

## Vietnam: More incentives needed to back social housing projects

By Thoa Nguyen - The Saigon Times Daily  
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**HANOI – Though the legal framework for the development of social housing for low-incomers nationwide was updated into the Law of Housing in 2005, only high-class housing projects like apartment buildings or villas have been launched in recent years.**

In fact, the demand for accommodation from low-incomers, which has been neglected for years, has struck a chord recently, as the current GDP per capita of about US\$1,000, or VND17 million ranks Vietnam as one of the poorest countries in the world.

About 25% of Vietnam's houses have not kept up with rising standards or can be considered as makeshift shelters, according to a recent survey of the United Nations' UN-Habitat program. The survey shows that current housing projects have yet to meet demand as low-income families cannot afford to buy apartments or upgrade their current shelters.

There is still a gap in the housing sector for low-incomers in urban areas nationwide, said Nguyen Quang, director of the UN-Habitat program in Vietnam, at a conference held last week by the Construction Ministry. He added that one-third of state employees rent houses instead of buying.

The conference, focusing on policies to manage and develop housing projects in Vietnam, concluded that incentives to boost social housing projects are urgently needed. Those projects should upgrade shelters for students, workers and low incomers.

The rising speculation on the realty sector in Vietnam is a result of the current development of high-grade housing projects backed by more incentives, which keeps potential investors away from social housing projects for medium and low-wage earners.

Current policies have also played a role in raising the price of an apartment by some millions of dong from VND5-6 million per square meter, which takes the apartment from the reach of the people who need it most.

With the current rate of 12.2 square meters per person in Vietnam, 70% of the houses are built by individual families while only 30% are offered by realty firms.

As a result, to reach the targeted rate of 14.3 and 18 square meters per person by 2010 and 2020 respectively, more incentives should be mapped out for investors to roll up their sleeves for social housing.