

Improving Privatisation of Housing Stock in Vietnam

A Case Study of Hanoi

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Introduction

Housing has been a perennial problem for Vietnamese people. It caused popular discontent to the state, which promised citizens the right to shelter. The state, in financial difficulty, has tried over time to meet the housing requirement of citizens and help people to improve their living conditions. But as a result of rapid population growth rate (more than 2.2% at the present) and the huge human and material damage, which have been caused by a very long period of war, the serious housing shortages are still a great problem for sustainable development of the country.

The housing situation in Vietnam is mainly divided in to three stages: before 1954, before renovation from 1954 to 1985 and during the renovation period from 1985 up to now. In the first period, the people mainly built the houses themselves in traditional way with low - rise single buildings. In the period 1954 to 1985, the State has introduced comprehensive national housing policies and programs, which mainly respond to the huge housing demand of people at that time. Houses are partly inherited from the colonial regime they are low quality and being degraded. Some of these houses are built as tenement in USSR style in all most living quarters. These are mainly high-rise building with low living standards and also being degraded caused by the lack of maintenance and by spontaneously expanding living areas. In this period, the government played an essential role to provide houses to the people freely or with very low rent, which contributed to the State's financial difficulties.

Since 1986, following the trend of economic change from centralization to decentralization, the economy in the country as a whole, and the housing stock has increased steadily. Central government has encouraged, mobilized and called upon all sectors, including private, informal and foreign sectors, to participate in developing the country's economy, especially in housing development projects. In addition, because of the lack of financial means for developing the housing stock, the state declared to stop providing public housing and allowed people to build their own house. In 1994 a regulation was issued for the buying and selling of housing, especially for the selling of houses owned by the state to the sitting tenants. Up to now, the housing privatisation program has been under implementation comprehensively in the country as a whole. However, the program has been standstill with very low numbers of house have been sold.

Problem Definition

The change of economic development from the centrally planned economy to the market oriented economy has brought improvement in housing management and development. During the period from 1989 to 1999, especially after 1991's housing strategy, the central government advocates to withdraw the subsidy system in housing in order to encourage participant of different components to develop the housing stock, avoid the attitude of relying on state of citizens, attract the amount of potential for the housing development purposes, as well as to decrease the state's burden in housing maintenance. However, because of very complicated situation and the loose policies in housing management for a long time, the state's advocacy of house selling to sitting tenants is still not responded. On the one hand, small groups of people - prosperous inhabitants - seem to be interested in buying, but the majority - state employees, middle class inhabitants and the poor do not have a positive

response. The reason is high selling price. Although the low price account for 25%-35% of the market's price, but it is still too high compared with very low wages and the rental price. Furthermore, the house selling procedure is very complicated and it is not concretely applied. The actual situation of rental houses are degraded, serious damaged which requires improving, hence make a dispirited mind of the sitting tenants. In fact, except for the sitting tenants living in good conditions, convenient locations, or those who want to buy for the reselling purpose; the majority does not see the difference between being the owner or renter. This situation diffuses and influences strongly the house-selling process.

Finally, although selling houses is the right policy but is not yet to be carried out effectively because of so many remaining problems, especially the attitude of citizens who do not want to buy the house. This the most important problem are interested by government, first and foremost in Hanoi where there is a very low rate of selling houses of the current housing stock. It demands a good method to solve this problem.

Motivation for the Choice of Study

The Central Government required the restructuring housing privatisation program in order to achieve its goals for better housing management and future housing stock development. The idea of this papers is to explore the situation of housing privatisation, the situation of Hanoi city that faces the biggest housing stock difficulties, and to recommend a possible and acceptable way to achieve success.

Method of Study

The study will be observed from two main perspectives:

- Demand side which is focused on the household problem influenced by the sitting tenants' decisions and preferences
- Supply side which is researched by looking at the policy and instruments involved and their influence on the privatisation process and possible changes to meet the affordability conditions.

Background

The National Housing Strategy and Privatisation

The right to housing facilities is one of the fundamental human rights, which the state recognizes and takes care of. Land for housing is defined as a special land by the state. It is said that the land used for housing is provided freely, especially for the poor and low-income groups.

The ordinance on Housing was issued in 1991, officially recognizing private ownership of houses, permitting organizations and individuals belonging to different economic sectors to build house for sale and hire. According to the State's regulation on the Right of housing ownership and for housing in the urban area, there are three types of housing ownerships.

- Houses belonging to state are comprised as follows:
 - Houses built with capital from the state budget.
 - Houses transferred to State ownership according to the regulation prescribed by the law (very often houses that were owned by individuals or organization under the colonial period).
 - Houses built partly by State capital and partly by individuals or groups according to agreement or amortization's contract of house purchased on credit but repayment has not finished yet.
- Houses belonging to legal political, social and economic organizations are as follows:
 - Houses built by these organizations' own capital.
 - Houses which were given or presented legally by individuals or organization.
- Houses owned by the private sector, which are acquired through legal construction, buying, in heritage or other types of ownership.

The main point of the National Housing Strategy to the year 2010 is: The state encourages and mobilizes that citizens build their house following the city plan

themselves. Owners are allowed to use, rent, mortgage, assign management rights and transfer ownership of houses. Houses owned by the State can be sold or rented following the State prices and regulations and can deduct rent from salary. Housing development agencies or companies are allowed to be profit oriented in order to collect the cost for re-operation. The housing bank should be lenient in providing capital. Responding to these strategies, state regulation for the buying and selling of houses was published.

The State mainly emphasized to sell State owned houses to those renting them, which will be a solution to get rid of the responsibilities of maintenance and to mobilize the capital for housing development programs. The State decided to sell houses owned by the State to the occupants in order to improve their living conditions and opportunities to maintain the building themselves. They are not allowed to sell the houses if:

- The house is located in planning areas, which are expected to build other buildings; or renovate new houses.
- It concerns specialized houses, which are used provisionally for living purposes
- There is diversification of villas, which will be used for public building or other purposes.

The State allows buying and selling houses and buildings through a contract, which follows the regulation prescribed by the State law, and is substantiated by public authority. The State decides the housing price and the land price to be used for transfer of land use rights in order to control and manage the buying and selling of houses and housing business.

The buying of a house owned by the State is voluntary. The price of houses, which are owned by the State, comprises housing price and land price when transfers the right of land used.

The housing price is determined by the price of the remaining value of the house and a justification of the using value. The remaining value of the houses is based on the remaining ratio relatively compared with the price of new housing construction and depends on the special situation. The ratio justification of housing value is based on the floor size. The land price when transferring the land use right is determined by the people's committees of province and depends on the location and the floor of the house. For a one-floor house and for multiple-floor houses (independent houses or villas), the land price is equal to 40% of the State land price for the housing purpose. The land price for the high-rise building is calculated by 10% the land price and by adjustment coefficient for each floor.

The director of the Housing Management Company belonging to the Land and Housing Department of the provinces; and the chairman or vice-chairman of People's Committee of provinces, districts (where there does not exist the Housing Management Company) which manage currently those houses are responsible to sell houses. Houses owned by the State - which are managed currently by government offices, military, associations and any other organizations-have to be established the plan to transfer to the law. The selling has to be approved by the people's committee of the province and the city people's committees (or Prime minister for two large cities-Hanoi and Hochiminh City), before selling. A selling committee is established in provincial level in order to implement the selling plan. This comprises the representative members of the City People's Committee, the Land and Housing department, the Chief Architect Office, the Financial Department, the Provincial Labour Union, and the selling side.

The selling contract of house is amortization contract with maximum maturity of 10 year and not less than 20% down payment; the rest of money have to be translated in to gold 98%; the annual payment is not less than 8% from the second year. It is discounted 10% if the total amount of money is paid after signing the contract and 2% discount if it is paid within one year.

The money from selling the house has to be given to the State budget in order to maintain and develop the housing stock. Priority is given for special purposes such as: to build a house for renting out or selling to the people who do not have a house or have very low quality of house and low living standards; to build the infrastructure for the residential areas; to maintain and renovate old houses in to new high-rise building in order to sell or rent out; to implement the social policy for houses.

Current Situation of Housing Privatisation in Hanoi

Situation of Housing in Hanoi, Housing in Inner City

Hanoi is the capital of Vietnam. After changing of the policy - called "renovation" - the city has grown rapidly with an average GDP per capita growth of about 10% per year, houses were built rapidly. The stock increased with rapid urbanization. The housing situation in Hanoi reflected in the housing situation of the country as a whole. Although the housing stock has increased, the housing shortage is a problem for the sustainable development of Hanoi. During 40 years, the State has tried to build new houses, which almost all are high buildings of five stories. The rest is low-rise building with apartments. These only cater for 30% of the total numbers of government employees. Because of rapidly increasing population and urbanization in Hanoi, the public houses, which were built replicable to respond the large housing demand of Government's employees in the past, the living standard is very low and tends to decrease from 6.5 square meter per person (1995) to 5.3 square meter per person (1994) an approximately 5 sq.meter (1996). Because of the very low housing rental price which is not enough for the maintenance, the houses, especially for five stories buildings, have degraded seriously: 300000 m² of houses are degraded including 2.5% of unsafe houses. Houses, which needed to be maintained, are making up 50% of the medium housing, and 25%-30% for very large houses. Finally, 15% of the good houses need only annual simple maintenance. Most houses have not been built synchronous and lack a good infrastructure system leading to living environment pollution. The population density has not been allocated properly: very high density in the ancient city 40,000 inhabitants per square kilometre.

In general, houses in Hanoi are a mixture, partly because of poor management, spontaneously housing construction over 80%. Houses are old and almost all have a commonplace kitchen, bathroom, toilet etc. The ownership is a complex, which creates serious problems for management and for selling of houses.

Housing Privatisation at Present in Hanoi

Hanoi and Hochiminh city, the two first cities of the country, have first implemented the experimental plan for selling state owned houses to sitting tenants. Hanoi has realized this experimental plan for 611 households from December 1994. After that Hanoi was allowed to continue the selling experimental plan for 221 household in living quarter areas, in which there were 115 households which applied for buying, 76 households which have signed contract and paid, but only 40 households have been given a house ownership titles.

Later on, with the privatisation policy, the difficulties of housing conditions, management and maintenance. The people's Committee of Hanoi has established the "Selling State owned houses to sitting tenant scheme in Hanoi" and asked for State's approval of a comprehensive program of this scheme in the whole of city.

Although State rules and regulations for selling houses were published in 1994, in fact, it has been implemented from 1996 after applying the comprehensive program in Hanoi. Therefore, Hanoi has collected about 1 billion VND (71,429 USD) in 1995. In 1996, 8419 applications for buying were received. 361 houses have been sold and 16 billion VND (1,142,85 USD) was collected.

In 1997, a great number of houses were sold. Up to 31 December 1997, 5033 applications were received including 650 of self - management organs (organizations under State or Municipalities). 4298 houses have been sold out including 3861 households have paid; 2766 households have fully paid, 1095 households have paid in mortgage, and 204 households are of self-management organs. Total money collected is about 98.442 billion VND (7,031,571USD) including exemption of land and housing sale for target groups of about 11.43 billion VND (861,429USD) and from self -management organs of about 6.88 billion VND (491,429USD). However, there were only 783 households that have received an ownership titles including 120 households under self-management organs. It covered only 30% of the total houses sold.

Although the year 1997 was as a boom of housing privatization, a great number of houses remained, which cannot be sold. It was only 7.7% of total houses owned by the state, which have been sold. In addition, there were only 1556 houses, which are covered 40% of total number of houses of selling plan, in sixth months of 1998.

The process has been going very slowly and came to standstill caused by results of policy changes and frequently improving the structure and selling process. Also,

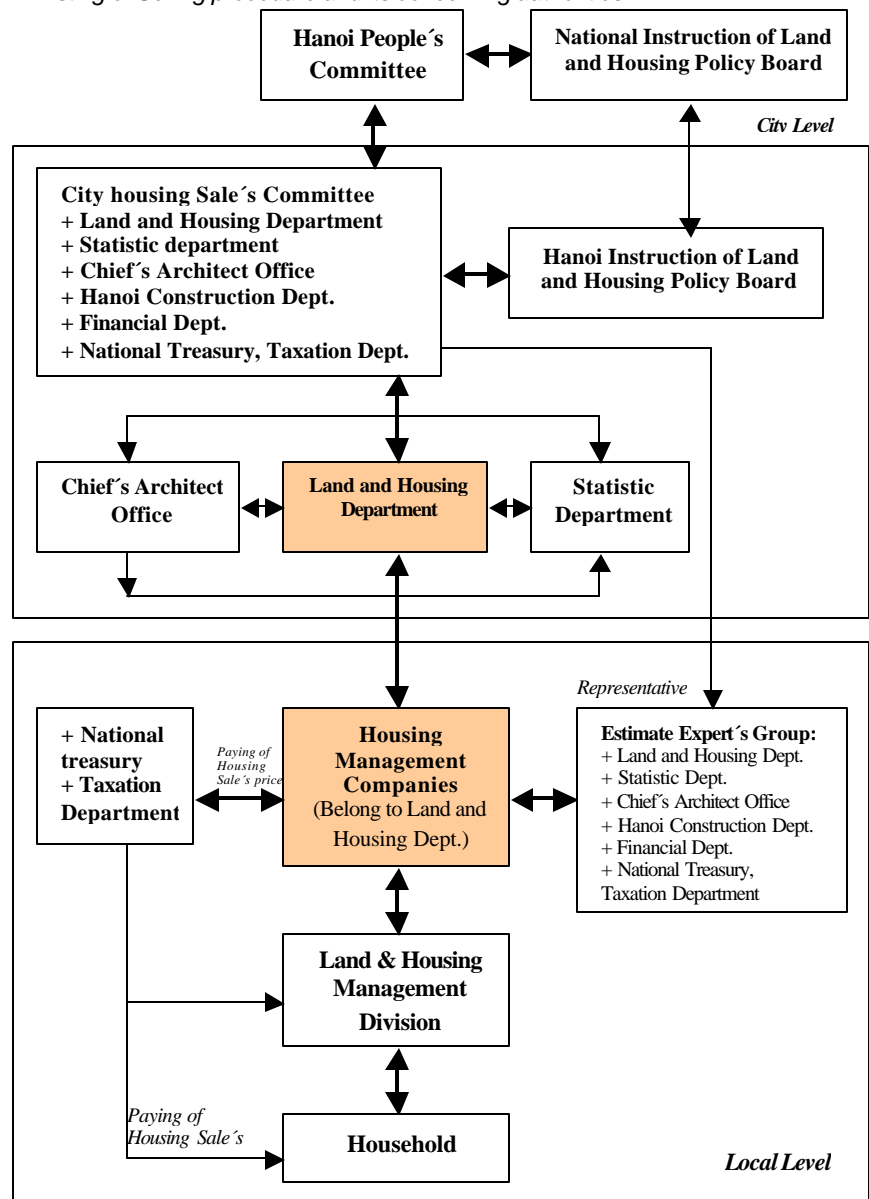
there were a lot of complain from the tenant side about housing prices and the level they can afford, even prices sharply decrease through initiatives from government side.

Up to now, almost all houses sold were single houses with or without garden. Only 8.9% of total houses, which are sold, were apartments in 1997. This situation is influenced by the location where almost all tenement are located in suburban or far a way from the centre of the city, and by the serious damages of buildings which were built long time ago. There also existed problems of publicity of privatization process, which have lacked mass media for population at large. Another doubt is that there was no policy for maintenance responsibilities. It was not yet known who is going to take responsibility for maintenance and how to do it. The fact is that, the Hanoi people's Committee has though only to sell the assets but not yet about later management. This is a main factor that impeded seriously the willingness to buy of tenants especially those who live in the apartment.

Housing Privatisation in Practice and its Scope for Improvement

The Management Situation and the Housing Sale Procedure

Existing of Selling procedure and its concerning authorities





Single houses



Villa



Apartment Houses

Overview of housing types subject to privatisation in Hanoi

Housing Management

It is known that the houses are variable types and mixture types of ownership in Vietnam in general and Hanoi in particular.

Giving this picture of houses in the city, the evidences that, there were many difficulties for management of housing development. The remaining housing stock was old and seriously degraded together with unknown housing ownership and origin. Situations of self-help houses, illegal construction and expansion have been occurred over time. In addition, the citizen's attitude and traditional way of living also create a bombing of management. Further more, the houses have been owned by different sectors, but managed by different organizations under the state. The overlaps of management responsibilities among these organizations have existed for a long time that led to loose management and difficult anticipation of management policies for housing development in the city, especially in the new urban areas. The fact is that, there still existed management approaches, which are distinguished from each other under these managed authorities. The clearer responsibilities of these organizations, which have been assigned by central government for management, have to be worked out.

On the other hand, there existed the secondary market due to the huge housing demanded and "right to transfer the house" which is prescribed by the regulation and law. However, because of big difference between market and normative price of rental housing stock owned by the state creates a huge illegal of transfer of housing ownership. The state has been long time played a key role to provide rental house which has been considered as a public house (*gov. as low rental price mainly provides houses*) Although the state has been subsidized a big investment for housing development covering the losses due to the extremely low rent (1% of monthly salary of about 25VND) (0.2USD/m² in 1993), it is still not enough to cover the expenditure of maintenance and development. This common problem of almost Communist governments creates corruption within local governments' employees and relies passively on government subsidies that lead to impeding development of housing sectors.

Actors

The Hanoi People's Committee

Based on the selling scheme, which is approved by central government, this organisation promulgates a housing sales procedure. It defines the task and responsibilities of all concerned authorities for the selling process.

The Land and Housing Department

This department is mainly responsible for co-ordination among all the concerning departments to realise the housing sales, and classifies housing categories and sorts out if these could or could not be sold. It responsible for frequently reporting the problems during the implementation process and gives up intermediate proposal for improving process that help Hanoi People's Committee assign concrete guidance in solving.

The City Housing Sales Committee

This authority who will take the decision on housing record of households. It is comprised of all representative of all concerning authorities in the process such as: the Land and Housing Department, the Statistic Department, the Chief Architect's Office, the Hanoi Construction Department, the Financial Department, the National Treasury, the taxation Department and other Social Organization which are related to selling process. The more waiting time required for approval of selling documentation as well as improving policies made by the Land and Housing department. It also faces the difficulties of making agreements for policy guidelines and obtaining approvals from including members. This is a result of a different point of view caused by the different background and lack of experiences with the new principle of market orientation.

Housing Trade Companies

These companies are responsible for public announcement for companies, wards, districts about the list of houses allowed to sell and housing sales schedule. They also announce directly the regulations, policies, and the profile of housing price per sq meter to households. They establish the house's selling – buying records for Land and Housing Department, Chief Architect's Office and Statistic Department. They

are also responsible for setting up the housing sale's price of individual household and pass all document of housing sale to Estimating Expert's Group.

The Estimating Expert Group

This authority is representative of the City Housing Sale's committee, searches the setting price and then transfers to the representative of City Housing Sale's Committee for approval and give back to Housing Traded Companies.

The Estimate Expert's Group comprised working staff of all concerned authorities. It is mainly responsible for estimating four parameters: housing grade; remaining quality of house; land price and land area when a transfer of the right of land use; and a housing adjusted coefficient for using the house - which is determined mainly for apartment houses and multi-family houses. This Group has very strong links with the Housing Trade Companies for setting the selling price of the house, which is based on these parameters. It is said that, only four parameters are estimated when the house is bought from the household side.

The Chief Architect's Office

This office is responsible for planning which is submitted to Hanoi People's Committee for approval and publicised the approved planning of which area could be or could not be sold. It is responsible for official answering the required documents of Housing Traded Companies.

Land and Housing Management Division

This division which belonged to Housing Management Company is mainly responsible for direct dealing with households in the selling process. This authority faces with both complains from the households as well as from local authorities. On the one hand, they face difficulties to answer to any concrete questions about the selling process due to the lack of power and the right to take decision as well as the lack of guidelines for implementation which usually come too late and are insufficient. On the other hand, the misunderstanding and non-cooperation between the Division and the local authorities has been occurred during the selling process. In addition, dispirited attitude of the working staff has been recognized by either authorities themselves or households due to the difficulties of housing sales and the burden of bureaucratic circumstance and insufficient policies and payments from government.

The Selling Process

The household, as the demand side in the housing privatization process, is one of the most important actors whose interests need to be considered.

Beside bureaucratic problems and poor management, the point of view of governments as the supply side is important. There existed problems of selling price as well as responsibility for maintenance. These problems have influenced strongly the decision making of households. One of the most important factors hindering is maintenance responsibility, which is mainly a burden on the potential owner, especially for the one whom live in the apartment house.

The fact is that the selling price was set on ideological ground at a level which seemed to reflect the proper price for selling based on the political belief and market orientation. But unfortunately, this still slows the selling process due to the complicated method and necessary additional work as well as creating corruption during the calculation of selling price, especially the land price.

The main problem of selling price has been defined as problem of setting the land price during the process. The land price, in reality, has given headaches for either governments or buyers. It is recognized that setting land price process has not been considered equitably. There have been existed the huge gain of some occupiers in the single houses as well as losses of the others thorough the gap of different land value. Because, in the secondary market, the land price is about three or four time in the center is five time or more- higher than normative price per square meter so that the occupier of a single house will gain much profit compared to one who live in an apartment houses. As a result, almost all housing sold, were single houses.

Financial Possibility of Selling Housing

The selling price even is very low comparing to market price, it is still existed the gap to affordable price, especially for the low income and merit groups. There 62% occupier wanted to be an owner said that selling price is set too high for the apartment due to the low condition and quality of building and indoor-infrastructure system. It is only 16% of occupiers, who wanted to remain as a renter, said the

selling price is too high. It is can easily to explain why it happens. The one who wants to buy usually wants lower price rather than the one who not interested in buying.

Selling price under occupiers' perception

	Price is too high	Price is proper	
Potential owner	62% (120)	38% (73)	100% (193)
Renter	16% (31)	84% (162)	100% (193)

Sources: Survey data for Thanh Xuan living quarter, 1998

Further more, we also can look at the selling price from another point of view. As the table below, 90% of occupiers who able to buy as well as willing to buy, said that the price is too high selling price hindering the buying of occupiers during the selling process.

Price perception of household's ability and attitude

	Price is too high	Price is proper
Ability to purchase		
* Yes, able	90% (174)	18% (35)
* Able to have a loan or mortgage	10% (19)	49% (95)
* Not able	0% (0)	33% (63)
	100% (193)	100% (193)
Attitude		
* Willing to buy	97% (187)	32% (62)
* Cannot afford	3% (6)	47% (91)
* Not willing to buy	0% (0)	21% (40)
	100% (193)	100% (193)

Source: Survey data for Thanh Xuan living quarter, 1998

However, more or less households have recognized that even if the selling price is set too high it is still much lower than market price. Let me take on example in the Thanh Xuan area. The market of selling price of apartment is of about 7,000 to 35,000 USD (for using area of about 28sq. meter to 40sq.meter of a new apartment). But the selling price (according to the Gov.regulation) of the same using area is about 500 to 1,700 USD in the Than Xuan area. This big gap needs to be shown to the people in order to mobilize the positive reaction of buying. In addition the reduction of the selling price also has to be mentioned and contributed to the success of selling process.

Household Income

No doubt household's income is often considered as a relative factor which influences to decisions of households concerning saving and expenditures. The decision of buying or not buying a house is not excluded in this logical idea. In Vietnam, there is an advantage that people, in general, mainly save money for housing purpose, either repairing or building a house. This "natural saving" will be a good aspect to attract people to buy the house. In Hanoi, the income level is divided into groups as indicated in the table below:

Income Distribution

Income groups	Making up of all groups (%)
Poor	4.8
Below middle	24.7
Middle	46.3
Above middle	17.9
Rich	6.4
	100

It reflects that income is still relatively low. It is approximately 30% people are still below middle income. This can be one of factor impede the willingness of households to buy.

Losses of Management and Complexity of Selling Procedure: (Household's Perception)

The households' perception of privatisation policy has been very different from person to person. About half of households' interviewed were willing to buy. The problems of not willing to buy are caused by various reasons. The complicated

procedure for buying has been the most important factor hindering the willingness to buy.

On the other hand, there has been insufficient information about privatisation policy as well as its requirements and incentives due to insufficient mass media at the local level. It is necessary to mention that households, which are mostly government employees, have still relied on the government subsidies, which were inherited from the socialist regime. These attitudes have to be eliminated and changed through the trend of market-oriented policies, especially the trend of rental reform to obtain a positive reaction to housing privatisation. In addition, high selling prices also have to be considered as a hindering factor for the household's decision.

Possibilities of Reconstruction and Maintenance

The high cost of maintenance for apartment houses has been considered as the most difficult factor for taking a decision of buying or not buying of sitting tenants. It has impeded strongly the willingness of the households to buy. The question here is how governments solve this problem as well as how to shift it to households after privatization.

Housing maintenance has been under the responsibility of the local Housing Management Division. This authority has been given about 40% of the rent collected, which has been very low and frozen for long time of period from 1970s to 1993. There has not been a direct policy for maintenance. In the case of single houses and villas, the burden of maintenance cost will be no doubt to be transferred directly to the owners. However, the problem of how to organize the system for maintenance remained. In particular, if there are both owners and tenants in the same building and the state is still responsible for the stair, roof, and facade of the building, as the case of apartment houses.

In addition, the funds for this purpose are limited. Thus, there has been very little maintenance of the state rental housing stock.

The authorities have not sufficiently maintained the building in the past and want to get rid of this responsibility after the privatization process. Unfortunately, they still cannot avoid sharing maintenance for common places and the responsibility to remaining renters. They have to help and guide owners to maintain the building as well as the way of operating it.

From the households' point of view, they have maintained themselves for a long time due to the insufficient maintenance by the state. This is an advantage aspect to eliminate the impeding effects of maintenance's responsibility during the privatization process. In other words, the households themselves have already taken the burden of maintenance cost before; therefore, they will have it after being the owner. Still, households themselves agreed among them to maintain their apartment without taking serious technical issues, which could damage the building structure.

Furthermore, the question of financial means also has to be recalled. The evidence is that only middle and high-income groups rather than poor and low-income groups can afford the maintenance cost. This fact leads to disagreement of occupiers for maintenance of the building. Therefore, the intermediary role should be recognized and the way money can be collected for this purpose also has to be considered.

Conclusions and Recommendation

Conclusion

During four years of implementation of housing privatization approach, the Hanoi people's committee which has had a lot of attempt to improve and make it more transparent process, as well as a special care of central government, has not achieved the objectives of process. There only 13% of total state housing stock were sold out in 4 years of implementation of the housing privatization scheme in Hanoi. There were still doubtful about the housing privatization policy in the sense that if it is necessary or not and under the debate of city authority. Never the less, the privatization policy is recognized as an important way for the housing reform in the country as a whole by the central government. The most important question now is that how to improve and implement policies suitable for the situation of the city. Further more, the Scheme of privatization has been improved consecutive but there were still be loopholes in the process, which are needed to work out. The question of

altering tenant's attitude should specially pay attention. Beside, the necessary to train working staff at each level is recognized. In addition, the burden of maintenance cost when ownership is transferred to private owners, which hindered the households' side, have to be seriously considered and paid attention to.

Recommendation

Improving the Selling Process

Reducing the requirements for documentation

The most difficulty part of a policy for applying of buying houses is how to simplify the documentation used under the administrative system.

While trying to sell the state rental housing stock as quickly as possible, especially apartments, governments have been afraid that tenants can buy more than one state house if compulsory documentation will be eliminated or simplified. Therefore, in order to achieve this purpose why not to give tenants, who are either legal or illegal occupiers, more opportunities to apply for buying as residential permits. The matter here is only how to manage it properly.

This is possible by recognizing occupiers as those who have the right to buy their apartment. The housing privatization process will be hasten. Through this applying, the local governments can manage better numbers of household, who living in their area and who could not to buy apartments before.

Financial possibility for improving the selling process

It is true to say that financial difficulties are always a factor impeding any kinds of policies, projects, programs etc. As it is mentioned before, the slow down of selling process has been influenced by financial inefficiency. The evidence is that the state housing stock is assigned to city authorities. However, the money, collected from selling houses, has been given back to the state budget, and granted to the city budget later. No doubt this still exist. In Vietnam, everything is centrally planned despite ideological decentralization. The city authorities have been given more tasks and responsibilities suggested that it is necessary to have an efficiency of distribution, especially for selling procedure, supported by state policy. Collected money is held in the city budget rather than in the state budget for better maintenance of the damaged housing stock and drawing up a city existing land use map.

On the other hand, the problem of insufficient money for administrative work at the local level has also to be solved. It is suggested that, the rate of money deducted for the administrative works and publicizing of government's policies should be increased at the local level.

Restructuring the selling procedure and concerned authorities

It is no doubt to realized that these authorities have to be recognized and improved for better selling organization of state houses and clearer responsibilities, as well as avoiding overlaps among them. Hopefully that households will have more positive perspectives due to the changing of the selling structure and authorities concerned. Diagram 2 addresses the idea of a changing role of concerned authorities and selling procedure simplification. The idea is mainly based on the efficiency of decentralization for better management and implementation. The important role of local authorities gets more attention and they are given more powers as well as responsibilities for the successful implementation of selling process.

Actors

The idea is that, the approval levels have to be simplified due to long waiting time of approval, which households have to wait. There is two-time approval necessary for the same housing sale document before submitting it to Hanoi People's committee (one is at the Land and Housing Department and the other at the Housing sale's Committee)

It is really not worth to approve two times the same documentation at those two levels. Therefore, these tasks have to be redistributed efficiently for both authorities. The selling documentation, in fact, can be decided at the Land and Housing Department unless special cases which those authorities not capable to take decision such as selling villas and single houses.

The Land and Housing Department alone will take the decision of selling apartment houses, single houses with the land area less than the standard and submit the decision directly to Hanoi people Committee. The Housing Sale's committee will

take a decision only in case of villas and single houses with large land area and some others special case and submit the decision to the Hanoi People's Committee.

There is no need for all members to participate in decision-making. The City Housing Sale's committee members have to be limited by reducing unnecessary members involved such as Labour Union, National treasury, Taxation Department, etc., unless their role is necessary in some special cases. This will give more responsibilities to the main participants rather than spread it to all members likes before.

The Land and Housing Department, in reality, has already played the main role to deal with all housing problem, of which housing privatization is only part. This department has faced different troubles caused by others concerning authorities of selling process, those who took part in taking decision for selling houses. As mentioned before, there have existed in co-operations among the authorities, which influenced strongly the selling process and created difficulties for taking decisions. In addition, this department has taken the main role for selling process' implementation and improving policies, but they did not have enough power to take decisions alone. Therefore, the selling process has been implemented very slowly due to the waiting time for making the decision. On the other hand, it is true that by reducing the bureaucracy the process will speed up. In other words, if the process of housing privatization will be handled by only one authority, as the method of "one door", the bureaucratic and complex procedure as well as the contradiction among the concerned authorities will be reduced and improved. Finally, no doubt the key role of the Land and Housing Department has to be fully recognized.

The problem of money collection has been recognized during the selling process implementation. To avoiding corruption during the implementation process, the money collection has been handled by representatives of the National Treasury and Taxation Department. But there have remained problems of paying the housing sale of households as well as Housing Management Companies. The payment has to be brought physically by households together with representative of the Housing Management Company to the Treasury department or Taxation Department. The paying system has to be improved. It is suggested that the National Treasury and Taxation Department of the city will send their representatives to the Land and Housing Department for easier money collection and to reduce complex procedures of paying and collecting money. The Land and Housing Department staff collecting money have idea that money collected should remain at the city level rather than go to the state budget. Transparent and clear money collection has to be a goal for selecting this staff.

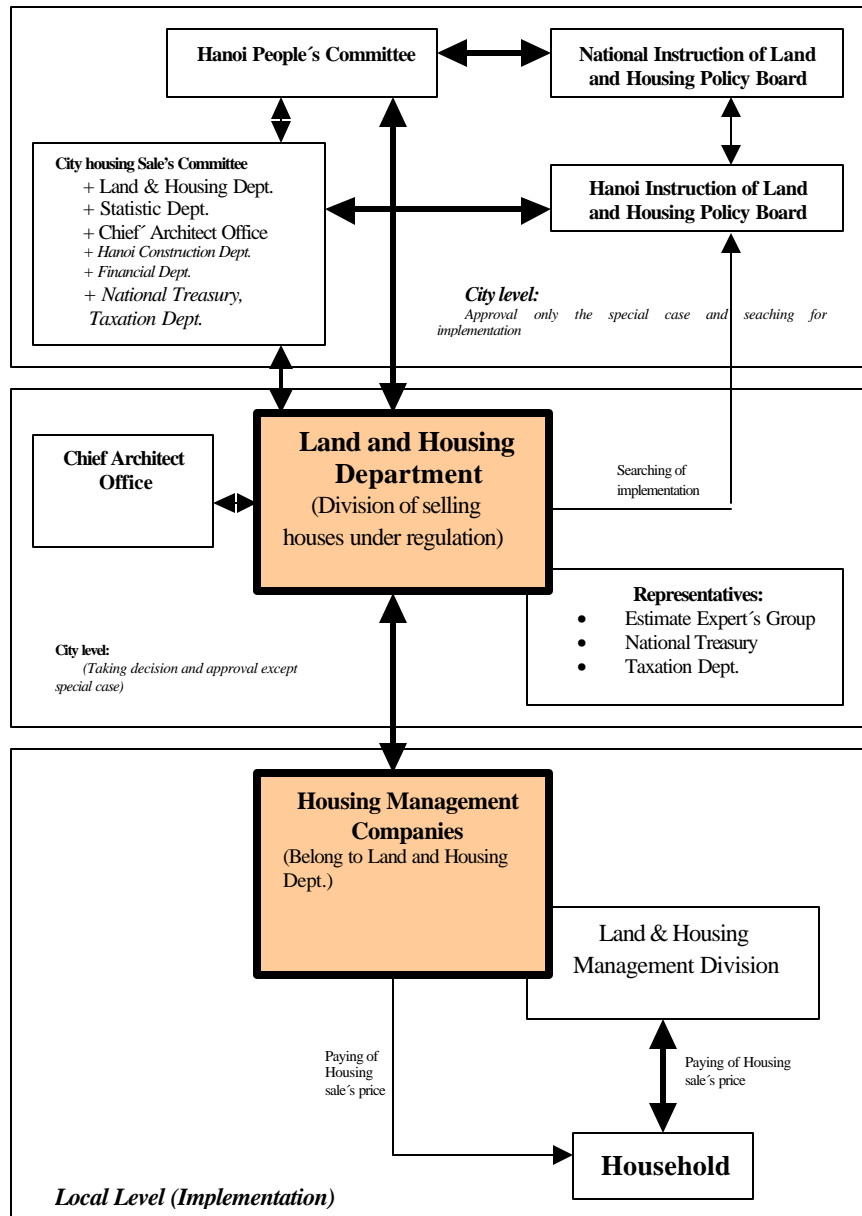
In addition, at the local level, the key role of Housing Management Companies has also to be conceded. It is necessary to avoid troubles for households, which requires simplification of selling procedures, especially at the local level where the households have to go through. It is also known that the Housing Management Divisions together with its Housing Management Company have to wait for decisions of the Estimate Group to estimate four parameters before calculating the selling price. There has been a waste of time and money for this work. It is suggested that the role of Estimate Group will be transferred to be hands of Housing Management Companies under the condition, which are defined by city government. In other words, it is necessary to introduce four parameters but reduce estimation of remaining housing value by accepting the value, which is based on the age of house rather than on variable criteria and standards. The Housing Management Companies will easily evaluate the houses themselves based on these published conditions. In additions, they also have Housing Department. They can also take decision for simple cases to approval at the Land and Housing Department.

It is fact that the selling procedure are expected to be simplified for mobilizing households willingness to buy. As suggested before the role of concerned authorities have to be changed and improved. Local authorities will mostly decide the selling documentation, especially for apartment houses: housing Management Companies and its Divisions at the local level where there no Housing Management Company. Documentation will be approved partly by the Land and Housing Department (documentation for selling apartment houses and single houses) and partly by the City housing sale's committee (documentation for selling villas and some special cases of single houses). In addition, it is necessarily to mention here that the crosschecking of documentation has to be emphasized in order to avoid corruption during the implementation.

Training Working Staff, especially at Local Level

By giving more power and responsibilities to local authorities, they will require capable working staff for selling houses in particular and deficiency of housing management at local level in general. There has been lack of experiences of working staff in almost all local authorities as emphasized before. Therefore, training policy has to be considered as an important task of the selling process improvement as well as the later housing management at local level. There have been some courses for local working staff but it has not been sufficient. It is necessary to provide frequently short courses (2-03 weeks), especially for local working staff. Further more, it is also necessarily to mention her that the courses will be financed by the city budget but taken for a separate fund for training courses.

Diagram 2. Selling procedure simplification



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