TOWARDS SUSTAINABILITY: THE URBAN HOUSING MARKET, POLICY AND MANAGEMENT IN HANOI REVIEWED THROUGH THE INTERNATIONAL ECONOMIC DOWNTURN AND THE NATIONAL INTEGRATION PROCESS

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Abstract

The global economic crisis has left a negative impact on Vietnam’s economy since mid 2008. Consequently, the building industry – particularly the urban housing market as an integral part of it – has been strongly affected. However, it is also a “rare” occasion to reinvestigate the housing policy as well as the housing mechanism in a wider context of the post-WTO free market economy. In a solid and sound urban housing market, the real demand for high-quality but reasonable housing of residents should be a driving force. But in fact, the housing development program in Hanoi is primarily based on the annual allocation from the Government rather than on research, which may result in either chronic shortage that happened until mid 2008 or redundancy that occurs at present – under the influence of the economic recession. Another two major weak points clearly reflected through the current economic slump are the old-fashioned centralized housing management and its twin sister: housing speculation, which makes the situation even more complicated. It is therefore high time to strike at the root of the problematic urban housing policy and management.

In the era of globalization and co-operation housing concepts are transferable. Germany possesses a robust urban housing mechanism and can offer a good example for Vietnam, with the city of Berlin being selected as a special case study, due to its socialist past and radical change over the past two decades – after the Wall was dismantled. This paper focuses on the practicability of a West European managing tool which is well-known for effectiveness into a Southeast Asian society which is self-regulating for sustainability. There are two factors to consider while developing such a new concept for Hanoi: benefits (or opportunities) and dangers (or threats), thus it would be a wise step to maximize the former and minimize the latter. In addition, comparative housing needs to be adaptable and flexible. With these in mind, the paper aims to put forward a symbiosis between “innovative” and “conventional” housing management, as well as between technical and social aspects of the matter, so that it will be highly functional and least influenced by the socio-economic fluctuations. For a developing country like Vietnam, this re-adjustment plays a significant role, not only in urban housing itself, but also in the entire integration process.

Keywords
Urban housing policy, urban housing management, comparative housing, conceptual modification, technical and social adaptation, cultural compatibility

The positive side of the economic downturn

The problems in Hanoi’s urban housing policy and management appeared in early 1990’s when the national economy began to change from the socialist plan economy into a brand new concept called socialism-oriented market economy. The three biggest problems can be noted as follows: 1. authoritative and mechanical control, 2. dogmatic and bureaucratic implementation and 3. housing shortage as a result of the previous two factors. Additionally, despite all the progress, the economy still stays below the level it needs to be to meet its own demand and to integrate successfully in the global economy. These difficulties could be seen throughout the 2000’s and particularly clearly reflected in the recent economic slump.
Authoritative, mechanical, dogmatic and bureaucratic remain as four adjectives to describe the leading ideology in a socialist community. In Vietnam, such an ideology keeps on existing and taking hold of the whole socio-economic structure. For a political reason, every new development idea will be strictly reviewed and the path will therefore always be too carefully directed and selected between “innovative” and “conservative”. In the present situation, it is only possible to reach middle-of-the-road target while the real and final goal stands of course at the end of the road.

In an underdeveloped economy, most of the urban building and planning projects can be either entirely implemented with lower quality (case A) or partially implemented with good quality (case B), due to insufficient financial sources. In view of the economic recession, this matter has become greater. Case A is quite popular in reality and well illustrated with the ten-year social housing program (1995 – 2005). In case B, that project may be extended over years and continued only when the construction financing is available. Certainly, it will waste a great deal of time and put more financial burdens on the domestic economy. In the meantime, it is likely that the city has a new president or the project has a new manager who will not follow the initial development policy and even wants to alter it. Consequently, the project could look very different from the original idea, changing the urban landscape in a negative way as well as causing various problems for the urban environment.

Although the current economic crisis has downgraded the economic growth over the past few years and frozen the housing market as well as the building industry, it acts as a mirror helping to precisely determine the hindrances once again. It is also a good opportunity to reinvestigate the urban housing policy and mechanism towards sustainability as the ultimate aim for the future city development.

**Berlin – a meaningful European case study**

The two main reasons for choosing East Berlin as a case study to research on urban housing policy and management are: 1. its socialist past with the same problems that Hanoi is currently facing and 2. its major success in solving those problems within a short time.

In the former German Democratic Republic in general and in East Berlin in particular, the urban housing construction was centrally and strictly managed according to the economic development concept. The housing shortage did occur, though not so seriously like in several other allied countries. In mid 1980s the capital city experienced the depopulation and vacant living quarters because of the degradation of residential buildings, the poor infrastructure, the higher housing rent as well as the reduction of the governmental housing subsidy under the influence of the political and economic crisis. That phenomenon just stopped in 1999 – almost a decade after the Reunification – with a range of comprehensive urban redevelopment strategies according to the countrywide systems and specific housing management policies applied to the new states in order to deal with the backlog of work left by the communist authority.

In the eastern district of Lichtenberg, for instance, the urban housing is delivered by both state and private construction firms officially approved by professional bodies. All enquiries are directed to and processed by the local city building council (Wohnungsamt in German language) under the supervision of the municipal administration (Senatsverwaltung), its subordinate office – building supervisory agency (Bau- und Wohnungsaufsichtsamt) and its superior authority – the Federal Ministry of Traffic, Construction and City Development (Bundesministerium für Verkehr, Bau und Stadtentwicklung) [1]. Another two organizations called Mieter- und Vermieterverbände (Unions of Tenants and Landlords) form this network and protect the rights and benefits of both sides as well as help immigrants to seek houses or apartments within the area. This hierarchic and highly functional managing structure is primarily based on a transparent housing policy and a concrete-into-detail building law. Equally important are the building law obedience and the self-awareness of the bilateral relation between interest and responsibility of each individual.
**Singapore - a shining example in Asia**

The two main reasons for choosing Singapore as an additional case study are: 1. a variety of its political, cultural and social similarities as the background of urban housing to those of Hanoi and 2. its hugely successful urban housing scheme.

With 5 million inhabitants [2], Singapore has an approximate population size of Hanoi. This city and island state is proud of its prosperous society and one of the world’s finest social welfare policies. Politically, Singapore is also solely led by one party: People’s Action Party – in comparison with the Communist Party in Vietnam. The big success in Singapore’s housing policy is demonstrated in the very high percentage of population (84%) enjoying well-designed apartments in the housing projects allocated and managed by the Housing Development Board (HDB) [3]. These projects are inclusive of such good public utilities as educational, cultural, recreational and commercial services. Back in 1975, before the scheme was launched by the government, the ratio high-quality housing price / average personal income of a typical Singaporean resident equated to about 90/1 [4] – denoting a 35 or 40-year dream of a high-grade apartment for a four-member family to strive for – very similar to that in Hanoi today. The backbone of the financial aid program that the Singaporean Government has applied so far is a transparent supply-and-support housing policy in line with effective management tools (well-drafted law, strict eligibility criteria, clear proof of income, detailed accompanying requirements of responsibility, etc.). Initially, under this scheme, all house seekers moved in as house tenants. Notable and applicable here is the motto “Secure residence first – pay back later”. Then, as soon as they met all the HDB requirements, their ownership was fully acknowledged and legally protected by the state. With this consistent policy and thanks to the dramatic growth of the Singaporean economy as one of the Four Asian Tigers, the housing demand of 2.6 million people [5] had been basically satisfied by 1985 – within one decade. This is a valuable lesson for Hanoi to learn.

**Learning from the past experience of the French**

The French, when they came to dominate Vietnam, brought with them the experience and the art in urban planning, building and housing into the land, especially into Hanoi. They built two new urban areas in French styles adjacent to and in harmony with the old quarter.

Except the slums in the suburban areas, neither housing shortage nor building chaos ever happened within the inner city which was very well preserved, planned and controlled by the colonial government until the Revolution year 1945. All houses and public buildings here were constructed by prestigious companies based on the designs and in accordance with the standards approved and supervised by a board of highly qualified architects and building engineers. The investigations into the housing demands were regularly conducted by the municipal council in conjunction with the Bureau of Urban Demography and Workforce. This past concept was simple but very effective and applicable only to a 250,000 inhabitant town [6]. For a megacity like Hanoi with over six million people [7], however, this form of urban planning and housing management remains as a classic example and should be further studied and put into practice to ensure sustainable city development in the future.

**Opportunities and challenges in the globalization and integration**

Vietnam has been a member of the World Trade Organization (WTO) since 2007. The ongoing globalization and integration offer great opportunities and bring challenges as well. Prior to joining the WTO, Vietnam had already encountered a large number of problems with its urbanization. After three years, these problems do not seem to have been solved in Hanoi while new problems such as the formation of gated communities and the dissolution of urban culture have arisen.
One of the main reasons for this unexpected urban development is that the city since 1954 (Liberation year) and since 1975 (Reunification year) has failed to comply with the principles that the French had successfully applied. Moreover, the city underwent a lasting utopian development strategy that was typical for socialist concepts in the 20th century.

The strengths, weaknesses, opportunities and threats for Vietnam and for Hanoi as the capital city can be summarized and presented in Fig. 2.

What Vietnam should do in the post-WTO years is to maximize the opportunities in the economic and scientific sectors. Simultaneously, it has to deplete the negative effects of these parallel processes on its culture by preserving the cultural heritage and supporting as well as highlighting cultural compatibility as a core issue of all cultural exchange activities. With these in mind, in the arena of sustainable urban building and housing, it is essential to:

- make full use of the economic and scientific cooperation with developed countries for development aid and transferred building technology
- learn from development experience of these countries, for example Berlin – Germany and Singapore as analyzed above
- apply new methodology to administration and housing project management
- consolidate the urban planning and building law

These are the four weak points that have prevented Vietnam from reaching the national Millennium Development Goals and brought about a spontaneous and chaotic urbanization over the past ten years.

The state-of-the-art building technology from abroad is transferable. However, it should be modified according to the mottos “effective but simple” and “sustainable yet affordable” in the characteristic condition of urban development in Vietnam (technical adaptation). For example: for grey water treatment on-site it is possible to combine the in-house membrane filter (phase 1: technique-based) and open-air purification pond (phase 2: nature-based). Similarly, the international development experience needs to be selectively absorbed (social adaptation) because of the differences in social perception and cultural background.
Crucial questions: “Centralized or decentralized?” and “How should it run”?

Centralized housing management itself is by no means a bad concept, at least within a five-million-people and optimally organized city such as Singapore and in consideration of a single leading party on Vietnamese political stage. In comparison, the administrative and social systems of Singapore and Hanoi are similar. Notwithstanding the difference lies in the effectiveness of the superstructure which is supported by information technology.

The current centralized housing management does not seem to cope with the high housing demand of the public. Until 2020 Hanoi needs about 4 million m$^2$ standard new housing per year which exceeds the provision capacity by 100 to 150% [10]. In this context and seeing that the decentralized system has yet to be accepted, a middle concept can be put forward for improvement. It is a combination of the shares between central and local authorities in the urban housing market: 80% – 20% or 70% – 30% respectively as the case may be. The local authority should undertake part of the huge volume of this hard work and still be controlled by the Government and the Ministry of Construction.

On a smaller scale – within a settlement that needs to be rebuilt – the local authority should deal with the housing problem step by step as follows: 1. providing temporary but decent homes for all families within one year (or longer, if necessary), 2. collecting information about residents’ housing demand on-site and 3. planning and rebuilding the living quarter according to the modified urban design standards. Villa, row-house and apartment, hereafter indicated as V, R and A, are three main housing forms in a typical residential area in Hanoi. The conventional top-down process should be replaced with the new method (bottom-up). Instead of planning to the allocation ($V_0 - R_0 - A_0$) from the Government and the Ministry of Construction which may not satisfy the actual needs of the local residents, the local authority hosts a three-party round-table conference consisting of the local people’s
committee, professionals and residents. At this conference, the final housing structure \( (V_x - R_x - A_x) \) is determined and decided between residents’ wishes \( (V_1 - R_1 - A_1) \) and their own financial means or affordability \( (V_2 - R_2 - A_2) \) in line with some external factors such as loans from their relatives (interest rate is zero) and/or state/city banks (interest rate is reasonable) with other financial sources if available. Compared to \( V_x - R_x - A_x \), the scenario \( V_0 - R_0 - A_0 \) may differ considerably. It means villas and row-houses are insufficient while apartments are redundant. Theoretically, every household has residence, but in fact, housing shortage occurs on-site. In the conventional planning, it is possible that many people are not satisfied with the housing supply. They move out and look for new homes somewhere else in the city, making urban housing more complicated and causing an unexpected demographic movement. Besides, urban housing shortage has become more serious due to the housing speculation as a direct consequence of ineffective management.

Tab.1: Collection and analysis of pre-planning information:
Case study Bach Khoa settlement No. 14 (Hai Ba Trung District, Hanoi City) [11]

<table>
<thead>
<tr>
<th>Housing structure (total 475 families)</th>
<th>Villa (V)</th>
<th>Row-house (R)</th>
<th>Apartment (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present state</td>
<td>16</td>
<td>189</td>
<td>270</td>
</tr>
<tr>
<td>Quantity</td>
<td>3.37%</td>
<td>39.79%</td>
<td>56.84%</td>
</tr>
<tr>
<td>According to wishes</td>
<td>98</td>
<td>245</td>
<td>270</td>
</tr>
<tr>
<td>Quantity</td>
<td>20.63%</td>
<td>51.58%</td>
<td>27.79%</td>
</tr>
<tr>
<td>According to finance</td>
<td>30</td>
<td>153</td>
<td>292</td>
</tr>
<tr>
<td>Quantity</td>
<td>6.32%</td>
<td>32.21%</td>
<td>61.47%</td>
</tr>
<tr>
<td>With external factors</td>
<td>52</td>
<td>200</td>
<td>223</td>
</tr>
<tr>
<td>Quantity</td>
<td>≈11.00%</td>
<td>≈42.00%</td>
<td>≈47.00%</td>
</tr>
</tbody>
</table>

Fig. 3: Diagrammatic housing analysis [12]

As mentioned above, construction financing has always been a crucial point. A sustainable urban housing project and running such a project are more expensive at the beginning. Nevertheless, this initial investment is proven necessary and intelligent, because the huge expenses on environment treatment later on will be saved and reinvested in upgrading the infrastructure, financing the extra administrative work as well as scientific research for sustainability and supporting the low-income group to afford sustainable housing.
Taking into account all conditions and factors, the whole process can be organized in Fig. 4:

![Diagram](Fig. 4: Proposal of a general urban housing procedure for Hanoi towards sustainability [13])

The exchange of planning experience including comparative housing, the transfer of new building technology and the overseas development aid (ODA) are three external sources that share equal importance in stimulating the local housing market through the economic crisis and accelerating Hanoi’s going-green process. Unlike the ODA which is only signed at the governmental level, the first two factors can also be directly exchanged or transferred: at the ministerial level, between the Ministry of Construction and its foreign partners.
For a new mechanism: another two participants needed

It is essential that the approach to “sustainable urban housing” should be well planned, with reference to both significant and topical issues: 1. time, as time and tide wait for no man, and 2. finance, as Vietnam is still a developing country. In this circumstance, the Agenda 21 as a starting point must be adopted to secure a safe and thriving future for all city residents. There should be four parties involved:

- Authorities: Government, City and District Council
- Citizens or community
- Professional organizations: Ministry of Construction, Vietnam Association of Architects and Building Engineers, research centers and academic institutions in building sciences, building consultant companies, etc.
- Social Organizations: People’s Representative Bodies and/or People’s Committees.

At present, none of these four participants are functional: the first of those listed above plays a minor leading role, whereas the second is almost completely missing in the system, the third does not usually fulfill its tasks and the fourth is rather passive. The bilateral relations from no. 5 to no. 12 in Tab. 2 are not vigorous enough to make their long-awaited contributions to the entire process.

Working closely together, the four parties will ensure the smooth operation of the planning and housing mechanism towards sustainability as proposed in Fig. 5 below. This mechanism will be able to eliminate housing speculation and to minimize other negative influences of the market economy on the urban housing market. Particularly important is the active participation of the inhabitants and their representative bodies, as long as the new theories of communal action planning are concerned. In fact, the public participation has been internationally demonstrated as one of the key factors to success.

Fig. 5: Proposal of local urban housing management for Hanoi towards sustainability [14]
<table>
<thead>
<tr>
<th>No.</th>
<th>Party/Participant</th>
<th>Key role/ Main activity</th>
<th>Position in the mechanism</th>
</tr>
</thead>
</table>
| 01  | Authorities       | - Promulgating PBH policies  
                        - Managing the implementation at the state’s level (macro-management) | Central/Vertical |
| 02  | Citizens          | - Participating as actively as possible in the PBH implementation and management process | Central/Vertical |
| 03  | Professional organizations | - Monitoring the technical application for sustainability, especially in energy use, water treatment and waste recycling | Central/Horizontal |
| 04  | Social organizations | - Developing applicable development concepts in PBH  
                        - Supervising the implementation of new PBH concepts | Central/Horizontal |
| 05  | Authorities to professional organizations | - Funding scientific research activities related to sustainability on behalf of sponsors | Peripheral |
| 06  | Professional organizations to authorities | - Advising the authorities to promulgate appropriate PBH policies and develop new standards | Peripheral |
| 07  | Professional organizations to citizens | - Counseling individual and collective clients  
                        - Providing standard equipment (such as PV panels for on-site energy generation, solar collectors for warm water, etc.) | Peripheral |
| 08  | Citizens to professional organizations | - Proposing technique-related enquiries for consultation and adjustment of designs for better living quality and higher levels of energy efficiency and sustainability | Peripheral |
| 09  | Citizens to social organizations | - Suggesting and recommending the improvement of the urban PBH policies  
                        - Monitoring and examining functions of the local people’s committee | Peripheral |
| 10  | Social organizations to citizens | - Bridging between authorities and citizens as a channel of communication | Peripheral |
| 11  | Social organizations to authorities | - Submitting proposals and demand related to PBH for consideration and promulgation of the PBH policies | Peripheral |
| 12  | Authorities to social organizations | - Instructing and directing the activities of the people’s committee | Peripheral |

**Sustainability: within or out of reach?**

The case studies of East Berlin, Singapore and the French colonial years in Hanoi show that, aside from an appropriate procedure and a strong mechanism as proposed above, the following conditions are regarded as fundamentals and prerequisites for the feasibility of every housing management concept towards sustainability:

- Ruling and managing competence of the authorities
- Executive ability of the people’s representative bodies
- Transparency of the policy and formality
- A thriving domestic economy with a comprehensive social welfare scheme
- Research and development power of the professional organizations
A democratic society with a robust written constitution
- Full individual responsibility with civil rights respected as well as protected by law.

Many of these points are used as indicators for various socio-economic assessments and rankings. The most significant of all is the Human Development Index (HDI). The vast HDI difference between Vietnam and Singapore or Germany at present implies that sustainable urban housing as a major part of social prosperity still stays as a far-away dream, even when all the technical facilities are available and other conditions are favorable, unless there is a radical change in the strategies, policies, constitution and administration of the state.

**E-citizen in an e-society**

The pre-planning task plays an important role in creating an optimal housing structure in each settlement and reducing housing shortage in a city. Still, it is not always possible to organize a three-party round-table conference with participation of all households to discuss planning and housing problems. In this case, and in order to simplify as well as to accelerate the information processing, it is necessary to apply information technology. Nowadays, having Internet access at home has become a basic need in Hanoi and other big cities. It is not so difficult to register for Internet use as it was five or ten years ago. The Government has launched an e-communication portal called “e-Government” and tries to set up e-committees down to precinct or county level in the near future. When every household in Hanoi is connected to this citywide network, in principle, an e-society will be established.

The term citizen in the era of Internet and the knowledge economy could be conceptualized into e-citizen. Each household or family Internet user will be provided with a formal email address with an ID code for the purpose of public surveys. Questionnaires will be sent out, filled in or answered, and then sent back. Information will not only be very quickly collected but also more simply and economically processed. Some of that information can be useful for statistics, sociological studies and urban planning or housing management as well. The e-system is designed to recognize automatically and separate immediately invalid or incomplete feedback. These formulas need checking and submitting again. As for Internet users, they will be advised how to finish a questionnaire and how to answer correctly specific or difficult questions. Above all, people can be aware of their responsibilities in shaping a greener city and a more sustainable future. Questionnaires should not only comprise yes/no or single/multiple choice questions but also raise open questions for free and frank answers, with which creative ideas and/or practical measures of the public can be considered to make substantial contributions to the city development.

One individual and conventional (paper-based) investigation undertaken in March 2009 within 475 households of Back Khoa living quarter in Hanoi with the following question (What is the biggest problem in seeking a standard high-quality but reasonable apartment in new housing projects in your opinion?) resulted in:

**Tab.3: Reasons for no (or little) access to new housing projects [16]**

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Quantity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing policies are inequitable (incl. housing speculation)</td>
<td>266/475</td>
<td>56.00%</td>
</tr>
<tr>
<td>Housing price is still unaffordable</td>
<td>135/475</td>
<td>28.42%</td>
</tr>
<tr>
<td>No information available</td>
<td>59/475</td>
<td>12.42%</td>
</tr>
<tr>
<td>No opinion and other reasons</td>
<td>15/475</td>
<td>3.16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>475/475</td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

If the survey had been carried out on a larger scale (through an e-survey), the results would have been more precise and helped the officials to rectify and/or adjust their current housing policies, so that more residents, especially the low-income groups, will have access to such attractive housing projects.
The concepts e-citizen and e-society will be developed as follows:

Fig. 6: Proposal of two new concepts: e-citizen and e-society towards sustainable housing – sociologically considered [17]

Conclusion

The economic downturn should be seen as an opportunity to take an in-depth view on the weaknesses of Hanoi’s planning policy and housing management. They can be improved with a number of comprehensive measures focusing on technical, administrative and social aspects of the matter together with the economic stimulus packages from the Government.

Obviously, the globalization and the all-round integration bring Hanoi more advantages than disadvantages. Hanoi needs to give itself a boost and to pave the way for sustainability as a prevailing stream in urban planning, building and housing. It is therefore vital to establish three new and highly functional systems in terms of city planning procedure and housing market control, local housing project management and, last but not least, social networking based on all favorable conditions. Furthermore, the past concept developed by the French and the present experience learned from abroad are extremely useful for Hanoi to make its own shortcut to achieve sustainable development in the not-too-distant future.
References