

# Measures to Develop the HCMC Housing Market

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## 1. Situation

In the years 2000 - 2003, 46,762 building and upgrading licenses were issued in HCMC, comprising 5,709 licenses to upgrade 525,815 sq. m. and 41,053 licenses to build 7,431,764 sq. m.

The following table

The table shows that the proportion of concrete houses was on the increase, from 12.79% in 1989 to 33.7% in 2003 while the semi-concrete house was on the decrease, from 68.13% in 1989 to 59.8%. Thatched houses almost disappeared by 2003. Other kinds of houses rep-

1,007,021 houses in HCMC with a total area of 52.7 million sq. m. for 1,085,265 families. Thus the average area of a house was 54.1 sq. m. Up to December 2003, the total area rose to 61.958 million sq. m. as shown in the following table.

From 1990 to 2003, the

ing. According to the HCMC Real Estate Service (now the Service of Natural Resources and Environment) the trade in houses increased fast in the years 1994 - 2003 and started to decrease from 2003 on, from 34,928 in 2002 to 18,208 in 2003. The main reason is that the 2003 Land Law restricts the trade in real estates.

Table 1: Licenses to upgrade and build houses in 2000- 2003

License	Total	2000	2001	2002	2003
1. Licenses	46,762	9,164	10,085	11,967	15,546
- New houses	41,053	7,882	8,587	10,807	13,777
Grade 1 & 2	28,695	5,661	6,298	7,829	8,907
Grade 3 & 4	12,358	2,221	2,289	2,978	4,870
Major upgrades	5,709	1,282	1,498	1,160	1,769
Grade 1 & 2	2,261	469	692	484	616
Grade 3 & 4	3,448	813	806	676	1,153
2. Floor area	7,957,579	1,316,008	1,738,032	1,889,861	3,012,778
- New houses	7,431,764	1,232,338	1,632,668	1,791,510	2,775,248
Grade 1 & 2	5,766,971	993,797	1,345,089	1,351,325	2,076,760
Grade 3 & 4	1,664,793	238,541	287,579	440,185	698,488
Major upgrades	525,815	83,670	106,264	98,351	237,530
Grade 1 & 2	239,604	35,538	58,683	47,549	97,834
Grade 3 & 4	286,211	48,132	47,581	50,802	139,696

Source: HCMC Statistics Bureau

shows the structure of housing conditions in the years 1989 - 2003

resented only 6.5% in 2003.

According to 2000 statistics, there were

total area almost doubled because of increases in the population, personal income and supply of hous-

Table 2: Structure of houses in HCMC in 1989 - 2003

Kinds of housing	1989	2000	2002	2003
% of owner families	100.00	100.00	100.00	100.00
Concrete houses (%)	12.79	20.19	25.62	33.7
Semi-concrete (%)	68.13	63.93	62.59	59.8
Thatched houses (%)	-	-	11.7	-
Others (%)	19.18	15.88	0.09	6.5

Source: HCMC Statistics Bureau

## 2. Measures to develop the housing market

a. Hire- purchase and leasing plans:

Flows of migrants to HCMC will go on as the economy grows, and the demand for accommodations will increase. HCMC must have an organization responsible for building apartment houses and selling them according to hire-purchase plans and leasing them. Companies engaging in these plans will be given incentives and financial support.

b. Infrastructure building:

In suburbs, these programs will help develop new residential areas and land could be divided into lots to sell. Developers could be allowed to pay the land use fee according to the rate their projects are carried out and the HCMC authorities had better invest and carry out these programs in parallel with the development projects.

c. New towns:

Residential areas must include public works, trading centers, schools and hospitals. Deterred payment of the land use fees is a necessary incentive because such projects requires very big investment.

d. Foreign- invested joint ventures to build



**Table 3: Changes in the housing area in 1990 – 2003**

Year	Housing area (million sq.m.)	Increase (million sq.m.)	Growth rate
1990	31		
1995	40.5	1.9	
2000	52.7	2.4	
2001	55.929	3.229	6.13%
2002	58.946	3.017	5.39%
2003	61.958	3.012	5.11%

Source: HCMC Construction Service

**Table 4: Transactions of real estates in HCMC in 1994 – 2003**

Year	Transaction of house	Transactions of land
1994	5,114	
1995	12,555	
1996	14,875	
1997	17,268	
1998	18,909	
1999	19,718	725
2000	25,955	1,141
2001	24,583	over 2,408
2002	34,928	
2003	18,208	801

Source: Land Registration Center

high-class apartment houses:

Such projects are feasible now because the 2003

Land Law allows foreigners and overseas Vietnamese people to own houses. In the near future,

many foreign-invested companies will engage in the trade in real estates in HCMC because of better business climate.

e. Building frame houses:

When the living standard is improved, many people want to design their houses according to their tastes. Developers could build and sell frame houses, and let buyers complete interior decoration at their will.

f. Cheap housing for workers:

These projects could be carried in parallel with plans to develop industrial parks and export processing zones. Tax incentives could be given to employers who support these projects.

g. Building houses for the poor and revolutionary families:

This program, with support from many organizations and individuals, should aim at reducing the production cost.

h. Encouragement to programs to upgrade housing:

As for slums, the government had better build or upgrade the infrastructure, lease house at low rents, and help residents secure home loans from banks. As for resettlement areas, the government should complete the infrastructure and grant land to future residents.

i. Dormitories for university students:

HCMC authorities had better give 20% of the land stock to projects to build dormitories because the number of students from other provinces will increase over time. In addition, public land in the inner city, if used ineffectively, could be used for these projects. ■



Photo by C.T.V