.

2. Monthly, employers shall make payments calculated on the common minimum salary for each laborer defined at Point e, Clause 1, Article 2 of this Law as follows:

a/ 1% into the labor accident and occupational disease fund;

b/ 16% into the retirement and survivorship allowance fund; from 2010 on, an additional 2% shall be paid for every two years until the payment level reaches 22%.

3. Employers of agricultural, forestry, fishery or salt-making enterprises who pay salaries according to production or business cycles shall make monthly payments at the levels specified in Clause 1 of this Article; payments shall be made on a monthly, quarterly or biannual basis.

4. Decree No.63/2005/ND-CP dated May 16th, 2005 promulgating the medical insurance regulations

Article 3: Subjects of compulsory medical insurance

Compulsory medical insurance shall apply to the following subjects:

1. Vietnamese laborers (hereinafter referred to as laborers for short) working under labor contracts with a term of full 3 months or more and labor contracts with an indefinite term in enterprises of all economic sectors, agencies, non-business units and armed force units as follows;

a/ Enterprises established and operating under the State Enterprise Law;

b/ Enterprises established and operating under the Enterprise Law;

c/ Enterprises established and operating under the Law on Foreign Investment in Vietnam;

d/ Enterprises in the fields of agriculture, forestry, fishery and salt-making;

e/ Cooperatives established and operating under the Cooperative Law;

f/ Enterprises of political organizations or socio-political organizations;

g/ State agencies, non-business units, political organizations, socio-political organizations, socio-politic-professional organizations, socio-professional organizations, other social organizations; armed force units;

h/ Commune, ward or township health stations;

i/ Preschools;

j/ Foreign agencies and organizations or international organizations based in Vietnam, except for cases otherwise provided for by international treaties, multilateral or bilateral agreements which the Socialist Republic of Vietnam has signed or acceded to;

k/ Semi-public, people-founded and private establishments in the cultural, health, education and training, scientific, sport and physical training and other non-business branches;

l/ Other organizations employing laborers.

2. Public employees and servants under the Ordinance on Public Employees.

3. People who are enjoying the retirement regime or monthly social insurance allowances.

4. People with meritorious services to the revolution as provided for by law.

5. Resistance war activists and their blood children affected by toxic chemicals used by the US in the wars in Vietnam and currently enjoying monthly allowances.

6. Incumbent National Assembly deputies who are not on the state payroll and payrolls of socio-political organizations; incumbent deputies to People's Councils at all levels not on the state payroll or not enjoying the monthly social insurance regime.

7. Commune, ward or township cadres who have retired and are enjoying monthly social insurance allowances and old and weak commune cadres who have retired and are enjoying monthly allowances from the state budget under the Government Council's Decision No. 130/CP of June 20, 1975 and the Ministers' Council's Decision No. 111/HDBT of October 13, 1981.

8. Relatives of people's army officers on active service; relatives of professional officers working in the people's police force.

9. People enjoying social support in the form of monthly allowances.

10. People aged 90 years or more and elderly people defined in Article 6 of the Government's Decree No. 30/2002/ND-CP of March 26, 2002 stipulating and guiding the implementation of the Ordinance on the Elderly.

11. People entitled to medical examination and treatment under the Prime Minister's Decision No. 139/2002/QĐ-TTg of October 15, 2002 on medical examination and treatment for the poor.

12. Veterans in anti-French and anti-US wars other than those who have participated in compulsory medical insurance mentioned above.

13. Foreign students who are studying in Vietnam with the Vietnamese State's scholarships.

14. For laborers working in enterprises, agencies and organizations defined in Clause 1 of this Article, working under labor contracts with a term of under 3 months, at the expiration of their labor contracts, if they continue working or enter into new labor contracts with the employing enterprises, organizations or individuals, they must participate in compulsory medical insurance.

Article 15: Medical insurance premiums and responsibility to pay compulsory medical insurance premiums

1. For subjects defined in Clauses 1 and 2, Article 3 of this Regulation: their monthly medical insurance premiums shall be equal to 3% of their monthly salaries, wages or subsistence allowances plus position-based allowances, working seniority allowances, beyond-bracket seniority allowances, region-based allowances and difference coefficient in reservation (if any), of which 2% shall be paid by labor users and 1% by laborers.

2. For subjects who are pensioners or provided with working capacity loss allowances: their monthly medical insurance premium shall be equal to 3% of their pensions or social insurance allowances, which shall be paid directly by social insurance agencies.

3. For subjects who are provided with monthly labor accident or occupational disease allowances; rubber workers who are laid off and provided with monthly allowances; those who are provided with allowances under the Prime Minister's Decision No. 91/2000/QĐ-TTg of August 4, 2000 and subjects defined in Clauses 4, 5, 6, 7, 8, 9 and 12, Article 3 of this Regulation, their monthly medical insurance premiums shall be equal to 3% of the minimum salary currently in force.

4. For subjects defined in Clauses 10 and 11, Article 3 of this Regulation: a temporary annual premium shall be VND 50,000/person/year.

5. For subjects defined in Clause 13, Article 3 of this Regulation (foreign students studying in Vietnam with Vietnam's scholarships): their monthly medical insurance premiums shall be equal to 3% of their monthly scholarships, which shall be paid by scholarship-granting agencies.

6. The state budget shall cover payable medical insurance premiums for subjects entitled to social insurance before October 1, 1995 and subjects defined in Clauses 4, 5, 6, 7, 8, 9, 10, 11 and 12, Article 3 of this Regulation. The Social Insurance Fund shall cover payable medical insurance premiums for subjects no longer entitled to social insurance from October 1, 1995.

7. The Government shall adjust the levels of compulsory medical insurance premiums when necessary.

8. Labor users in enterprises are encouraged to pay all medical insurance premiums for laborers (in this case, medical insurance premiums 2% shall be accounted into production costs and 1% shall be covered by the enterprises' funds).

9. If participants in compulsory medical insurance also participate in voluntary medical insurance, they shall have to pay, apart from compulsory medical insurance premiums as stated

above, voluntary medical insurance premiums according to regulations for voluntary medical insurance services they are entitled to.

5. Decree No.72/2001/ND-CP dated 5th October, 2001 of the Vietnamese Government on classification of urban centers and urban management levels, the criteria to classify for each urban center in Vietnam as follows:

Article 8: The urban centers of the special grade:

1. Being the national capital or an urban center with the function as a political, economic, cultural, scientific-technical, training, tourist and service center, a traffic hub, and a domestic and international exchange center, and playing the role of boosting the socio-economic development of the whole country;
2. The non-agricultural labor represents 90% of the total labor force or higher;
3. Having an infrastructure built basically synchronously and completely;
4. Having a population of 1.5 million or more;
5. Having an average population density of 15,000 people/ km² or more.

Article 9: Grade-I urban centers

1. Being an urban center with the function as a political, economic, cultural, scientific-technical, tourist and service center, a traffic hub, and a domestic and international exchange center, and playing the role of boosting the socio-economic development of an inter-provincial region or the whole country;
2. The non-agricultural labor represents 85% the total labor force or higher;
3. Having an infrastructure built synchronously and completely in many aspects;
4. Having a population of 500,000 or more;
5. Having an average population density of 12,000 people/ km² or more.

Article 10: Grade-II urban centers

1. Being an urban center with the function as a political, economic, cultural, scientific-technical, tourist and service center, a traffic hub and an exchange center of a province, inter-provincial region or in the whole country, and playing the role of boosting the socio-economic development of an inter-provincial region or the whole country in several domains;
2. The non-agricultural labor represents 80% of the total labor force or higher;
3. Having an infrastructure built in many sectors and becoming synchronous and complete;
4. Having a population of 250,000 or more;
5. Having an average population density of 10,000 people/ km² or more.

Article 11: Grade-III urban centers

1. Being an urban center with the function as a political, economic, cultural, scientific-technical and service center, a traffic hub and an exchange center of a province or inter-provincial region, and playing the role of boosting the socio-economic development of a province or an inter-provincial region in several domains;
2. The non-agricultural labor represents 75% the total labor force or higher;
3. Having an infrastructure built synchronously and completely in each specific sector;
4. Having a population of 100,000 or more;
5. Having an average population density of 8,000 people/ km² or more.

Article 12: Grade-IV urban centers

1. Being an urban center with the function as a general or specialized center in political, economic, cultural, scientific-technical and service domains, a traffic hub and an exchange center of a province, and playing the role of boosting the socio-economic development of a province or a region within a province;
2. The non-agricultural labor represents 70% of the total labor force or higher;
3. Having an infrastructure, which has been or is synchronously and completely built in each specific sector;
4. Having a population of 50,000 or more;
5. Having an average population density of 6,000 people/ km² or more.

Article 13: Grade-V urban centers

1. Being an urban center with the function as a general or specialized center in political, economic, cultural and service domains, and playing the role of boosting the socio-economic development of a district or a cluster of communes;
2. The non-agricultural labor represents 65% of the total labor force or higher;
3. Having an infrastructure, which has been or is currently built but not yet synchronous and complete;
4. Having a population of 4,000 or more;
5. Having an average population density of 2,000 people/ km² or more.

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