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FINANCIAL SOLUTIONS
FOR SOCIAL HOUSING DEVELOPMENT IN HANOI

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**Thesis can be found at the National Library
and the Library of the Academy of Finance**

INTRODUCTION

1. Rationale of the research topic

Housing is considered as one of the essential needs of all people, an important factor contributing to improving people's living standards, stabilizing society, and considerably contributing to the construction and development of the country. In recent years, due to the rapid urbanization rate (from 36.8% in 1999 to 41% in 2009 and 49.2% in 2019), socio-economic development, the formation of new concentrated industrial zones along with the increasingly strong migration wave to big cities, the demand for housing of people in Hanoi capital is increasing day by day. On the other hand, the self-accumulated income of the people in general, especially the young employees, is still very low, thus they are not able to solve the housing needs by themselves. Currently, a large number of people are facing many difficulties in their ability to access housing, especially the poor, low-income people in urban areas, and workers in industrial zones. According to statistics from the Ministry of Construction, about 1/3 of residents in big cities such as Hanoi and Ho Chi Minh City has housing difficulties, of which 90% of people aged 18-35 have no house.

In fact, people with social housing needs are mostly vulnerable, disadvantaged ones with low or moderate income. They wish to have an accommodation to live in, but as a result of some objective or subjective conditions, they cannot afford on their own and need help and support from outside, notably from the State. Through preferential financial solutions, the State will help alleviate some of the housing difficulties that the poor cannot solve on their own.

On the side of enterprises investing in the construction of social housing: the characteristics of social housing projects are to provide housing products at lower prices compared with other types of housing of the same quality to meet the needs of the majority of the poor and low-income people. However, in order to offer affordable housing products, investors must cut down on the lowest possible input costs such as land use fees, land rents, taxes, interest expenses, etc. . In order for affordable housing to become a reality, the role of the State is indispensable. By promulgating and

implementing solutions in general and financial solutions in particular, factors such as exemption and reduction of land use fees, land rents, reduction of some taxes, incentives on interest rates for housing loans, etc. play an important role in the development of social housing.

However, financial policies and solutions for the development of social housing have been promulgated by the State including: capital solutions, tax solutions, price solutions, credit solutions, but there are still many limitations in term of inadequate, incomplete, synchronous and timely implementation. In addition, there are still many obstacles in the organization and implementation of the social housing development program of Hanoi City, which has not met the needs of the people. Therefore, Hanoi's social housing development plan has not achieved the set targets. According to the report on performance evaluation on housing and real estate market of the Steering Committee for Housing Policy and Real Estate Market of Hanoi City, the results of implementing housing programs in Hanoi during 2016-2020 period only achieved 4,040,000 m² of housing, equivalent to 60.6% of the plan (in which housing for low-income people reached 3,270,412 m², equivalent to 69.9%; housing for employees: 469,588 m², equivalent to 82.74%; housing for students is 300,000 m², equivalent to 30.7%).

In addition, although there have been some individual studies on social housing development, but in-depth studies on financial solutions for social housing development in Vietnam in general and Hanoi in particular are not comprehensive, complete and systematic. For these reasons, it is urgent to perfect financial solutions to develop social housing in Hanoi in the near future. Therefore, the PhD student has chosen the topic "***Financial solutions for social housing development in Hanoi***" as the research topic for the thesis. The thesis topic is carried out with the desire to find the best and most appropriate solutions to complete the financial solutions for social housing development in Hanoi, contributing to solving the housing needs for the majority of people, especially the poor. The topic has great significance in theory and practice, necessary in the current period and the following years.

2. Overview of studies related to the thesis topic and further research direction of the thesis

The thesis has studied scientific works, doctoral theses, domestic and foreign articles related to financial solutions for social housing development. Based on these findings, the thesis points out the gaps that need to be researched and the direction of further research.

2.1. Gaps in the previous studies

Firstly, The previous studies have mentioned only the basic contents of housing in general, social housing in particular or social housing finance... However, these studies are not systematic, simple and inadequate in terms of social housing and financial solutions for social housing development.

Secondly, due to the difference in the level of socio-economic development, socio-culture, and population characteristics, there are also gaps in the way of reviewing and evaluating the issue of social housing between Vietnam and some developed countries in the world including views on the role of the Government in the development of social housing, whether social housing prices should be determined by the law of supply and demand in the market or controlled by the State....

Thirdly, in Vietnam, there has been no direct, comprehensive and systematic research focusing on financial solutions for social housing development in Hanoi so far. Therefore, the research topic ensures urgency of research and contains no overlap with any previous research work.

2.2. Research direction of the thesis

Based on the research gaps mentioned above, the thesis emphasizes on the current situation of using financial solutions to develop social housing in Hanoi in the period 2011-2020, thereby assessing the achieved results, limitations and causes of limitations in the use of financial solutions for social housing development in Hanoi during this period. On that basis, the author gives a perspective and proposes contents to perfect financial solutions for social housing development in Hanoi in the period 2021-2030.

3. Research objectives and missions:

- **Research objectives:** Proposing financial perspectives and solutions to develop social housing in Hanoi in the near future.

- **Research tasks:** To achieve the research purpose, the thesis focuses on the following research tasks:

- Systematize and clarify basic theoretical issues concerning social housing, financial solutions for social housing development, factors affecting the use of financial solutions for social housing development. Studying the experiences of countries around the world related to the use of financial solutions to develop social housing and drawing lessons for Vietnam and Hanoi.

- Analyze the current situation, then evaluate the achieved results, limitations as well as find out the causes of limitations in using financial solutions to develop social housing in Hanoi.

- Propose some viewpoints and contents to improve financial solutions for social housing development in Hanoi in the coming time.

In order to perform the mentioned tasks, the thesis has raised questions to solve the research problem, specifically:

(1) What is social housing? What is the difference between this type of housing and other types of housing?

(2) What financial solutions are used to develop social housing? What is the impact of those financial solutions on the development of social housing? What factors affect the financial solutions for social housing development?

(3) How have countries around the world used financial solutions to develop social housing?

(4) What are the limitations in using financial solutions for social housing development in Hanoi in the period 2011-2020?

(5) What does Hanoi city need to do to improve financial solutions to develop social housing in the near future?

4. Subject and scope of the study

- **Research subjects:** The subject of the thesis is the financial solutions for the development of social housing.

- **Research scope:**

- **Regarding the content:** The problems of using financial solutions to develop social housing are quite diverse and complex. Therefore, the thesis only focuses on studying the financial solutions with the greatest and most direct impact, which are *the financial solutions from the State to develop social housing in Hanoi*, specifically as follows: capital solutions, tax solutions, credit solutions, price solutions.

- **Regarding space:** The thesis focuses on researching financial solutions for social housing development in Hanoi city.

- **Regarding time:** The thesis mainly analyzes the use of financial solutions for social housing development from 2011 to 2020. Based on this, proposing directions to improve financial solutions for social housing development in Hanoi in the period of 2021-2030.

5. Research methods

5.1 Research procedure

- *Step 1:* Explain the urgency of the topic; Identify research objectives; Research questions and research tasks; Research subjects; Research scope.
- *Step 2:* Overview of home and foreign research on financial solutions for social housing development; Identify the gaps to be researched; Research Methods.
- *Step 3:* Establish a theoretical framework for financial solutions for social housing development.
- *Step 4:* Collect data information: (1) Secondary data: review and collect data; Test data; Data analysis; (2) Primary data: Sociological survey; Expert interview (in-depth); Analyze survey data.
- *Step 5:* Based on the results of processing, synthesizing analytical data, interpreting, reasoning and interpreting all research results shown in the thesis.

5.2. Research approach

From the perspective of an independent scientific researcher, based on the gaps founded in the previous researches in theory and practice regarding the use of financial solutions for social housing development in Hanoi over the past years, the thesis stated the research objectives and tasks to be solved. Based on the research objectives and tasks, the hypotheses of financial solutions for social housing development were reviewed, and the current situation of using financial solutions in Hanoi was assessedas well as development orientations for housing development of Hanoi City until 2030. The thesis has focused on proposing contents to perfect financial solutions for social housing development in Hanoi city inr the period 2021-2030.

5.3. Research Methods

Methodology: the thesis applies the theories and methodology of dialectical materialism combined with historical materialism.

Specific research methods:

(1) General research method: The author collects and systematizes documents and studies on theory and practice in Vietnam and abroad related to the topic; general assessment of results achieved and unresolved issues is used to find gaps in prvious research; provides proofs of the non-duplication of the research topic and the theis is a new, independent study of the author.

(2) Methods of collecting and processing data:

The thesis uses 2 data sources:

- *Secondary data sources* are collected and synthesized by the author through books, libraries, official reports of management agencies on social housing... The data have been checked, compared and contrasted for consistency, ensuring high reliability of analytical content.

- *Primary data sources* were collected by survey and interview method. To make an objective assessment and have practical conclusions, the author has investigated 3 groups of subjects: *Target group 1:* Social housing management agencies and experts in social housing. *Target group 2:* Enterprises investing in social housing construction. *Target group 3:* Social housing beneficiaries.

(3) Methods of research on theoretical basis and evaluation analysis: The author uses a combination of methods: document research, monograph, comparison,

statistics, synthesis, analysis, inference, interpretation... to solve the problems posed in each content of the research topic.

6. New contributions of the thesis

As the first in-depth research on financial solutions for social housing development in Hanoi, the thesis has the following contributions::

6.1. Regarding the theory

- The thesis has systematized and clarified theoretical issues about financial solutions for social housing development, in which such issues are analyzed: concept, content, impact of financial solutions on social housing development, factors affecting the use of financial solutions for social housing development.
- The thesis has studied the experience of using financial solutions to develop social housing of 12 countries in the world and drawn four lessons for Vietnam in general and Hanoi in particular.

6.2. Regarding practice

- The thesis makes independent assessments on the current situation of using financial solutions for social housing development in Hanoi from 2011 to 2020 through 4 basic contents: (1) capital solutions, (2) tax solutions, (3) credit solutions, (4) price solutions.

- In addition to the assessment based on secondary data, the author also conducted a survey to collect opinions from 3 different target groups. 3 target groups include State management agencies, experts in the field of social housing; enterprises participating in social housing investment; buyers, renters, and tenants of social housing (beneficiaries) of social housing in order to have a more objective, complete and comprehensive view of the current situation.

- On the basis of considering the international and domestic socio-economic context, housing development orientation of Hanoi city in the coming time, the thesis has made a point of view to improve financial solutions for social housing development in in Hanoi. At the same time, propose a system of applicable solutions from the State to complete financial solutions for social housing development in Hanoi in the near future.

7. Thesis structure

In addition to the introduction, conclusion, list of tables, list of references and appendices, the thesis is divided into 3 chapters:

Chapter 1: Theoretical basis of financial solutions for social housing development

Chapter 2: Current situation of using financial solutions to develop social housing in Hanoi

Chapter 3: Improving financial solutions for social housing development in Hanoi.

CHAPTER 1
THEORETICAL BASIS OF FINANCIAL SOLUTIONS
SOCIAL HOUSE DEVELOPMENT

1.1. OVERVIEW OF SOCIAL HOUSING AND SOCIAL HOUSING DEVELOPMENT

1.1.1. Social housing

1.1.1.1. Concept of social housing

"Social housing is housing with State support for subjects entitled to housing support policies as prescribed by law".

1.1.1.2. Features of social housing

1.1.1.3. Classification of social housing

1.1.2. Social housing development

1.1.2.1. The concept of social housing development

Social housing development is the development in quantity, type and form of providing social housing for the subjects according to regulations. Therefore, the development of social housing is essentially an investment in new construction, reconstruction, and renovation in order to increase the area of housing provided to social subjects and increase specific beneficiaries according to local regulations, increasing the form and quality of service provision with the increasing participation of investors in the social housing development market.

1.1.2.2. Indicators reflecting the development of social housing.

1.1.2.2.1 Social housing development in terms of quantity

Development of social housing in term of quantity that can be reflected by the criteria:

- Floor area of building
- Number of apartments built or number of accommodation
- Average floor area/ per household (or per person)
- Number of people entitled to social housing
- Number of beneficiaries of social housing

- Number of investors participating in the construction and development of social housing.

1.1.2.2.2 Develop types and forms of social housing service provision and improve the quality of social housing.

- Development of the type of social housing supply
- Development of social housing services
- Improve the quality of social housing

1.2. FINANCIAL SOLUTIONS TO SOCIAL HOUSE DEVELOPMENT

1.2.1 The concept of financial solutions for social housing development

The financial solution for social housing development is the concretization of the State's financial policies, including the overall methods and measures of using financial instruments in an appropriate and synchronous manner for the purpose of social housing development.

1.2.2. The role of financial solutions to social housing development

1.2.2.1. Contributing to stabilizing the real estate market

1.2.2.2. Contributing to stimulating investment, socio-economic development.

1.2.2.3. Contributing to the implementation of the State's social security policy

1.2.3. Contents of financial solutions for social housing development

1.2.3.1. Capital solutions for social housing development

**** The concept of capital solutions:***

Capital solutions for social housing development are measures and methods of mobilizing and using appropriate capital sources for social housing development.

**** Contents of capital solutions:***

Investment capital for social housing development can be divided into four groups: capital from the state budget, capital from non-state budget, capital from the housing development fund and capital from the housing savings fund.

**** Impact of capital solutions on social housing development:***

Capital is one of the prerequisites and an indispensable financial solution in the process of social housing development. For investors, if there is no capital, it is

impossible to invest in the construction of the project. For buyers, rent-purchasers of social housing, they also cannot have money to pay housing.

1.2.3.2. Tax solutions for social housing development

**** Concept of tax solution***

Tax solutions for social housing development are measures and ways of impacting the State through different taxes to develop social housing.

**** Contents of tax solutions***

Depending on each country and each stage of economic development in general and the housing market in particular, taxes, fees and charges related to social housing may vary, but generally include these main types:

**** Tax types:***

- (1) Registration tax
- (2) Income tax from land use right transfer
- (3) Value Added Tax
- (4) Corporate income tax

**** Other revenues related to land:***

- (5) Land use fee.
- (6) Land rent

• Impact of tax solutions on social housing development

In housing development projects in general and social housing in particular, tax is one of the expenses that account for a significant proportion of the total input costs of the project. Therefore, the State's exemption or reduction of some taxes and land-related revenues will contribute to stimulating demand and increasing the supply of social housing.

1.2.3.3. Credit solutions for social housing development

**** Credit solution concept:***

Credit solutions for social housing development are measures and ways of influencing credit instruments for social housing development.

**** Contents of credit solutions***

- (1) Credit limit (loan limit)
- (2) Credit interest rate
- (3) Loan term
- (4) Loan conditions
- (5) Loan principles
- (6) Loan guarantee

*** *Impact of credit solutions on social housing development***

Incentives in the State's credit policy in each specific period in terms of loan limit, loan term, interest rate, borrowers and loan conditions will contribute to removing capital difficulties for both investors and buyers, rent-purchasers, and renters of social housing..

1.2.3.4. Price solutions for social housing

*** *Price solution concept:*** Solutions for social housing prices are measures and ways of impacting the State on social housing prices through price regulations for social housing development.

*** *Contents of price solutions***

Contents of the State's solution on social housing prices include stipulating methods for determining selling prices, rental-purchase prices, and rental prices for social housing; regulations on fixed prices, ceiling prices, floor prices, frame prices, subsidies, regulations on normed profit (margin); regulations on the management, examination and inspection of price-forming factors...

(1) Selling price of social housing

The selling price of a social house is determined by the project investor on the basis of calculating enough reasonable expenses to recover the housing construction investment capital, loan interest (if any), normative profit and value tax. increase; Maintenance costs are not included.

(2) Social housing rental price

- The rental price of social housing for the investor is determined on the basis of calculating all expenses reasonable fees to recover housing investment, interest (if any), normative profit, value-added tax and maintenance costs.

(2) Rental-puchcasing price of social housing

- The rental-purchasing price for social housing is determined on the basis of calculating all expenses reasonable to recover housing investment capital, loan interest (if any), normative profit and value-added tax, excluding maintenance costs.

**** Impact of price solution on social housing development***

Price solution is one of the important and key contents of financial solutions to develop social housing. The determination of the selling, lease-purchase and rental prices for social housing that is reasonable for social housing has both the effect of increasing supply and stimulating demand for social housing.

1.2.4. Factors affecting financial solutions for social housing development

1.2.4.1. Macro-level factors

1.2.4.2 Views of the State and local authorities on social housing development

1.2.4.3 Policies and plans on land use for social housing development of the Government and authorities at all levels

1.2.4.4 Ability to manage and administer the Government's policies on social housing development

1.2.4.5 State resources for social housing development

1.3. EXPERIENCE OF SOME COUNTRIES IN THE WORLD ON USING FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT

1.3.1. Experiences of some countries in the world on using financial solutions for social housing development.

The thesis has studied the experience of 12 countries which are: Singapore, Malaysia, Japan, China, Korea, Philippines, Thailand, Sweden, Germany, France, USA, Brazil on the use of financial solutions for social housing development: capital solutions, tax solutions, credit solutions, pricing solutions.

1.3.2. Lessons learned on using financial solutions to develop social housing for Hanoi, Vietnam

Through studying the experiences of the 12 countries mentioned above, the thesis has drawn 4 lessons in the use of financial solutions to develop social housing for Hanoi, Vietnam as follows::

(1) Lessons on capital solutions

Firstly, the State directly invests capital to build social housing for rent.

Secondly, establish a Housing Savings Fund as an effective capital supply channel for social housing development

(2) Lessons on tax solutions: The State can prescribe a certain percentage of income tax for the rich to add to the Housing Development Fund. At the same time, some real estate taxes are exempted, reducing costs for investors participating in the construction of social housing projects.

(3) Lessons on credit solutions: The State provides credit for preferential loans or guarantees on capital to buyers or renters.

(4) Lessons on price solutions for social housing: The State subsidizes a part of rental, purchasing social housing for those in need so that the formation of housing prices is lower.

CHAPTER 2

SITUATION FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT IN HANOI OVER THE PAST YEARS

2.1 GENERAL CHARACTERISTICS OF HANOI AFFECT SOCIAL HOUSING DEVELOPMENT

In this chapter, the thesis has generalized the general characteristics of Hanoi such as nature, population, housing and economy, and pointed out the advantages and disadvantages in the process of developing social housing in Hanoi such as large population, rapid urbanization rate, high population density, large concentration of workers in industrial zones, students at universities and colleges, the majority of people with low income and middle income struggling with housing.

2.2. THE SITUATION OF SOCIAL HOUSING DEVELOPMENT IN HANOI OVER THE PAST YEARS

2.2.1. The period of 2011-2015

The results of the implementation of social housing programs in Hanoi in the period 2011-2015 have completed a total of 1,384,034 m² of construction floor (accounting for 49% of the plan). The total square meters of social housing's floor space is inadequate, which has not yet met the needs of the whole period, equivalent to 1,441,000 m² of floor space for social housing as follows:

- **Social housing for low-income people**

Including the period 2011-2015, the social housing program for low-income people in Hanoi only accounted for 47.2% of the plan (850,304 m² of floor space, equivalent to 21,830 apartments for low-income people).

- **Social housing for workers**

Including the period 2011-2015, the social housing program for workers in Hanoi only reached 42% of the plan (203,714 m² of construction floor, equivalent to 23,656 accommodation for workers).

- **Social housing for students**

Including the period 2011-2015, the social housing program for students in Hanoi only achieved 61.1% of the plan (330,016 m² of construction floor, equivalent to 25,058 student accommodation).

2.2.2. The 2016-2020 period

As a result of the implementation of social housing programs, by the end of December 2020, Hanoi City has completed a total of 4,040,000 m² of construction floor (accounting for 64.9%). The total square meters of social housing's floor space is insufficient to meet the needs of this whole period, equivalent to 2,180,861 m² of social housing construction floor. As follows:

- **Social housing for low-income people**

By the end of December 2020, the social housing program for low-income people in Hanoi in the 2016-2020 period only reached 69.9% of the plan (3,270,412 m² of floor, equivalent to 32,062 apartments for low-income people).

- **Social housing for workers**

By the end of December 2020, the social housing program for workers in Hanoi in the 2016-2020 period reached 82.74% of the plan (469,588 m² of floor space, equivalent to 49,430 accommodation for workers). .

- **Social housing for students**

By the end of December 2020, the social housing program for students in Hanoi in the 2016-2020 period only reached 30.7% of the plan (equivalent to 300,000 m² of floor space, equivalent to 22,779 accommodation for students.).

2.2.3. General review on the current situation of social housing development in Hanoi over the past years.

In generally, over the past 10 years (2011-2020) the social housing program in Hanoi has attracted more and more attention of the State. The completion rate of the social housing development plan in the 2011-2015 period was 49%, and 64.9% in the 2016-2020 period. By the end of 2020, the number of square meters of social housing floor is still short of the city's plan of 2,180,861 m².

2.3. THE SITUATION OF USING FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT IN HANOI OVER THE PAST YEARS

2.3.1. Current situation of capital solutions

2.3.1.1 *Capital sources from the state budget and capital sources outside the state budget*

Period 2011-2015: The structure of capital mobilized for investment in construction of social housing of the city in this period is: State budget capital accounts for 21.5% (equivalent to 2,320 billion VND). Capital mobilized from outside the state budget accounted for 78.5% (equivalent to 8,476.8 billion VND) of the total investment capital for construction of social housing in Hanoi is **10,796.8 billion VND**. Thus, the results of capital mobilization for social housing of the City only met 48.8% of the capital needs required for social housing development at this stage.

Period 2016-2020: The structure of investment capital for social housing has changed greatly compared to the previous period, following the trend that the state budget capital accounts for a smaller proportion (1.4% of the total investment capital for construction of social housing of the City in this period) equivalent to 590 billion VND. The remaining 41,765 billion VND is mobilized capital outside the state budget, accounting for 98.6%. In the 2016-2020 period, thanks to the State's preferential policies, the plan has attracted many private enterprises to invest in construction of social housing construction. As a result, the total capital mobilized to build social housing of the City is 42,355 billion VND. However, by the end of December 2020, compared with the capital need for the 2016-2020 period, the insufficient capital was 32,295 billion, and the mobilized capital only reached 56.7% of the actual capital demand for the social housing project of the whole city.

2.3.1.2 *Capital from the Housing Development Fund*

However, in recent years, the City's Housing Development Fund has not been really effective and is literally a capital supply channel for social housing development.

2.3.1.3. *Capital from Housing Savings Fund*

The Government has agreed to the project of setting up a Housing Savings Fund and assigned to the Ministry of Construction to collect comments for further improvement. The Housing Savings Fund scheme of the Ministry of Construction is implemented under two models [71].

The first model: Social Housing Savings Fund for low-income people and poor households in urban areas to buy, rent-purchase social housing and domestic enterprises to borrow money to invest in social housing construction.

The second model: establishing a Housing Savings Fund to lend to individuals and households in the country to buy commercial housing, which mainly focuses on lending to those with average and above incomes.

Up to now, Hanoi does not have a Housing Savings Fund.

2.3.2. Current situation of tax solutions

2.3.2.1. Actual situation of land use, land rent

2.3.2.2. Situation of corporate income tax

2.3.2.3. Actual situation of value-added tax

2.3.3. Current situation of credit solutions

2.3.3.1. Current status of concessional loans from VBSP.

2.3.3.2. Current status of concessional loans from credit institutions and commercial banks

2.3.4. Situation of price solutions

2.3.4.1. Actual situation of selling price of social housing

2.3.4.2. Actual situation of rental prices for social housing

2.4. ASSESSMENT OF THE SITUATION OF USING FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT IN HANOI OVER THE PAST YEARS

2.4.1. Achievements

2.4.1.1. Regarding capital solutions

2.4.1.2. Regarding tax solutions

2.4.1.3. Regarding credit solutions

2.4.1.4. Regarding the price solution

2.4.2. Limitations

2.4.2.1. Limitations on capital solutions:

The actual mobilized capital is still insufficient, not meeting the capital demand for social housing development.

2.4.2.2. Limitations on tax solutions:

Tax solutions have not really achieved the goal of encouraging the development of social housing for rent.

2.4.2.3. Limitations on credit solutions

Credit capital from both social credit banks and commercial banks is still small, not meeting the demand for social housing development.

2.4.2.4. Limitations on price solutions.

The price of social housing is still high compared to the income of home buyers.

There is a difference between the actual price paid by the buyer and the selling price of social housing.

2.4.3. CAUSES OF LIMITATIONS

2.4.3.1. The cause of the limitation on capital solutions

- State budget capital for social housing in the past time is still limited and short term.
- The forms of capital mobilization from non-state budget sources in general have not been expanded and diversified.
- Housing development investment fund is underperforming
- No Housing Savings Fund.

2.4.3.2. *The cause of the limitation on tax solutions*

- Irrationality in the determination of value-added tax, for the two cases of construction for sale, for lease-purchase and for the case of construction for social housing rent.
- Irrationality in the way of determining corporate income tax, for both investment in building for sale, lease-purchase and building-only for social housing rental.

2.4.3.3. *The cause of the limitation on credit solutions*

- The scale of credit packages to support social housing development is still small.
- The speed of disbursement of credit packages is still slow
- Interest rates on home loans of commercial banks and social credit banks are still high:

- The term of home loan is short
- Conditions on loans are still strict and tight

2.4.3.4. *The cause of the limitation on price solutions*

- The cost of materials, labor costs, site clearance costs...of the project are often higher than the initial estimate.
- The allocation of infrastructure costs to the selling price of social housing is not reasonable
- The regulation of the profit margin of social housing projects is not reasonable and not flexible
- The management of the social housing sector, especially the price sector, is still inefficient

2.4.3.5. Group of common causes

- The system of legal documents related to social housing is incomplete, inconsistent, overlapping and inconsistent.
- Order and procedures in all stages of the process of investment and development of social housing (for enterprises investing in social housing construction) from applying for project approval to approving for sale... are complex, cumbersome, through many doors, many stages...
- Procedures in the process of reviewing documents to buy, rent-purchase social housing are cumbersome and have many problems (for homebuyers).
- The inspection and examination in all stages of the social housing development process has not been conducted regularly, timely and effectively.
- The problems caused by human resources.

CHAPTER 3
IMPROVING FINANCIAL SOLUTIONS FOR
SOCIAL HOUSE DEVELOPMENT IN HANOI

3.1. DOMESTIC AND INTERNATIONAL CONTEXT, ORIENTATION, VIEWPOINTS, OBJECTIVES TO IMPROVE FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT

3.1.1 The domestic and international context affects the improvement of financial solutions for social housing development in Hanoi

3.1.2 Housing development orientation of Hanoi City to 2030

3.1.3. The points of view and goal on improving the financial solutions

*** Perspectives on improving financial solutions for social housing development**

Firstly, the financial solutions for social housing development must be consistent with the socio-economic development guidelines and policies of the Party and the State, and at the same time, the financial solution must ensure the requirements in line with the international standards on social housing development in the period of integration.

Secondly, the financial solutions for social housing development must be compatible with other solutions of the State, such as: land solution, planning solution, site clearance solution, investment solution. technical infrastructure...

Thirdly, the financial solutions for social housing development must ensure that the State plays a major and leading role, creating a preferential mechanism in the development of social housing.

Fourthly, the financial solutions for social housing development must ensure stability, fairness and efficiency in the State's social housing policy, and harmonize the interests of people and investors..

*** The goal of perfecting the financial solution for social housing development**

The overall goal of the financial solution is to establish a sustainable, efficient and fair social housing financial system, to mobilize and effectively use domestic and foreign capital sources to develop social housing in the right direction; to meet the housing needs

and improve the people's quality of life, contributing to the socio-economic development of the country.

3.2. IMPROVING FINANCIAL SOLUTIONS FOR SOCIAL HOUSING DEVELOPMENT IN HANOI

3.2.1 Improving the capital source solution

(1) Capital from the state budget

- *Annually, the State budget should allocate a regular, stable and long-term capital to invest in the construction of social housing especially for the type of social housing for rent.*
- *Issuing government bonds to build rental houses*
- *The State needs to balance revenue and expenditure of investments in other public investment sector so that it can both develop social housing and develop synchronously other sectors.*
- *Completing the planning of capital and capital needs for social housing development*
- *The State needs to strengthen inspection and examination of the use of capital from the State budget for investment in social housing development to ensure fairness and efficiency.*

(2) Capital outside the state budget

- *Expand and diversify forms of capital mobilization from outside the state budget*
- *Attract foreign investment*

(3) Capital from social housing development investment fund

(4) Formation of a social housing savings fund

3.2.2. Improving tax solution

(1) Amend unreasonable points in tax policies that hinder social housing development.

(2) Completing and supplementing a number of contents in tax incentives to develop social housing.

(3) Create reforms to the tax system towards simplicity and improve enforcement efficiency.

3.2.3. Complete credit solutions

(1) The State should arrange medium and long-term credit capital to provide interest rate compensation to social credit banks and commercial banks designated by the State to provide preferential loans for social housing.

(2) The State urgently needs to allocate 1,000 billion VND of credit capital and 2,000 billion VND of interest subsidies on loans to state-owned commercial banks to provide preferential loans for social housing.

(3) Simplify loan procedures

(4) Adjusting the lending interest rate to buy social housing down to 3-3.5%/year

(5) Adjusting the maximum home loan term to 30-35 years:

(6) Developing human resources of the banks with expertise in social housing.

3.2.4. Improving pricing solutions

(1) Be flexible in stipulating the normative profit of social housing projects

(2) The allocation of investment costs for construction of technical infrastructure of social housing projects in the selling price.

(3) Simplify the procedures for approving the selling price

(4) It is necessary to research to find cheap sources of materials to reduce construction costs, cut costs and thus reduce the selling price of social housing.

(5) The State provides direct monetary subsidies for those who have difficulty to find housing.

3.3. CONDITIONS FOR IMPLEMENTATION OF THE SOLUTION

3.3.1 Completing the system of legal documents to facilitate efficient operation and encourage the development of social housing in Hanoi.

3.3.2. Completing the open policy mechanism to promote the development of social housing in Hanoi

3.3.3. Completing the apparatus and strengthening the capacity of social housing managers in Hanoi.

3.3.4. Completing information system of Hanoi social housing development

3.3.5. Evaluating the planning and arrangement of land fund for implementation of social housing projects:

3.3.6. Improving the site clearance of social housing projects

3.3.7. Investment and development of synchronous technical infrastructure of projects.

3.3.8. Strengthen the inspection, control and management in all stages of the social housing development process

CONCLUSION

The issue of social housing has long been paid great attention by the Party and State and is considered as one of the key tasks in the country's socio-economic development process. Solving the housing problem efficiently for the people of Hanoi capital in particular and the whole country in general will ensure social security, contributing to improving the quality of life of the majority of the poor, low-income and disadvantaged people regarding accommodation. In order to implement efficiently the goals set out for the city's housing programs by 2030 with an average housing area of the whole city of 31.5m²/person (minimum housing area 12.6m²/person), it is necessary to improve the solutions synchronously, in which the financial solution is one of the most direct and important solutions.

Through the process of theoretical and practical research, within the scope of its research, the thesis "*Financial solutions for social housing development in Hanoi*" has accomplished the following main contents:

Firstly, the thesis comprehensively and systematically studies theoretical issues on social housing, social housing development and financial solutions for social housing development. This is considered as the theoretical basis in improving financial solutions for social housing development in Hanoi in the immediate and long term.

Secondly, the thesis has pointed out the factors affecting the financial solutions for social housing development.

Thirdly, the thesis has researched and analyzed the experiences of using financial solutions for social housing development of 12 countries and drawn lessons for Hanoi and Vietnam on the use financial solutions for social housing: capital solutions, credit solutions, price solutions.

Fourthly, on the basis of analyzing the general characteristics of Hanoi in terms of nature, population, housing, economy and the thesis has pointed out its own advantages and disadvantages in the process of social housing development.

Fifthly, the thesis has analyzed the situation of social housing programs in Hanoi, including social housing programs for low-income people, workers, and students. At the same time, an overview of the current status of social housing development programs in Hanoi over the past time has been assessed.

Sixthly, the thesis has analyzed the current situation of using financial solutions for social housing development, the impact of these solutions on social housing development in Hanoi. Therefore, it has drawn the achieved results, limitations and causes leading to those limitations. This is considered a practical basis in improving financial solutions for social housing development in Hanoi in the next period.

Seventhly, on the basis of awareness of the viewpoints and orientations for social housing development in Hanoi in the coming time in the international and domestic context, the thesis has proposed a system of financial solutions for social housing development in Hanoi including 04 groups of solutions namely: capital solutions, tax solutions, credit solutions, and price solutions. The solutions are built on the basis of analyzing the impacts of these solutions on social housing development, limitations and causes of limitations in the process of using financial solutions for social housing over the past years. These solutions are in line with the State's target on social housing development by 2030.

Eighthly, the thesis has conducted necessary investigations for 3 groups of subjects which are State management agencies, experts in the field of social housing; enterprises participating in social housing investment; buyers, renters, and renters of social housing (beneficiaries) of social housing on the contents related to the current situation of using financial solutions to develop social housing in Hanoi to have an objective evaluation for the current situation, as well as to propose solutions.

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