

HOUSING PROGRAM FOR LOW-INCOME EARNERS IN HCMC

by Dr. TRẦN THẾ NGỌC



This is one of the pivotal programs of the HCMC authorities in the years 2000-2010.

I. INDICATORS OF A LOW-INCOME EARNER

- The lowest living standard of a HCMC resident is about VND260,000 a month, or US\$18, including an intake of 2,200 calories a day plus expenses on clothing, accommodation, travelling and fuel. This could be seen as the poverty line.

- Other indicators:

- + A low-income earner spends from 70% to 80% of his/her income on food, and some 4% on education and health services.

- + Some 60% of them finished the primary education; some 15% of their children are illiterate.

- + 5% of them have a chronic disease and 50% of them can't afford remedies.

- Other groups included in the program: The housing program also serves households living along canals; in slums; and in decaying apartment houses, soldiers, civil servants, and members of poor and/or revolutionary families.

II. HOUSING SITUATION AND PROSPECTS OF LOW-INCOME EARNERS IN HCMC

The wartime from 1964 to 1975 was also a period of mass migration to Saigon - Chợ Lớn. Many slums came into being in the inner city, especially along 15 canals of this capital. These slums included 74,877 houses with a total area of 5,921,620 sq. m in which about one million people lived. Most of their houses had no title deed.

Since the early 1980s the flow of economic migrants to HCMC has increased. In addition, the population of low-income earners, including low ranking civil servants, soldiers, poor and revolutionary families, also exploded. Most of them crowded into decaying apartment houses and can't afford private and comfortable houses.

1. Housing situation of low income earners

a. According to the housing census taken in June 1996 in HCMC, there were 25,044 houses for 25,945 families along canals in eight districts of HCMC (1, 4, 5, 6, 8, 11, Bình Thạnh and Tân Bình) occupying an

area of 132 hectares (85.5 hectares of which were used illegally). Of these families, 82.16% had no title deed; 62.78% had their houses built without permission and 28.26% bought their houses without title deed.

Living conditions in these houses were very poor. The following are some results supplied by the census.

- 49.38% of their houses were in back alleys (most of these alley were under three meters wide); 8.05% on or along canals and rivers;

- 93.53% of these houses were provided with power but only 46.25% of them had electricity meters and 42.28% got electricity from other houses with carelessly arranged wires that were usually a cause of fire;

- 23.17% of these houses had their own electricity and water meters, 23% had to buy water from their neighbors and 17% got water from wells causing damage to sources of underground water;

- 62.16% of these houses had no toilet and all waste matters were dumped in the canals and rivers; and

- 32.4% of these houses had sewers but only 43% of them worked properly.

The following are some data about their residency, education and occupation:

+ Of 25,945 above mentioned households, 20.92% lived there before 1965; 21.04% came there in 1965-75; 8.51% in 1976-80; 8.16% in 1981-85; 13.95% in 1986-90 and 20.1% after 1991. Considering the average size of a family, households including from four to six members accounted for the biggest proportion. This means that most migrants, after coming to this city, have decided to stay here instead of returning to their home provinces after the war.

+ Of these residents, 3.72% were illiterate; 21.07% had the primary education; 20.47% finished junior high schools; 12.03% the high schools and 0.34% had college degrees.

These data show that the average level of education of these residents was low as compared with other classes in HCMC. This situation poses great problems for the education and training services and social authorities.

The census also revealed that 98.95% of the residents had got employed and 1.05% (1,073 persons) were jobless. Their occupations are as follows: 14.45% were small traders or street vendors; 10.45% were civil servants; 8.27% were porters; 3.9% were tailors; and 56.69% had got part-time and poorly-paid jobs.

In the years 1994-2000, some 7,000 households have been moved from Nhiêu Lộc- Thị Nghè canal and relocated in newly built apartment houses.

b. A census conducted in June 2001 showed that there were 88 slums scattered over 65 wards of 17 districts including 16,697 houses with a total area of 111.49 hectares. In addition, there were 105 out of 445 apartment houses (housing some 12,000 households) which were built before 1975 and they are now in very bad conditions and become a danger to residents.

Moving residents from these apartment houses is no easy task because most of them wanted to have new accommodations before moving and the new accommodations aren't far from the old ones. At present, they petition housing authorities to rebuild these apartment houses and sell flats according to the Decree 61/CP.

Since 1990, the HCMC government has carried out a housing program. A loan of VND10 billion at an interest rate of 1% per month was supplied to the building of 1,155 flats in districts Tân Bình, 8, 11, Củ Chi

and Cần Giuộc. These flats could be paid for in 10 yearly installments. These flats have been distributed among 401 families of war invalids or war dead and 684 low ranking civil servants or poor families. The government loan accounted for 30% of total investment and it was repaid in 1998.

This program produced good results in HCMC because the program was carried out when there was no regulation on payment for land use right, the flats were cheap and not too luxurious, housing development companies were allowed to collect and use house rental to invest in the project, and buyers tried to pay debts after receiving their flats.

In the following years, however, the HCMC authorities couldn't continue this program because of many reasons: (1) Many new regulations were issued and more payments were required (taxes, fees relating to the land use right, etc.); (2) complicated procedures made it difficult for buyers to get their title - deed unless they agreed to make one more payment; and (3) housing development companies were required to complete this work without any incentive.

c. Besides efforts by local authorities, many companies and organizations have also made plan to provide their employees with accommodations and their programs produced good results. It's reported that there were 73 projects of this kind carried out by public services and schools, four by civic organizations and 18 by the armed forces and a total investment of VND3,414 billion was put in these projects. The following are some most the typical projects:

- Savimex Company used its own retained profits, some bank loans and contributions from the trade union and employees to build apartment houses for its employees in Bình Chiểu Ward of the Thủ Đức District. This project was assisted by the HCMC authorities: 70% of payments for the land use right were used for the building of infrastructure while the Fund for Town Development provided each buyer with a VND50-million loan that could be repaid within five years at an interest rate of 1% per month.

- Flats of an apartment house in the 13 Ward of the Bình Thạnh District (327/9 Nơ Trang Long Street) were sold on installment plan to employees of the HCMC Water Supply Company. This is a 6-story apartment house including 116 flats of an area of 59 sq. m. each. This was built by the Water Supply Company in co-operation with the Bình Thạnh

Housing Development Company. After selling flats to employees, the remaining flats were sold on five yearly installments with a down payment equaling 50% of the market price of a flat.

- The village of employees of the Map Drawing Team under the HCMC Land Administration Service in Hiệp Bình Chánh Ward (Thủ Đức District) includes 36 semi-detached houses. The investment in this project came from the Team and bank loans that could be repaid within five years. Area of a house varies between 120 and 150 sq. m.

- Apartment house (in Alley 94, Trần Khắc Chân Street) for civil servants working in the Phú Nhuận District is a 4-story building including 15 flats. The Phú Nhuận Housing Development Company was the main investors. Buyers paid a down payment equaling 30% of the price and pay the rest within five years.

d. After the war, one of important tasks was to upgrade residential areas and provide families of war invalids and war dead with houses. But this task hadn't been carried out because of shortage of fund. In February 1982, based on an initiative by the Củ Chi District authorities, the HCMC Service of Labor, War Invalid and Social Affairs launched a mass movement to build houses for families of war invalids and war dead. Seventeen years after, contributions from people of all walks of life plus government expenditures have helped build 10,144 houses that were worth VND128,810 million. Success of this program encouraged the HCMC government to think of a similar one for the poor. In July 1998, a Board of Housing for the Poor founded a movement to build houses for the poor. Up to the end of 1999, the program has helped build 4,541 houses worth VND23,319 million.

Those two programs show that the cooperation between local authorities and the public could produce great results. However, local authorities should take measures to keep a close watch on the raising of fund, the building of houses and the sale of these houses with a view to ensuring fairness and preventing corruption.

Like many foreign cities, HCMC is facing two problems relating to its residents: migration and increases in its population. In the years 1994-99, some 489,000 migrants came to HCMC as compared with 78,000 residents leaving for other provinces. The migration made the average density rise from 1,633 to 2,406 persons per sq. km. in the 20-year peri-

od from 1979 to 1999 and caused many housing problems in the inner city and increases in slums.

2. The housing program for low-income earners

a. Moving and resettling projects for residents along canals and rivers

In the years 2001-2005, there are projects to move some 10,000 houses along canals and rivers. These projects are:

- The East-West Road: Along this road, there are 22 projects to build 5,581 houses for 5,215 households. It is to be completed in 2002.

- The South Bank of Tàu Hũ- Bến Nghé Canal: There are 10 projects to build 2,645 houses for 2,094 households, completing in 2002.

- The Tân Hóa- Lò Gốm Effluent Treatment Plant: There are projects to build 989 houses used for moving 2,593 households living along Cầu Mễ, Hàng Bàng, Cầu Sơn, Cầu Bông and Nước Đen canals. They will be completed in 2002.

Generally, it's planned to finish moving all 25,044 on and along canals and rivers by 2010. In addition, there are plans to upgrade the infrastructure of these areas by 2005 and other areas by 2010. HCMC authorities have also make plan to rebuild 24 apartment houses where 2,816 families are living and refurbish 23 other apartment houses for 3,773 families. After 2005, all of 105 decaying apartment houses in HCMC will be refurbished. Some 300 houses have been built and 1,000 other houses are under construction, and they will be used for providing temporary accommodations for families from these apartment houses.

As for civil servants, workers and soldiers, they represent some 60% of the demand for accommodations that was estimated at 71,500 houses by 2010. To meet this demand, there are plans to build houses for some 300,000 workers in 10 industrial parks and export processing zones by 2010; build and sell on installment some 7,000 flats to civil servants and soldiers every year, and build and grant 1,500 houses to revolutionary and/or poor families every year.

III. MEASURES TO PROVIDE HOUSES FOR LOW-INCOME EARNERS

1. Moving and resettling households living on canals

These residents can choose from different solutions:

- Engaging in the resettlement program that offers them a choice of

new houses based on the title- deed of their old houses.

- Accepting compensation and allowance from the authorities and buying new accommodation on their own.

- Registering for new flats in new apartment houses: This solution allows them to get compensation and moving allowance from local authorities and choose new accommodations from different apartment houses.

To facilitate this measure, local authorities should publicize prices offered, and all cases of preferences and priorities. In addition, local authorities should ensure the infrastructure, including also schools, hospitals, etc. for new residential areas, and help new residents take vocational training courses or restart their business.

Regarding technical problems in building new accommodations, housing development companies can give top priority to the building of apartment houses near cleared sites in the inner city (these apartment houses have at least five stories and each flat has a minimum area of 36 sq. m.). In suburbs, land could be allocated to new residents and they are allowed to build their houses according to set models.

As for the source of finance, local authorities will supply a starting investment and undertake tasks of supervising and asserting the quality of the works. In another solution, local governments could place orders to construction companies who will use their own capital to build houses according to approved plans, and transfer the use and operation to local governments on completion. Local government could also buy apartment houses built by housing development companies and sell on installments to low-income earners according to their plans.

To carry out this measure, local governments should make plan to clear building sites, examine building plans and allot investments if need be. After construction, new apartment houses could be transferred to state-run housing companies at district level. These companies will lease or sell houses according to strict regulations, collect rental or installments, help state banks provide residents with loans, and supply maintenance services.

2. Refurbishing the slums

The refurbishment plan will be based on agreement with each house owner. This plan is favorable because if the site is to be cleared the compensation is usually too small for the

house owner to buy a new house (especially when he has no title- deed), the time needed for finding a new accommodation is often long and causes difficulties to his business and existing relations.

In principle, the land clearance is only carried out for the purpose of town planning and after moving, residents are ensured better conditions for their lives and businesses.

The refurbishment plan should include the building of necessary infrastructure (power and water supply, sewerage, roads, schools, market places and health centers, etc.) financed by both local governments and residents. Local governments could invite professionals to help with the plan making process and grant title - deeds upon completion of the plan.

3. Rebuilding the decaying apartment houses

As for apartment houses that could be in use for another ten years, local governments could work out plans to repair them every year based on house rental or proceeds from the sale of state-owned houses according to Decree 61/CP.

As for apartment houses in very bad conditions, they could be destroyed and rebuilt according to two solutions: (1) assigning the work to certain housing company; and (2) putting the work out to tender. At the same time, local governments could help residents find out temporary accommodations during the construction time.

4. Providing houses for low ranking civil servants, soldiers, poor and/or revolutionary families

These potential buyers should have some money to buy new houses and be provided with bank loans. Employers could help with this effort and they will receive incentives from local governments. Companies in industrial parks and export processing zones should provide employees with accommodations near their working places. Public land under control of local governments and armed forces could be used for building houses for soldiers, poor and/or revolutionary families. In principle, investment in this project comes from local governments, companies and potential buyers. State banks also help with this project by offering low-interest loans. Local governments could reduce the fee on land use right and invest in the infrastructure building to facilitate this project. ■