

# To own or to rent?

## The experience of housing privatisation on public housing dwellers in Hanoi

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### Introduction

This paper presents selected findings from a survey carried out in June 2002 in Hanoi, within the framework of the project 'Privatisation of public housing in Hanoi, the impacts on housing quality and social equality', supported by Sida. The project analyses the consequences of privatisation on the housing conditions of tenants and sitting owners who live in privatised and privatising apartment buildings.

A broad range of issues, from social to managerial, are covered in the survey. In this paper we have focused on the consequences of privatisation on the housing and living conditions of tenants compared to that of owners. Central questions are: To what extent is privatisation a means for dwellers to have control over their housing? Does privatisation bring about better housing conditions? For whom? Is there a connection between ownership, housing satisfaction and housing quality?

The survey found that a subsidy policy exists that mainly benefits senior government officials, who usually already have considerable wealth and high social status. The policy ignores people who work in the private sector and young families. Well-off owner households have better housing and better premises to improve their housing conditions, while low-income tenants live in degraded buildings with little possibility of improvement. The study indicates a higher rate of discontent among tenant households compared to owner households.

Housing quality is also an issue. Privatisation has not brought about clear improvements in housing conditions, as was expected and promoted. Though certain improvements have been made to individual flats after privatisation, these are few and are similar in scale to improvements implemented before privatisation. In addition, there is a serious degradation of common areas in privatised and privatising buildings, due to a lack of clarity about the responsibilities of the housing companies, tenants and owners concerning maintenance and management.

### Democratisation or segregation? The discourses on housing privatisation

Over the last two decades, in many countries, privatisation has been a significant trend in housing delivery. Privatisation is presented as a measure to liberalise housing markets, increase productivity and efficiency, and extend consumer choice and influence (Linneman *et al.* 1994, Whitehead 1993). It is discussed as part of the decentralisation and democratisation process, leading to the withdrawal of government intervention, and giving more freedom and authority to communities, groups and

individuals to invest in housing (La Grange 1998, Zhang 1999, Clapham 1995.) It is presented as a means to rationalise subsidies and enhance equitable distribution of resources (Linneman *et al.* 1994, La Grange 1998). Public rental housing is presented as a form of housing administration and management that involves too much state intervention, burdens the state budget, and does not effectively mobilise private resources. In many countries, the sale of public housing stock is a common privatisation method.

The privatisation discourse is very much a discourse for home ownership. Ownership creates incentives and affects behaviour management (Clapham 1995, Vickers and Yarrow, 1990, in Linneman *et al.* 1994). Ownership is expected to lead to better housing quality and better management. However discussions greatly vary regarding the consequences of the sale of public housing stock to low-income people. Proponents argue that public housing ownership permits low-income tenants to gain access to an important vehicle for savings and wealth accumulation. Opponents argue against these so-called 'financial benefits'. Many studies found that the sale of public housing leads to a process of segregation within which tenants are discriminated (Clapham 1995, Stanovnik 1994 Chan 2000, Lee 2000, Logan *et. al.* 1999, Zhou *et. al.* 1996, Zhang 1999). They also argue that selling of public housing leads to a process of 'residualisation', in which the best housing units and highest income tenants are removed from public housing, leaving low-income tenants with the poorer units (Linneman *et al.* 1994, Stanovnik 1994, Whitehead 1993 Chan 2000, Zhang 1999, Clapham 1995, Stanovnik 1994).

The issue of whether or not home ownership equals empowerment, and the impact of this process on social equality, is taken up by many studies. Some argue that owners are empowered, while tenants are disempowered through processes of social exclusion (Gurney 1999). According to King (1996) the emphasis on home ownership is the source of inequality, since it gives owners more freedom and opportunities while imposing limitations on tenants, who are treated as not being capable of taking responsibility for their dwellings. A similar argument is put forward by Gurney (1999). When ownership is promoted as a 'normal form' of housing, as in the UK, it leads to a distinction between owners and renters, and implies the prejudice of non-owners who then become a stigmatised social group, thus creating new forms of social exclusion.

### Tenure choice and motivation as a study focus

This paper takes up the issue of dwellers' motivation, and other contextual factors relating to tenure choice, based on the privatisation study. Why do some dwellers become owners and others do not? Could they choose, and what were the motivations behind their choices? In what contexts can choice be exercised and where is it prevented? How much of tenure decision is part of the dweller's own wishes and how much is it the result of policy and other socio-political and contextual reasons?

There have been several studies about home ownership and the factors that influence dwellers' tenure choices (Ho and Kwong 2001, Gurney 1999, Li 1999, Mandić 2001). Most interesting to our study are those that deal with housing privatisation in countries in 'transition', such as those in Eastern Europe, and China.

These countries are undergoing change from a more state controlled housing system to a market oriented one. Some studies found that the factors influencing dwellers' tenure choice and motivations in 'transition' countries are somewhat different from those existing in a free market setting. For example, a study argues that income and family size are found to be important factors affecting a household's tenure choice in many countries, but not in China, where the work unit plays an important role in dwellers' tenure choice (Ho and Kwong 2002). Income levels of most households are relatively low compared to market prices for private dwellings; therefore purchasing one's own dwelling at a discounted price from the workplace is for many people the only way to acquire home ownership. We speculated as to whether the situation is similar or different in Hanoi, where privatisation is carried out within a transformation process from state-planned economy to market oriented economy, similar to the situation in China. This paper will attempt to highlight the specific Hanoi situation, as well as the situation of tenants and owners, and the circumstances around their tenure situation.

### Privatisation policy in Hanoi

In Vietnam, the sale of state owned housing stock started in 1994, following Decree No. 61/CP. The aims were to terminate the state housing monopoly, to encourage people's investment and engagement in housing renovation and maintenance, and, by the latter, to improve the physical condition of existing housing stock. Money obtained from the sale of state owned housing is to be reinvested in the production of new housing (to be sold to the people), and in the renovation and upgrading of existing housing (People's Committee of Hanoi 1999).

This study deals with the privatisation of a specific part of state owned housing stock: apartment buildings, called '*nha tap the*' in Vietnamese, meaning collective housing. There are 450 buildings. The majority are four to five storeys, providing a total living area of one million square meters. They belong to the municipality or to various state institutions within 24 living areas in Hanoi. These buildings were built in the 1960s, 1970s, and 1980s, as part of a welfare policy in which all those who work for the government are entitled to housing. The majority of people who live here (approximately 140,000 dwellers) are state employees who were allocated flats by their employers.

Privatisation of public housing in Hanoi was carried out in several stages. At first, it was applied experimentally to only a few buildings. From 1998 it began to be implemented on a larger scale, and applied to most state-owned housing stock. The sale was slow during the first years but has increased notably after several subsidy policies were introduced.

Privatisation of state owned housing in Hanoi involves a high level of subsidy. These can be in the form of discounts on the price of land use rights and/or the price of houses/flats<sup>1</sup>. All government employees<sup>2</sup> are entitled to a discount according to the

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<sup>1</sup> The price system and the subsidy system presented here apply to single houses and apartment buildings. There is another pricing and subsidy system that deals especially with villas.

<sup>2</sup> These include retired people with state pensions, people who have other forms of state payment for previous work or war veterans who get a state payment.

number of years in state employment or military service<sup>3</sup>. If there are several family-members working for the government, the discount for the household is the sum of the individual discounts, providing that this does not exceed the price of the flat itself. State employees who have made many ‘contributions to the revolution’ get further discounts<sup>4</sup>. Senior officials who joined the revolution before 1945 are exempt from payment, and those who live in public housing are entitled to a subsidy of 20 million VND, in order to improve their living conditions (Decision No. 20/2000/QD-TTg). Land use payment is exempt for those who have medals in the war.

It is not difficult to see that this policy mainly benefits senior government officials. Our question is: how does it influence tenure choice and the housing situation of those in the private sector and of young people that have not been in government service for long.

### The survey

The housing situation survey was carried out in May and June 2002. The questionnaires were developed and tested in test-interviews by the Swedish researchers together with the Vietnamese researchers from the Institute of Sociology in Hanoi, who later carried out the survey.

18 buildings from six different living areas were included. Three of these areas are centrally located (*Nguyen Cong Tru*, *Giang Vo* and *Trung Tu*) while the remaining three are six to 10 km from the city centre (*Quynh Mai*, *Nghia Tan* and *Thanh Xuan Bac*).

*Nguyen Cong Tru*, *Quynh Mai* are older living areas built of bricks during the 1960s and early 1970s, using traditional construction methods. The flats line a corridor, with a central staircase. Each floor has 8 to 10 flats, sharing one common kitchen and toilet. There is little variation in flat size and layout.

*Giang Vo*, *Trung Tu*, *Nghia Tan* and *Thanh Xuan Bac* were built during the late 1970s and early 1980s and are much larger, from 15 to 22 hectares. Each area was designed to be self-contained, with a central elementary and secondary school, surrounded by groups of apartment buildings. There is a day care centre in each group of buildings. Most of the buildings were built of prefabricated concrete panels and flat roofs using imported technology from Russia and other countries in the communist block. The flats are still located along a corridor, but are designed to be more independent with their own kitchenettes and toilets. There is a few variety in flat size and layout, especially in buildings that were built in the 1980s.

A total of 120 tenants and 120 owners (20 owners and 20 tenants from each of the six living areas) were interviewed. The material obtained is registered in the SPSS program. In this paper, we only present a small part of the material.

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<sup>3</sup> The standard discount is 100,000 VND per year of employment per person, and/or 180,000 VND per year of military service per person.

<sup>4</sup> Those who have made ‘contributions to the revolution’ but do not have an employment history get a discount of 1 million VND off the house/flat price.

Complemented to the survey, deep interviews with 40 households in two living areas are being carried out. Some early findings from these interviews are used to comment the findings from the survey.

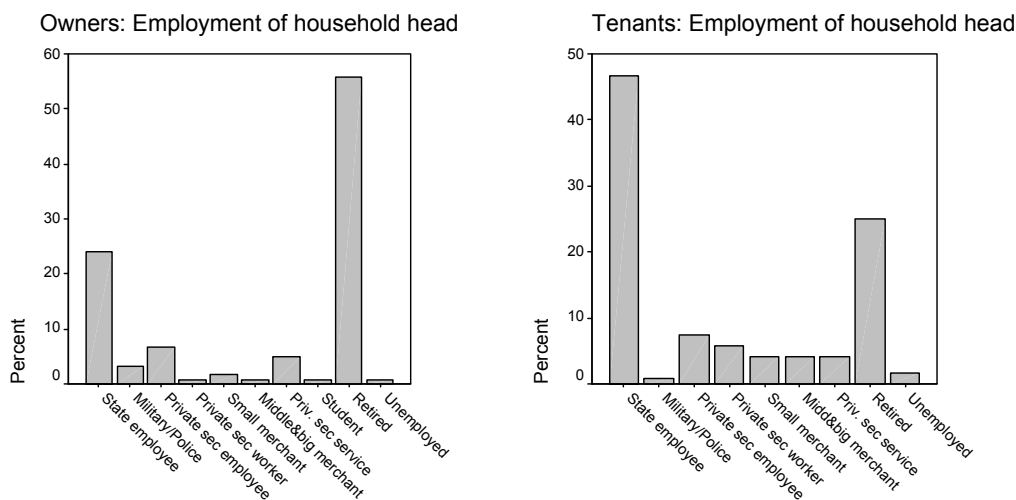
The findings are presented in three parts. The first part provides a general profile of dwellers, tenants and owners, their living standards and housing situation. The second part presents the dwellers' view on ownership and the motivations and circumstances behind dwellers' tenure decision. The third part presents the findings about the condition of the buildings, dwellers' views on housing condition, and how the buildings are taken care of, or not. These are followed by a discussion about the impacts of privatisation on housing quality, equality and other issues that are raised by the findings.

## The dwellers and their housing situation

This profile focuses on the similarities and differences between tenants and owners. The head of the household was chosen to represent the household, so many findings about employment, age, education, gender, income, or workplace, for example, refer to that of the head.

### Many owners are retired people

The findings show that owner households are senior and tenant households are younger. The majority of owners are retired people (55,8 %). 40 % of tenants and only 15 % of owners are less than 40 years old.



That a large group of owners are retired can be seen as a direct consequence of the sale policy. It is likely that the majority have been senior state employees who are entitled to a considerable amount of discount on the basis of their years of employment and contributions made during the war; thus they can buy flats at a very favourable price or at no cost at all. It can be said that this group is supported by the state to become owners.

The deep interviews also indicate that among those who were supported, it is mainly the retired people having meager salary who stay in the areas. Those who have works and a good income are quite quick to sell the flat and buy a better dwelling elsewhere.

There is a large group of tenant households that are state employees (47,5 %) and a considerable group of tenants who are retired (most likely from government works). These could be households with fewer state employees or younger households who have not worked long enough and were not offered a favourable flat price. Some could have been forced to retire early due to failing health or some other family reason. They can be said to belong to a less favoured group of state employees who were not enabled to become owners.

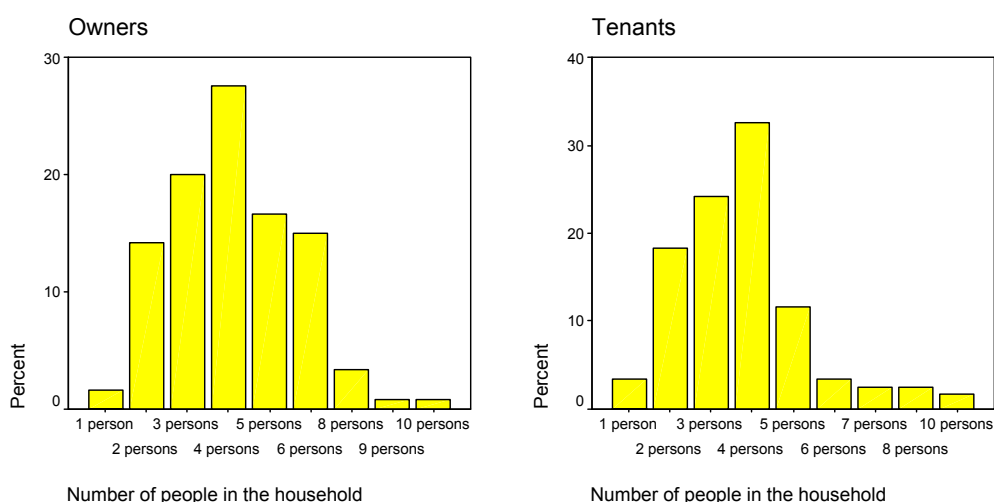
### Male owners and female tenants

There are more male-headed households (55,8 %) than female ones (44 %) in the owner group. In contrast, there are more female-headed households (51,7 %) than male-headed ones (48,3 %) in the tenant group.

Does the sale policy play a role here? It probably does. Allocation of housing on the basis of employment allows both men and women to be household heads; this explains the large number of female-headed households. However, since the sale policy favours people who have made ‘contributions to the revolution’, and since many of those in high-ranking positions are men, the consequence is that more male than female household heads become owners. State employees who remain tenants are those who are less, or not at all, favoured by the sale policy, and as can be seen, many of these are female-headed households.

### Owner households are somewhat larger and have more income earners

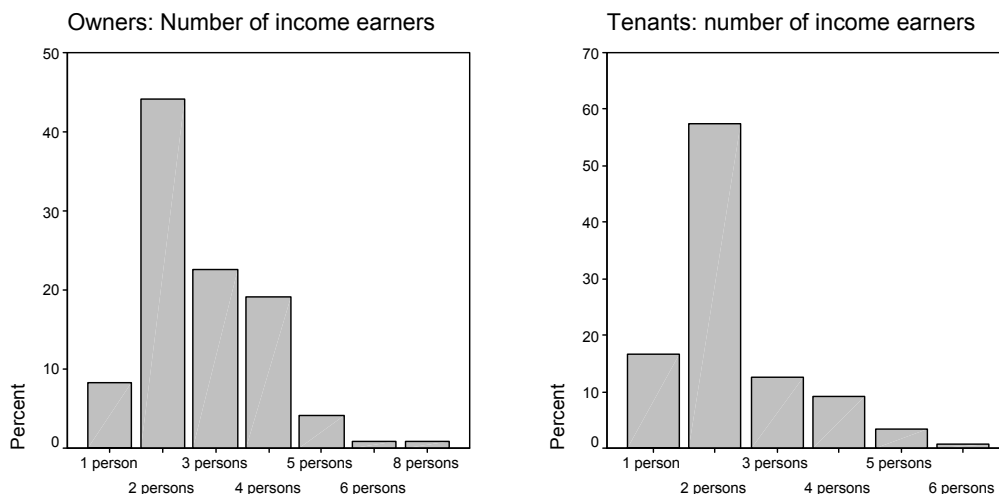
The majority of households in both groups are made up of three to four people. There are slightly more tenant households among households of two to four people. Among larger household (five or six) there are more owner households.



The majority of owner households and almost half of the tenant households have two main income-earners. There is a significant group of owner and tenant households that have three or four income-earners, and there are more owner households than tenant households in this group.

That owner households are somewhat larger and have more income seems to also be a consequence of sale policies that favour senior state employees. A household that

has more senior state employees (probably retired at present) is likely to get more discounts in purchasing the flat.



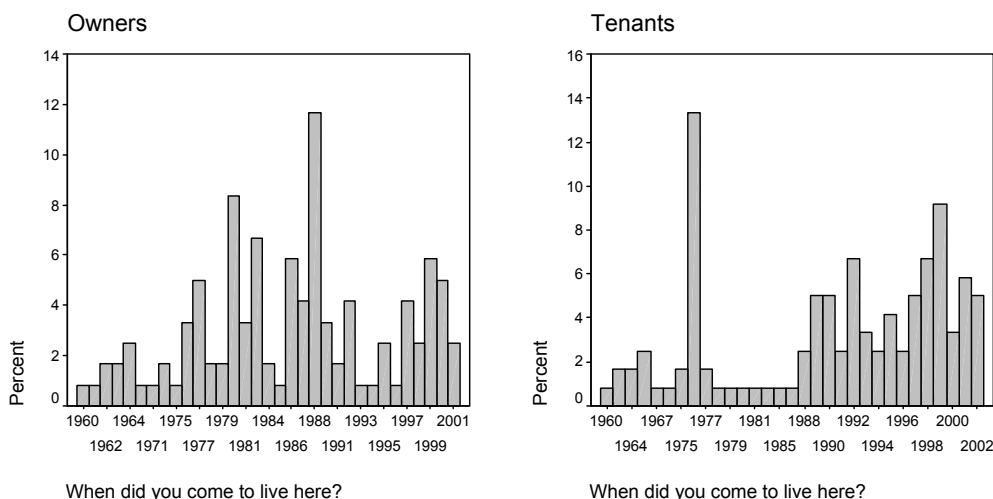
**Owners have been living longer in these areas, tenants are new-comers**

In most of the buildings included in this survey, a situation of mixed ownership prevails. Owners form the majority group in most buildings, with the exception of one building in which the number of tenants doubles that of owners, and one building which is wholly occupied by owners.

There are more owners than tenants among those who have been living here for a longer time. 42,5 % of owners came here between 1976 and 1987, while only 7,3 % of tenants came during the same period. Many tenants are newcomers. 30,9 % came between 1992 and 1998, and 23,3 % has only been there since 1999.

There is also a smaller group of owners that are newcomers. 15,8 % came between 1992 and 1998, and 13,3 % have only been there since 1999 to 2001. The majority of these bought the flat from a resale.

These figures indicate movements that are connected to privatisation, movements in the dwellers' housing carrier, where the original dwellers, often state employees, bought the apartments at favourable prices and sold or sub-let them to newcomers, while they themselves moved to a better dwelling (a flat or a house) elsewhere.



The deep interviews seem to confirm these indications. About 20 % of the households in building C3 in Trung Tu are new-comers. In E7 Quynh Mai, the new comers form the majority group. Several flats have had change of owners/tenants two to four times during the past three years. There are also some indications about speculation: some people bought a flat and upgrade it only to sell it again.

There is also considerably inter-country migration, whereby people from outside Hanoi move to the city. More than half of the owners (55,8 %) and a large group of tenants (38,3 %) came from other city districts. 10,8 % tenants and 6,7 % owners came from outside Hanoi. In several cases, these are young households made up of students, often brothers and sisters, who come from other provinces and currently studying in various universities in Hanoi.

13 owners (of 120) plan to sell their flats. Resale activities will probably increased soon, since 20,8 % of owners said that they plan to buy flats in modern high-rise buildings in the coming five years. 29,2 % of tenants also plan to move.

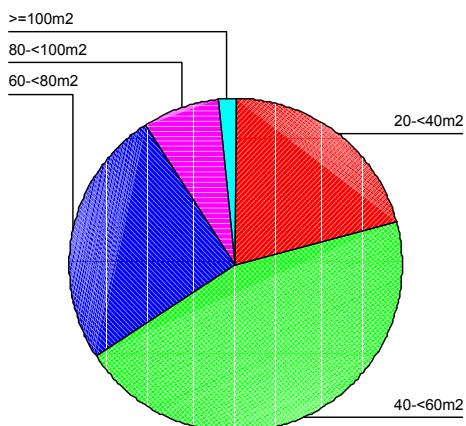
At present the market price of flats has increased many folds. A flat bought at subsidy price of 6, 7 millions VND at can now be sold at a few hundreds millions; those on the ground floor get three times more. This will contribute to further increase in resale. The question is: Will poor tenants be bought out? Will they be forced to move to poorer buildings in less attractive places in the city?

At present, two of these housing areas are planned to be rebuilt into high-rises. All dwellers are promised a flat in the new buildings. However, since the new flats are bigger, dwellers will have to pay the difference in living area. Many dwellers look forward to this chance to improve housing situation. Others are worried that they have to move since they can not afford to pay. This would be another negative impact on poor dwellers.

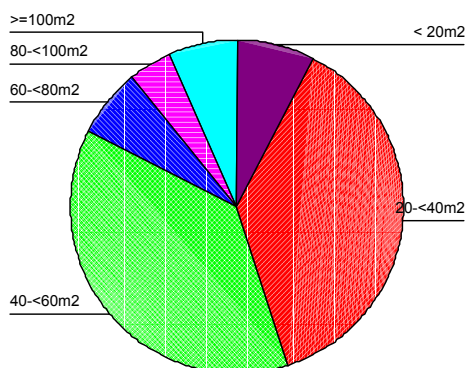
### Owners have more living space

The survey shows that owner households have larger living spaces compared to tenants. The majority of owner households have a total living space from 40 to 80 m<sup>2</sup> whereas the majority of tenant households have 20 to 40 m<sup>2</sup>. No owner household has less than 20 m<sup>2</sup> total living space, while there is up to 7,5 % of tenant households that have so little living space.

Owners: Total living space



Tenants: total living space



In terms of living space per person, owners also have it better than tenants. While the majority of tenants and owners have an average living area per person from 10 to 20 m<sup>2</sup>, there are more owners than tenants who have less than 15 to 20 m<sup>2</sup> and from less than 20 to 30 m<sup>2</sup>. There are more tenants who have less than 6 m<sup>2</sup> per person. However there are also more tenants who have the highest living area per person of more than 30 m<sup>2</sup>. This points to a larger gap among tenants and a higher level of hegemony in the owner group.

Most households have added spaces to the original structure as a means to increase living space. Owners have more of these extended spaces than tenants.



The extended spaces seen from the outside

### Owners have more attractive flats

In most buildings there is a mix between owners and tenants. However, the ground floor has a higher market value since those who live there can open an income-generating shop. 25 % of owner households live on flats the ground floor compare to 19,2 % of tenant households. On the least attractive 4<sup>th</sup> and 5<sup>th</sup> floors there are more tenants than owners<sup>5</sup>. We wonder if this means that those who live on the ground floor have more incentive to buy, particularly in the case of first time owners who obtained their flats from the institutions. Or do they have more financial power in the case of owners who buy their flats privately?

### Owners have higher living standards

The findings indicate that owner households have a higher living standard than tenant households. Owners have more expensive appliances and furniture compared to tenants, for example, air-conditioners and lounge suites.

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<sup>5</sup> 24,2 % tenants and 18.3 owners on the 4<sup>th</sup> floors; 12,5 % owners and 15,8 % tenants on the 5<sup>th</sup> floors

Owner households have better kitchens, equipped with gas stoves and kitchen cupboards. Their bathrooms are better equipped, with showers, water boilers, washing basins and washing machines. The majority of owner households (71,7 %) have upgraded their toilet and installed a WC, while only less than half of tenant households (48,3 %) upgraded theirs toilet. There are many more tenant households than owner households who have to share a bathroom and toilet with other households.

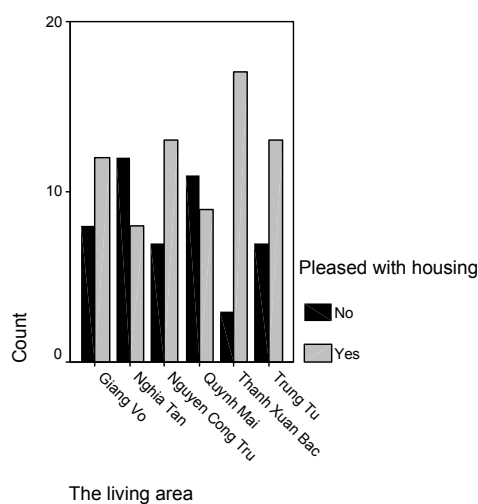
Expensive home appliances and equipment	Owner households	Tenants households
	%	%
Air conditioner	15	5
Sofa	80	64,2
Video, DVD players	72,5	68,3
Stereo players	36,7	29,2
Vacuum cleaner	5,0	3,3
Gas stove	85,8	75,8
Kitchen cupboard	43,3	27,5
Shower	72,5	52,5
Washing bowl (in the bathroom)	61,7	50
Water boiler (bathroom)	61,7	43,3
Washing machine	48,3	30
WC	72,5	48,3
Shared bathroom	1,7	10,8
Shared toilet	2,5	15

The interviewers reported a larger gap in living standards within the tenant group, and a higher level of hegemony in living standards within the owner group.

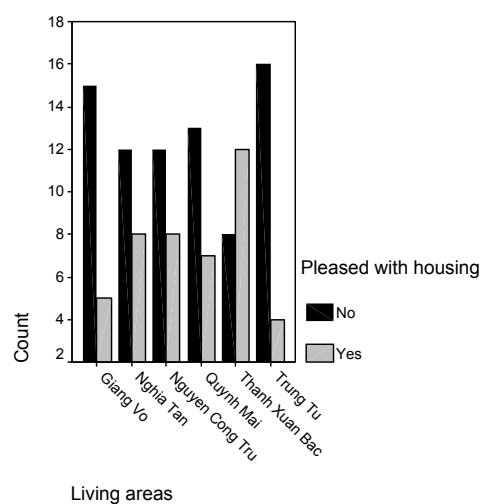
### Owners are more satisfied

Owners are more satisfied with their housing situation compared to tenants. The majority of owners interviewed (60 %) say that they are pleased with their current housing situation, while the majority of tenants (63,3 %) said they are not. We wonder if property ownership and the security it brings about plays a role in housing satisfaction, or it is rather that the majority of owners are better off and have more resources to improve their housing situation.

Owner household



Tenant households



The level of satisfaction varies according to the living area, but in all but one living area, there are more tenants than owners among those not satisfied.

## Ownership

### Ownership means security

To own a flat seems to be attractive to both tenants and owners. The majority of both groups (64,5 % tenants and 54,2 % owners) consider it provides a sense of security and stability. For many people this is an affirmation that “this flat is mine”. For poorer people, this is a form of guarantee that they would not end up homeless when these apartment buildings are to be rebuilt, sold, or demolished. For some people, to own provides them with credibility in case they need to borrow money or apply for some business. Older people especially appreciate having a property in their name that they can pass on to their children. The knowledge that one gets a better price when selling an owned flat, also makes it more attractive to own.

Few people consider to own have real practical consequences on the way they deal with the flat. Although quite a few people agree that to own means more freedom to give, sell, exchange, but this is no big change. The exchange and selling of rented flats between tenants have been ongoing for many years, even before privatisation.

Similarly, few see ownership as a key to more freedom in use, though they admit that as owners they face less problems when making change to their flats. Before privatisation, the majority of tenants (and owners, who were tenants until only recently) made various changes to their flats, though officially they were not allowed to do so. At the worst, they had to pay a small fine to the local authority for illegal construction activities. Even those who did not pay rent for years did not get evicted.

Among other advantage of owning, not having to pay the rent one of the most frequently answers. For the better off people this is to only to skip another payment nuisance. For poorer people, this is a considerable saving.

### Owners are supported to own and tenants are not

The majority of owners received large discounts to purchase their flats and 33,3 % did not have to pay at all. It can be said that it was the subsidy policy that enabled them to become owners.

A large group of tenants (42,5 %) said that the reason they did not buy was not having enough money. The majority of tenants (78, 3 %) intend to buy later on. Only 21,7 % said they do not have any intention to buy.

The investigation indicates that there is not much choice involved in tenure decision. There were those who “got it” and those who “did not get it”. Many of those who got it, especially higher level officials, see this as a fair payback for their long and loyal service to the government. Some calls it a “gift” from the government. Others said “Buying? No, we only did the required formalities to get the certificate”. For yet several others, it is a decision made for them from above: “we only follow the decree of the government”. Not many reflect over the transformation in tenure form in terms of duty and right.

## No better housing

### No difference between owners and tenants in housing plan

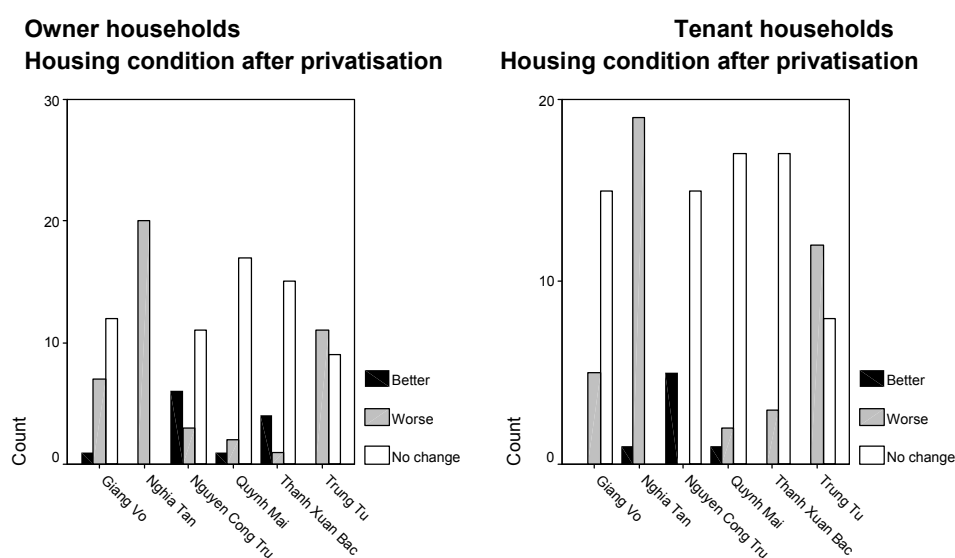
The investigation indicates that the change of tenure form did not lead to many upgrading activities inside the flat. We found no difference in renovation activities as well in housing plans between tenants and owners.

One would expect that once tenants become owners they would plan to improve their flats. However, in this investigation, we found more tenants who plan to upgrade their flats. Only 15,5 % of the owner households interviewed said that they plan to upgrade; compared to 23,3 % of tenant households, who said that they plan to do this in the coming years. Most owners (97 %) and tenants (93 %) already upgraded their flats before privatisation. There are more tenant households than owner households who plan to find another dwelling.

We wonder if the above indicates that to own does not have any significant influence on the dwellers' housing plans. The fact that many have upgraded their flats before privatisation may illustrate that dwellers care about their flats despite the tenure form. As only a short time has elapsed since many bought their flats, it is too early to say. It is possible that more upgrading activities will be planned later on. At present, however, these findings do not support the argument put forward by proponents of privatisation, who believe that to own will make people invest more in their dwellings.

### Nobody in charge and the building got worse

The study shows that the buildings have been poorly maintained both before and after privatisation. According to the dwellers, it is the common areas, such as *staircases*, *ceilings*, and *communication areas* that have become worse. 65,8 % of tenant households and 60 % of owner households are critical about these aspects.



When asked whether the living area as a whole became better or worse after privatisation, the majority of dwellers said that there was no change and a big group of

dwellers said that the situation became worse (34 % of tenants and 36 % of owners). Overall, there is only a small difference between the responses of owners and tenants. Within each living area, opinions vary more.

The majority of dwellers do not know who owns the building, that is, common parts of the building. Many owners still refer to the city or the government or the housing company as the body in charge of the building and that they need to ask permission from these when something need to be done to the common parts of the buildings.

In reality both owners and tenants act together when something must be done in the buildings, such as the cleaning of a blocked sewage, the cleaning of the septic tanks. Even before privatisation, the housing companies did only few repairing works, and only on special occasions. Still, if you tell them that now they are owners and the buildings is theirs collectively, they will say that they do not have the legal rights to take care of the building themselves.

Only few said that the building belongs to the dwellers collectively (nobody try to exclude the remaining tenants from this collective). Even these said that they can not be in charge of the building officially unless there is some clearer law on rights and duties of owners in apartment, especially what one can and cannot do with the common parts of the buildings. Several expects government decide for them what do to.

## Discussion

The survey presented above provides some information about the sale policy and how it influences the housing situation of different dweller groups. It shows some indications about a process of segregation, where a certain group of dwellers are supported to be owners, move further in the housing carrier and other non-supported groups are left in difficulties. It gives us insight into the dwellers' views on privatisation, about ownership and the care of apartment buildings during the time of privatisation. It also provides us with concrete examples of the consequences of privatisation on the dwellers' housing situations and on the housing stock.

### Tenure decision and its determinants

The study indicates that the subsidy policy is the first and main determinant of dwellers' tenure decision. There was very little choice involved. There were only those who were supported and those who were not. Younger households and those who work in the private sector are most likely to remain tenants, even if they would like to become owners, More men than women were supported.

In this case, indicators such as length of state employment and age are closely linked to economic indicators, since they form the basis of whether a person can obtain state discount for their flats or not.

In terms of household size and how it influences tenure choice, the study is similar to those in other countries which indicate that families with children tend to own, and single person households tend to rent (Si Ming Li 2000, Ho & Kwong 2002). Family size and the age of the head are more important factors in tenure decision than those of income, a reminder of similar findings from a study of housing privatisation in China (Ho and Kwong 2002). This is probably common for several countries in 'transition',

where the housing provision mechanism is still heavily connected to a persons' work unit, and thus different from that under a free market setting.

### Strengthen existing inequality

The findings indicate that privatisation in Hanoi created unequal housing opportunities for different dweller groups. As some dwellers put it, to become owner was a gift from the government, but only a selected few got this gift. Senior employees, who are already well situated both financially and socially, gain the most. Young families and those who work in the private sector are ignored. One can say that this policy contributes to strengthening an existing inequality.

A similar situation exists in China, as researched by Lee (2000, 2002). His study found that the reform process created enormous opportunities and benefits for those who were better located on the social ladder under the old regime, leaving the urban masses at the bottom of the work hierarchy, and those with a less favourable set of hierarchical relationships, in poor living conditions. Lee argues that this is a system that favours the protection of existing distributional benefits while victimising those who have only recently joined the work force. Schlyter (2002) demonstrates a similar outcome in a paper on the privatisation of public housing in Zambia. This process privileged sitting tenants, who had already enjoyed the advantages of living in more secured forms of tenure, while ignoring other social groups. This affects the younger civil servants who can no longer obtain staff houses and would not be able to afford a private house.

Chan (2000) discusses the privatisation of public housing and the promotion of home ownership in Hong Kong that resulted in an increase in real estate speculation, benefiting big investors and affluent owners, and making life more difficult for tenants in public housing. Chan argues that it helped to widen the gap between the rich and the poor, between owners and non-owners, between men and women, and between dwellers of different generations.

### Residential segregation?

The study also provides some indication about a certain movement among dwellers in these housing areas and in Hanoi. The study shows that, although resale figures have been modest, they have a strong potential to increase very soon. With housing demand increasing, one would expect prices to increase further once the buildings are renovated or upgraded. This would make it difficult for low-income tenants to remain in these areas, as they will probably be. This could be the start of a process of residential segregation in which well-off owners earn money through the sale of their dwellings, and obtain better living conditions, while low income tenants are left in poor housing conditions with little possibility to improve, or be forced to move to cheaper, lower-quality housing in the city outskirts..

How this development will proceed is not easy to predict but parallels can be drawn with European countries that have recently introduced market economies. Instead of providing adequate and appropriate housing, and stimulating new housing production, privatisation has resulted in segregation (Stanovnik 1994, Clapham 1995, Jaffe *et al.* 1995, Sýkora 1999). In the Czech Republic, it leads to a reshaping of socio-spatial

patterns, where the most affluent people will live in the central suburbs, while people of lower status occupy the old apartment building stock from communist times. Here also, the governmental subsidy favours affluent dwellers, stimulates their separation in residential districts and thus actively supports segregation (Sýkora 1999).

### Housing quality

We have not found any indication that privatisation brought about better housing quality. While some individual flats get upgraded or enlarged, the common elements of the buildings, such as staircase, ceilings and communication areas, are in a bad condition, and according to the majority of dwellers, worse than before privatisation. Even the renovation of the individual flats can not be seen as the outcome of the current privatisation since there have been a lot of renovation and extension activities that were carried out before privatisation. Regarding the quality of the building as a whole, housing privatisation can be said to lead to serious degradation, in contrast to what was promoted and expected by the decision makers.

### Ownership of apartment building

The study indicates a positive view of the dwellers (both tenants and owners) about home ownership. Both owners and tenants consider to own provides a sense of security. It is possible to say that the main difference between owning and not owning is the feeling of security. Both owners and tenants seem to share an insecurity and a mistrust about the development of housing policy and the up and down of the housing market in Vietnam and this enhances their need for security in housing.

The investigation indicates that most dwellers do not see ownership as a means towards more freedom and more authority towards their housing situation. There is a very high level of involvement of the dwellers towards the individual flats, even before privatisation, but a rather low level of understanding and responsibility towards the common parts of the building. The emphasis of ownership as a means to enhance citizen involvement in housing, as promoted in the privatisation discourse in Vietnam, goes rather wasted, when it does not specify the ownership of the whole building and the duties and rights of the owners respective tenants to it.

It can be said that privatisation in this case only marks the withdrawal of the government in the care of these housing areas. It has not been a transfer from one owner to another. For the building as a whole, no new official owners have been specified.

For the goal of privatisation, it is positive that most dwellers like the idea of ownership and that they feel more secure to own. However, they need support and guidance in order to be aware of their rights and responsibilities towards the building as a whole and act accordingly. A clear legislation for ownership in apartment building is needed in order to provide the dwellers with the tools to use their freedom and authority and be responsible towards the buildings.

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