BRIDGING THE GAP IN VIETNAM'S SOCIAL HOUSING: AN ANALYSIS OF CURRENT STATUS AND DEVELOPMENT BARRIERS

The 13th International Conference on Emerging Challenges: Business Dynamics in Disruptive Economy

Thi Phuong Nguyen[1], Hoang Lan Nguyen[1]*, Van Huy Nguyen[1]

1 Faculty of Finance and Accounting, Vietnam National University, Hanoi, Vietnam

*Corresponding author: nguyenhoanglan@vnu.edu.vn

Abstract

Research purpose:

This study aims to assess the current status of social housing development in Vietnam, identify the key factors limiting the effectiveness of social housing provision, and propose viable policy solutions to enhance housing accessibility for low-income populations.

Research motivation:

Rapid urbanization and rising income inequality in Vietnam have worsened the shortage of affordable housing for low-income groups, especially in major cities. Despite government policies, significant gaps remain between social housing targets and actual delivery. This gap motivates the research to fill knowledge voids and support better policy planning.

Research design, approach, and method:

This study applies a mixed-methods approach using secondary data. Quantitative analysis of government and market data evaluates housing supply trends, while qualitative thematic analysis with NVivo following Braun and Clarke's model identifies key challenges in social housing development.

Main findings:

The research shows Vietnam consistently falls short of its national social housing targets, with development focused mainly in urban centers while rural areas are underserved. Major barriers include limited land allocation, slow disbursement of financial support, unattractive profits for private developers, and poor integration with essential infrastructure. These challenges collectively hinder the pace and effectiveness of social housing delivery.

Practical/managerial implications:

To bridge the gap between policy and practice, Vietnam needs institutional reforms including a dedicated agency to streamline approvals and data management. Financial incentives such as higher profit ceilings, better credit guarantees, and expanded preferential loans can attract private investment and support demand. Integrating social housing development with targeted infrastructure will improve accessibility and appeal. Policies should also broaden eligibility to include informal workers and migrants, promoting greater social equity. Together, these measures can drive sustainable growth and enhance housing access for vulnerable populations.

Keywords: Social housing; low-income housing; Vietnam; urbanization; sustainability

1. INTRODUCTION

Social housing plays an important role in ensuring social security, improving living conditions for low-income groups, and promoting sustainable urban development. In the context of rapid urbanization and increasing income inequality, the demand for social housing in Vietnam is growing strongly, especially in major cities like Hanoi and Ho Chi Minh City (World Bank, 2021). According to data from the Ministry of Construction, between 2011 and 2020, the country completed only about 5.2 million square meters of social housing floor space, meeting less than 50% of the actual demand (Ministry of Construction, 2023). This reflects a significant gap between policy goals and supply capacity. The shortfall underscores the rising urgency of delivering adequate and accessible housing solutions for vulnerable populations.

International studies indicate that social housing not only has humanitarian significance but also contributes to stabilizing the real estate market, reducing infrastructure pressure, and supporting economic growth (Scanlon et al., 2015; Gurran & Phibbs, 2015). Experiences from developed and developing economies show that effective social housing provision is influenced by multifaceted drivers including demographic shifts, policy frameworks, and financial mechanisms. For

example, the Low-Income Housing Tax Credit in the United States successfully leverages private capital while requiring robust monitoring systems (Eriksen & Rosenthal, 2010). In Europe, countries with transparent legal frameworks and strong multilevel coordination maintain better social housing outcomes. Still, persistent challenges such as high land prices, rising construction costs, and limited public funds constrain sustainable housing provision, especially in rapidly urbanizing contexts (Whitehead & Monk, 2011; UN-Habitat, 2020).

In Vietnam, social housing policies have been institutionalized through the 2014 Housing Law and numerous guiding decrees, reflecting an intention to align with international best practice; however, implementation still faces many obstacles, including complex administrative procedures, a lack of clean land, limited capital sources, and insufficient incentives for investment (Nguyen & Le, 2022). The government's efforts through Decree 100/2015/ND-CP and Decree 49/2021/ND-CP seek to promote social housing, but persistent barriers to effective implementation remain (Nguyen et al., 2023). Additionally, urbanization rates of approximately 3% per year and intensive labor migration to dynamic economic hubs such as Hanoi, Ho Chi Minh City, and Binh Duong impose tremendous stress on housing supply (Nguyen & Luu, 2024). Many social housing projects are situated in suburban areas lacking critical infrastructure and essential services, reducing their attractiveness and hindering uptake (Nguyen, 2024).

Although the Vietnamese and international contexts share several universal obstacles—such as escalating land costs, restricted financial resources, and governance bottlenecks—Vietnam faces marked additional challenges. The speed of urban expansion and population mobility is greater than in most economies at a similar development stage, yet the private sector has not fully contributed to social housing development. Furthermore, legal and bureaucratic barriers persist, weakening the impact of policy measures and slowing project execution.

Despite these systemic reforms and policy drives, research gaps are evident both globally and in Vietnam. Specifically, most domestic studies focus on describing the current state or analyzing policies, whereas comprehensive quantitative and qualitative analyses that integrate supply-demand disparities, policy effectiveness, and the impacts of evolving regulatory frameworks remain rare. There is insufficient empirical research evaluating the effectiveness of various financial, institutional, and project management models, or comparing Vietnam's experience with other countries. Consequently, a need arises for data-driven, multi-dimensional assessments to provide scientific evidence for effective policy planning and social resource mobilization (Trinh et al., 2022; Le et al., 2023).

The socio-economic context after the COVID-19 pandemic further accentuates the role of social housing as an essential tool for protecting vulnerable groups and maintaining social stability. However, a comprehensive understanding of the efficacy of current implementation and the divergence between policy targets and on-the-ground supply, particularly through quantifiable data, remains largely underexplored.

This study aims to assess the current state of social housing development in Vietnam in recent years, identify factors affecting the effectiveness of social housing provision, and, based on this analysis, propose policy solutions to improve housing accessibility for low-income earners. The article advances the literature in three main ways. First, it provides an updated and comprehensive analysis of the current state of social housing in Vietnam based on the latest data and a multi-dimensional analytical framework; in addition, it supplements this with empirical evidence on the factors influencing the effectiveness of social housing implementation in the context of a developing economy. Subsequently, the study recommends feasible policy options, based on a combination of data analysis and international experience.

Beside the Introduction, the structure of the paper is as follows: Section 2 presents an overview of the literature and theoretical framework; Section 3 describes the research methods and data sources; Section 4 presents and analyzes the results; and Section 5 concludes with policy recommendations.

2. LITERATURE REVIEW

2.1 Social housing development

The development of social housing has long been considered an essential component of urban and social welfare policies in many countries, particularly in developing economies where urbanization is rapid and income disparities are increasing quickly (UN-Habitat, 2020). International studies show that the current state of social housing is formed by a combination of many groups of factors. First, demographic factors play a decisive role, as migration from rural areas to urban areas increases pressure on the housing market. Li et al. (2021) demonstrate that in China, the wave of labour migration to large cities has significantly increased the demand for social housing, while the supply has not kept pace, leading to high shortage rates and rising housing prices. Besides, policy and governance factors have a direct impact on the feasibility and expansion of social housing. Scanlon et al. (2015) pointed out that in Europe, countries with transparent, stable legal frameworks and effective inter-level coordination mechanisms are more likely to sustain social housing supply. In the United States, the Low-Income Housing Tax Credit (LIHTC) mechanism was evaluated by Eriksen and Rosenthal (2010) as successful in attracting private capital, but requiring a strict monitoring system to avoid abuse. At the same time, economic and market factors such as high land prices and construction costs continue to be common barriers in many

countries, especially in emerging economies where public funding is limited (Whitehead & Monk, 2011). Fourth, infrastructure factors affect the feasibility and attractiveness of social housing projects. Vale and Graves (2010) warn that construction projects in remote locations with poor transportation connections and public services will lead to high vacancy rates and reduced investment efficiency.

In Vietnam, existing studies also reflect the four groups of factors mentioned above but show some notable specificities. Regarding demographics, the urbanization rate is approximately 3% per year, and along with the large flow of labour migration to economic centers such as Hanoi, Ho Chi Minh City, and Binh Duong, this has created significant pressure on the housing stock (Nguyen & Luu, 2024). Regarding policy and governance, the government issued Decree 100/2015/ND-CP and Decree 49/2021/ND-CP to promote social housing, but Nguyen et al. (2023) show that implementation faces many obstacles, including complex administrative procedures, limited land funds, and ineffective coordination between functional agencies. Regarding the economy and market, high land prices and construction costs, along with insufficient financial incentives, have limited private sector participation (Nguyen et al., 2023). Regarding infrastructure, Nguyen (2024) points out that many social housing projects are located in suburban areas, lack infrastructure and essential services, which reduces their appeal and leads to a lack of interest from residents in buying or renting.

Additionally, some updated studies provide deeper insights into influencing factors. Trinh et al. (2022) analyzed and evaluated the impact of social housing on population movement and the labour market in the inner-city area, showing that providing social housing in areas with many production facilities helped stabilize the workforce but also affected the prices of nearby commercial properties. Le et al. (2023) studied the financial performance of social housing projects under the public-private partnerships (PPPs) model and found that this model can improve operational efficiency and capital recovery if the policy credit fund participates. However, they also pointed out the risks of being overly reliant on long-term borrowed capital and the lack of synchronization between land, credit, and planning policies. This evidence shows that Vietnam has begun to explore innovative social housing models, but there is still limited research comparing the effectiveness of different financial and project management models.

Comparing international and Vietnamese research results reveals some universal issues such as high land costs, limited financial resources, and governance challenges. However, the Vietnamese context has significant differences: the pace of urbanization and labor migration is much faster than in countries with similar income levels; the private sector has not yet played a leading role in the development of social housing; and the legal and administrative system still faces many barriers. Most domestic studies currently focus on describing the current situation or analyzing policies, while quantitative research evaluating the impact of each group of factors on the development of social housing remains limited. This gap creates an urgent need for studies using empirical data and quantitative analytical models to provide scientific evidence for effective policy planning and social resource mobilization.

2.2 Difficulties that limit the development of social housing projects

One of the fundamental challenges identified relates to Institutional and Legal Difficulties. Many studies emphasize that the lack of flexibility in the legal framework, cumbersome administrative procedures, and overlapping authority between different levels of government are the main reasons for the slow progress of social housing (Gurran & Phibbs, 2015; Scanlon et al., 2015). In the UK, Australia, and Canada, project approval processes take 18–36 months, increasing capital costs and making investors hesitant. UN-Habitat (2020) also notes that in many developing countries, inconsistencies between land laws and housing laws lead to legal disputes, directly impacting the implementation of social housing.

Studies in Vietnam show similar challenges but at a more severe level. Nguyen and Luu (2024) point out that the regulation requiring 20% of land for social housing in commercial projects is difficult to implement in large cities due to high land prices and limited land availability. The lengthy approval process, requiring approval from various agencies, reduces attractiveness to investors. Additionally, the lack of detailed guidance and frequent policy changes expose businesses to legal risks when implementing projects.

At the same time, financial and capital difficulties are also significant barriers. Whitehead and Monk (2011) point out that excessive reliance on public budgets has led to a reduction in the supply of social housing in many European countries when austerity policies are implemented. In the US and Australia, financial support mechanisms for social housing are often unstable, leading to low project sustainability (Yates, 2013). Some countries are adopting PPPs to mobilize private capital, but the success rate still depends on tax incentives and government guaranties (UN-Habitat, 2022).

Domestically, Le et al. (2023) argue that preferential credit packages such as the 30,000 billion VND package are small in scale and have strict lending conditions, which have not met the needs of both investors and buyers. The PPP mechanism has not yet attracted many businesses to participate due to a lack of profit guaranties and reasonable risk-sharing from the government. This leads to many social housing projects being stalled or delayed due to a lack of funds.

Besides that, difficulties in planning and infrastructure still persist. Li et al. (2021) conducted research in China showing that social housing is often pushed to the periphery to avoid land competition with commercial projects, increasing infrastructure costs and reducing accessibility for residents. Vale and Graves (2010) emphasize the role of social

infrastructure (schools, hospitals) and connectivity infrastructure (public transportation) in ensuring occupancy rates. In many countries, the lack of infrastructure synchronization has led to the phenomenon of "abandoned social housing estates."

Trinh et al. (2022) documented numerous social housing projects in Vietnam, particularly in Hanoi and Ho Chi Minh City, built in areas far from the city center with poor transportation and public service connections. This reduces appeal to buyers and increases the cost of living. Additionally, the lack of coordination between urban planning and housing planning makes it difficult for social housing to develop sustainably.

Simultaneously, it's impossible not to mention the difficulties in operational management after investment. UN-Habitat (2022) points out that many social housing projects deteriorate rapidly due to a lack of maintenance funding and inefficient management. In India and Brazil, completely handing over management to residents without technical support has led to disputes, opaque maintenance costs, and a decline in quality of life.

Research by Nguyen and Tran (2021) shows that the management of social housing in Vietnam is still unprofessional, particularly in terms of maintenance and allocation of operating costs. Maintenance funds depend heavily on residents' contributions, but collection rates are low and there is a lack of transparent oversight mechanisms. This causes many buildings to deteriorate after only a few years of use, affecting the reputation of social housing projects.

In developing countries, the challenges often lie in institutional and governance aspects, including inconsistent legal frameworks, complex administrative procedures, limited enforcement capacity, and reliance on public funding, while private sector participation is low due to low profits and high risks (UN-Habitat, 2022). In addition, income inequality, rapid urban growth, and a lack of infrastructure integration exacerbate the gap in access to social services.

For Vietnam, domestic studies also point out similar barriers, but they are more severe and systemic. Specifically, legal regulations and social housing policies have been improved but still have shortcomings in implementation, lengthy approval procedures, and a lack of effective monitoring mechanisms (World Bank, 2015). Land for social housing in the central area is fiercely contested, leading to a trend of pushing projects to the outskirts with incomplete technical and social infrastructure. Preferential credit for social housing is limited in both scale and coverage, making many projects financially unviable. Compared to the international context, Vietnam is simultaneously facing institutional, financial, market, and infrastructure barriers. However, the level of integration and policy coordination is weak, leading to the effectiveness of social housing supply not meeting actual needs.

2.3 Marxist Housing Theory in social housing

The application of Marxist theory to social housing has been a significant focus within housing studies, emphasizing the role of class relations, state intervention, and social inequalities. Pugh (1986) highlights the diversity within housing theory, noting that ideological positions often influence debates and leave gaps in evaluative perspectives, which is pertinent when considering Marxist approaches that critique the capitalist foundations of housing systems.

Chouinard (1990) employs a Marxist framework to analyze the uneven development of capitalist states, illustrating how changing modes of social regulation through the state impact cooperative housing struggles in postwar Canada. The case studies from Toronto demonstrate the influence of local political relations in shaping people's experiences of state regulation, emphasizing the importance of state power and class relations in housing development.

Simmie (1991) critically examines socialist societies under state socialism, arguing that despite the abolition of private property, inequalities persist due to inadequacies in Marxist theory concerning social stratification. The reliance on private property abolition alone fails to produce true egalitarianism, revealing limitations in applying Marxist principles straightforwardly to socialist contexts.

Gurney (1999) explores the normalization of homeownership through policy discourse and ethnographic data, revealing how power relations and normalization processes shape housing ideologies. Although Foucauldian insights into power are limited in this context, the study underscores the ideological construction of homeownership as a social norm, which can be linked to Marxist critiques of ideological state apparatuses.

Kostelecký (2000) discusses the development of social inequalities through housing in the post-communist Czech Republic, referencing Rex and Moore's (1967) concept of 'housing classes' to analyze how housing market transformations influence social stratification. This aligns with Marxist perspectives on housing as a site of class struggle and social inequality.

Overall, these studies collectively reinforce the Marxist perspective that housing is deeply embedded in class relations, state power, and social inequalities. They demonstrate that housing struggles are not merely about individual choice but are rooted in broader capitalist social structures, with state policies and economic processes playing crucial roles in shaping housing outcomes.

3. METHODOLOGY

3.1 Data

The data for this study were obtained from a range of credible secondary sources to ensure a comprehensive and robust analysis. These sources included official government publications from the Ministry of Construction and the General Statistics Office (GSO), which provided detailed statistics on the annual planning and completion of social housing units. Additionally, reports and publications from real estate market research organizations were utilized to gain insights into the growth patterns and trends within the real estate sector, specifically focusing on social housing projects. Furthermore, company reports and relevant articles offered valuable information regarding the policies and strategic approaches adopted in social housing development, as well as highlighting regional disparities in housing affordability. The literature review also incorporated academic articles and journals that contributed theoretical and empirical perspectives on social housing, its societal impacts, and the challenges confronted by the Vietnamese government in implementing effective housing policies.

3.2 Research Methods

The analysis of the collected data employed several methodological approaches. First, descriptive statistical analysis was conducted to summarize and present key quantitative indicators, including the total number of social housing units constructed, the allocation of land for social housing, and the completion rates across various regions in Vietnam. This statistical technique facilitated a clear understanding of fundamental trends and patterns within the dataset. In addition, thematic analysis—a qualitative data analysis method—was employed to interpret and organize the qualitative information. This process was conducted using NVivo software, following the six-phase thematic analysis framework developed by Braun and Clarke (2006). These phases involved: initially familiarizing with the data; generating preliminary codes; exploring and thoroughly researching the topics; identifying and articulating the main themes; and finally, producing a comprehensive report. This combined methodological approach ensured both quantitative rigor and qualitative depth in the study's findings.

The six-phase theme analysis paradigm put forward by Braun and Clarke (2006) was adhered to during the analysis process:

Phase 1: Getting acquainted with the information

Throughout the reading process, notes and memoranda were made to record first impressions, recurrent words, and emotional cues. These were then used to guide the coding process.

Phase 2: Producing preliminary codes

A codebook that combined theory-driven and data-driven codes was created to make analysis easier. The complete dataset was methodically coded in NVivo following revision.

Phase 3: Theme exploration

Codes were organized into more general themes and groups. At this point, links between subcodes and primary categories were visualized using NVivo's node system.

Phase 4: Examining the topics

The themes were examined in light of the complete dataset. The coherence and consistency of the data extracts under each theme were reexamined. Some initial topics were combined, improved, or eliminated since there wasn't enough proof to justify them. The creation of coding frequency tables was another aspect of this phase

Phase 5: Identifying and characterizing the topics

Every topic had a precise definition and name that reflected its core ideas. Where appropriate, sub-themes were established. The primary research questions were in line with the thematic structure.

Phase 6: Report production

The analysis results were presented in a structured narrative as the last step. The study topics, earlier works, and the theoretical framework were all cited in the interpretation and discussion of the themes. To improve clarity and provide more information about theme distribution, data were produced.

This procedure made sure that the qualitative data was analyzed rigorously, openly, and reproducibly, which raised the conclusions' legitimacy and dependability.

4. RESULTS AND DISCUSSION

4.1 Current situation of social housing in Vietnam

4.1.1 National targets and Actual outcomes

Vietnam has set a target according to the National Housing Development Strategy by 2030, with a vision extending to 2045. This plan aims to complete at least 12.5 million square meters of social housing from 2016 to 2020, which is expected to provide accommodation for approximately 500,000 people (Ministry of Construction, 2021). However, the actual progress is far behind schedule. By the end of 2020, only 5.2 million square meters had been completed, achieving only 41.6% of the initial target (World Bank, 2023).

In the 2021-2025 period, the government raised the target to 15 million square meters of social housing. However, as of the first quarter of 2025, only approximately 5.1 million square meters had been completed, representing 34.0% of the total planned area (Ministry of Construction, 2025; World Bank, 2025). Although there has been some progress compared to 2023 (when the completed area was 3.8 million m²), the overall pace remains slow and insufficient to meet the growing demand during this period.

Table 1. National Social Housing Targets and Completion Rates by Period

Period	Planned SH Area (m²)	Actual Completed Area (m²)	Completion Rate (%)
2016 - 2020	12.5 million	5.2 million	41.6%
2021 - 2025*	15.0 million	~ 5.1 million (as of 2023)	34.5% (ongoing)

Source: Ministry of Construction (2025); World Bank (2025)

The persistent shortfalls in achieving national social housing targets reflect systemic challenges in developing affordable housing in Vietnam. Notably, management inefficiencies, difficulties in land acquisition, and a lack of motivation for private developers remain major barriers (Nguyen and Tran, 2022). The lack of streamlined procedures, unclear legal frameworks, and delays in project approvals continue to hinder construction progress. Furthermore, many private investors consider social housing financially unviable due to low investment returns, which further discourages participation in this sector (Pham, 2024).

Unless these issues are addressed urgently and comprehensively, Vietnam risks falling further behind its long-term housing goals, leaving a significant portion of the low-income population without suitable housing solutions.

4.1.2 Regional disparities

The development of social housing in Vietnam continues to show significant regional disparities as of 2025. The vast majority of completed projects are still primarily concentrated in major urban and industrial centers, particularly Hanoi, Ho Chi Minh City, Da Nang, and Binh Duong. Although these areas have made significant progress in meeting the demand for social housing, remote and mountainous provinces still lag significantly behind in both the quantity and affordability of low-cost housing (Ministry of Construction, 2025; VnEconomy, 2025).

Updated estimates as of Q1 2025 show the following social housing floor area and population served.

Table 2. Regional Distribution of Completed Social Housing and Population Served (Q1 2025)

City/Province	SH Floor Area Completed (m²)	Population Served
Hanoi	~ 1.75 million	~ 70,000
Ho Chi Minh City	~ 1.5 million	~ 62,000
Binh Duong	~ 1.2 million	~ 52,000
Da Nang	~ 520,000	~ 24,000
Lai Chau (rural)	~ 55,000	~ 2,800

Source: Ministry of Construction (2025); VnEconomy (2025)

The focus on urban areas reflects national development priorities centered on locations with high population density, labour migration, and industrial activity (Nguyen and Tran, 2024). Cities like Hanoi and Ho Chi Minh City alone currently account for over 3.25 million square meters of social housing, serving approximately 130,000 people. Conversely, rural provinces like Lai Chau have only seen insignificant improvements, with the total floor area of completed social housing increasing by just 5,000 square meters since 2023.

The uneven distribution of social housing infrastructure highlights structural imbalances in Vietnam's housing strategy.

Although urban development meets the urgent needs of industrial workers and migrants, neglecting rural and mountainous areas exacerbates socioeconomic inequality and undermines the national goal of inclusive housing (Do and Le, 2024).

To address this imbalance, policy efforts need to be readjusted, with a greater allocation of capital and land focused on the development of social housing in less developed regions. Without such interventions, the national social housing strategy risks exacerbating geographical inequalities and excluding low-income populations in less urbanized areas from access to stable housing.

4.2 Barriers to Social Housing Development in Vietnam

Vietnam has set an ambitious goal of developing 1 million social housing units by 2030. However, as of Q3 2024, only 21,000 units have been completed - representing just 16.2% of the total 130,000 units planned for the 2021-2025 period. This slow progress may stem from several structural limitations for both developers and investors. Here is an in-depth and data-driven analysis of the most important limiting factors.

4.2.1 Inadequate land allocation

The lack of land dedicated to social housing construction is a significant barrier to the development of affordable housing in Vietnam. Although the law stipulates that 20% of the land area in commercial housing projects must be allocated for social housing, the implementation of this requirement varies across provinces, hindering the achievement of social housing goals.

Table 3. Land Allocation for Social Housing Projects by Province (2023)

Type of Implementation	Number of Provinces	% of Total (63 provinces)
Allocated independent land funds	18	28.6%
Enforced 20% land ratio in commercial projects	35	55.6%
No practical implementation of land reserve policy	10	15.8%

Source: Ministry of Construction (2024); VnEconomy (2024)

From the data, out of Vietnam's 63 provinces and cities, only 18 provinces (28.6%) have the autonomy to allocate land for social housing projects, indicating that proactive land use planning for affordable housing is still limited. Meanwhile, 35 provinces (55.6%) have implemented the regulation to allocate 20% of land in commercial housing projects, but many provinces have not effectively enforced it. According to the Ministry of Construction, weak enforcement mechanisms, especially in urban areas with high land values, lead to investors choosing to pay fines instead of complying with land allocation requirements. This situation forces most social housing projects to be built in remote or suburban areas, reducing accessibility for target groups and affecting their appeal as a housing option.

4.2.2. Financial constraints and slow disbursement of support packages

In 2023, the Vietnamese government introduced a credit package worth 120 trillion VND (equivalent to 5 billion USD) to support the social housing sector. However, by September 2024, only 1.344 trillion VND (1.12%) had been disbursed, indicating a significant delay in providing financial support to the industry.

Table 4. Disbursement Status of the VND 120 Trillion Credit Package (as of Sep 2024)

Beneficiary Group	Amount Disbursed (VND Billion)	% of Package
Project Developers	1,295	1.08%
Homebuyers	49	0.04%
Total	1,344	1.12%

Source: Ministry of Construction (2024)

Low disbursement of funds is not due to a lack of demand for social housing, but rather to complex lending procedures. Banks are hesitant to approve loans, often citing concerns about project viability, legal status, and insufficient collateral. Furthermore, most social housing developers are small or medium-sized businesses with weaker balance sheets, making them less qualified for commercial bank loans. On the part of homebuyers, high administrative barriers – such as strict income verification requirements and significant down payments – limit access to financing, even for those who are eligible.

Therefore, despite the size of the credit package, inefficient disbursement and the challenges faced by both investors and homebuyers have hindered its effectiveness in stimulating the social housing sector. To address these issues, more

streamlined procedures are needed, along with increased financial support for developers and buyers, to unlock the potential of the credit package and drive meaningful progress in this sector.

4.2.3. Profit margins are not attractive to developers

One of the main challenges in developing social housing in Vietnam is that profit margins are not attractive to developers. The legal profit ceiling for social housing projects is set at 10%, significantly lower than the typical investment returns of 20-25% in the commercial real estate sector (VnEconomy, 2023).

This profit disparity makes private developers reluctant to invest in social housing projects, as the returns are far less attractive compared to commercial real estate. Furthermore, rising construction costs – such as a 15-20% increase in the price of steel, cement, and labor since 2022 (Vietnam News, 2024) – are further exacerbating the financial burden. Because the price of social housing is limited, developers cannot pass on this increased cost to buyers. As a result, many developers either abandoned social housing projects or delayed their implementation while seeking regulatory changes to improve profitability.

This situation further restricts the pace of social housing development, highlighting the need to reassess statutory profit caps and manage construction costs to encourage private sector participation in this sector.

4.2.4 Poor supporting infrastructure

A major barrier to the effectiveness and attractiveness of social housing in Vietnam is the inadequacy of supporting infrastructure and public services surrounding these projects. Due to the high cost of land in central urban areas, most social housing developments tend to be located on the suburban or peri-urban fringes, where land prices are lower and land acquisition is more straightforward. However, these locations often lack investment in critical infrastructure such as transportation networks, healthcare facilities, schools, water supply, electricity, and internet connectivity (Nguyen, 2024; Vale & Graves, 2010).

Empirical surveys highlight how infrastructure constraints fundamentally affect the daily lives of social housing residents. According to a Savills Vietnam survey (2023), as much as 67% of social housing residents reported difficulty accessing hospitals or clinics within a 5 km radius, 58% experienced daily commutes exceeding one hour, and 46% faced challenges in taking their children to nearby schools. These findings reflect the extent to which poor infrastructure undermines not only the desirability but also the socioeconomic inclusivity of these projects.

Comparative research in countries such as China and Brazil reveals similar concerns: social housing relocated to less competitive peripheral zones helped avoid market conflicts but triggered substantial infrastructure costs and reduced accessibility for residents (Li et al., 2021). Vale & Graves (2010) further underscore that well-developed public infrastructure—including public transportation, access roads, educational and healthcare services—is essential to achieving sustainable occupancy rates and improving residents' quality of life.

In Vietnam, the lack of synchronous planning between housing and urban infrastructure frequently leads to poorly connected neighbourhoods, high vacancy rates, and escalated living costs for households. Urban planning and housing provision are still treated as separate processes, with limited inter-agency coordination. As a result, technical infrastructure (such as roads, drainage, and electricity) and social infrastructure (such as schools and clinics) often lag behind new housing developments, leaving entire communities underserved (Trinh et al., 2022; Scanlon et al., 2015).

The consequences go beyond individual inconvenience; without adequate infrastructure, social housing estates risk becoming isolated, reducing workforce productivity and perpetuating social exclusion. For local governments, providing retrospective infrastructure improvements is costlier and less efficient than integrating them during project planning. Incomplete infrastructure also diminishes the return on social investment, reducing the policy's economic and social impact.

International practice suggests that integrating infrastructure planning with housing policy is essential. Cities like Berlin and Singapore co-locate new public housing developments with urban transport corridors, employment hubs, and comprehensive service networks, resulting in higher occupancy rates, stronger community cohesion, and increased property values (UN-Habitat, 2020). For Vietnam, moving forward, policies should prioritize coordinated planning—ensuring that social housing areas are effectively linked with mass transit systems, schools, healthcare, and commercial amenities from the outset (Nguyen et al., 2023; World Bank, 2023).

5. CONCLUSION

This study provides a comprehensive analysis of the current state, challenges, and development directions of social housing in Vietnam, with a particular focus on low-income and vulnerable urban populations. By synthesizing secondary data from the Ministry of Construction, the General Statistics Office, and comparative international studies, the results indicate that although Vietnam has achieved some successes in implementing social housing, the overall progress remains

slow compared to the national goals set. As of the end of 2023, the completion rate only accounted for a small portion of the planned 1 million apartments by 2030 (Ministry of Construction, 2025; World Bank, 2023). This reflects structural shortcomings, notably the uneven distribution of land among localities, the very limited disbursement progress of the 120 trillion VND credit package, the unattractive statutory profit levels for investors, and cumbersome administrative procedures (Nguyen & Tran, 2022; Pham, 2024).

The discrepancy between policy goals and actual outcomes reveals a significant gap in the implementation of the 2023 Housing Law and current support policies. Despite the implementation of incentive mechanisms, many private developers remain hesitant due to significantly lower profit margins compared to the commercial real estate market, rising material costs, and lengthy approval processes. At the same time, people face difficulties in accessing social housing due to strict income verification requirements, high down payments, and project locations often far from the city center, lacking supporting infrastructure such as transportation, healthcare, and education (Wei & Wang, 2021).

To overcome these barriers, the study proposes four key groups of solutions. First, institutional reforms need to be prioritized by establishing a dedicated inter-ministerial coordinating body for social housing. This agency will unify the project approval process, minimize procedural overlaps, and develop an integrated national database on social housing supply, demand, and finance to support data-driven policy planning based on transparent data.

Second, financial mechanism innovation is a vital factor in attracting private capital and supporting homebuyers. Specifically, the profit ceiling needs to be adjusted from 10% to a more reasonable level (15–18%) to increase developers' motivation; the state's credit guaranty mechanism should be applied to reduce risks for investors; and long-term preferential loan programs with low interest rates for buyers should be expanded, similar to the Dutch mortgage support model or the public-private partnership social housing program in Germany (Blessing, 2012).

Third, integrate infrastructure planning with social housing projects to ensure these housing areas are effectively connected to public transportation systems, schools, hospitals, and social services. International practice shows that the link between housing development and infrastructure investment not only improves the quality of life but also increases property values and occupancy rates. Vietnam needs to prioritize locating social housing near urban transportation corridors or industrial zones, rather than concentrating it in suburban areas lacking essential services.

Finally, adjust policies toward inclusivity to expand the scope of beneficiaries. In addition to low-income groups, support should be considered for informal workers, internal migrants, and young professionals with low-to-middle incomes who are currently facing pressure from rapidly rising housing prices in urban areas (Vale, 1998). At the same time, it is necessary to promote a community-based planning process to ensure that the project's design and operation are aligned with the actual needs of the residents.

Vietnam is facing significant opportunities and challenges in realizing the goal of sustainable and equitable social housing development by 2030. The synchronous implementation of institutional, financial, infrastructure, and inclusive policy reforms – based on empirical evidence and international best practices – will be key to ensuring that all citizens, especially vulnerable groups, have access to safe, quality, and affordable housing.

6. REFERENCES

Blessing, A. (2012). Magical or monstrous? Hybridity in social housing governance. Housing Studies, 27(2), 189–207. https://doi.org/10.1080/02673037.2012.649469

Chouinard, V. (1990). The Uneven Development of Capitalist States: 2. The Struggle for Cooperative Housing. Environment and Planning a Economy and Space, 22(11), 1441–1454. https://doi.org/10.1068/a221441

Gurney, C. M. (1999). Pride and Prejudice: Discourses of Normalisation in Public and Private Accounts of Home Ownership. Housing Studies, 14(2), 163–183. https://doi.org/10.1080/02673039982902

Kostelecký, T. (2000). Housing and its influence on the development of social inequalities in the Post-Communist Czech Republic. Czech Sociological Review, 36(2), 177–194. https://doi.org/10.13060/00380288.2000.36.12.07

Ministry of Construction. (2023). Summary report on 10 years of implementing social housing policy for the period 2011–2020. Hanoi: Ministry of Construction.

Ministry of Construction. (2025). Report on the implementation results of the National Housing Development Strategy for the period 2021–2025. Hanoi, Vietnam: Ministry of Construction.

Eriksen, M. D., & Rosenthal, S. S. (2010). Crowd out in the Low-Income Housing Tax Credit program. Journal of Public Economics, 94(11–12), 953–966. https://doi.org/10.1016/j.jpubeco.2010.07.002

Gurran, N., & Phibbs, P. (2015). Are governments really interested in fixing the housing problem? Policy Studies, 36(4), 368–387. https://doi.org/10.1080/01442872.2015.1073249

Le, T. H., Phan, V. H., & Vo, Q. T. (2023). Public-private partnerships and performance of social housing in Vietnam. Vietnam Journal of Real Estate Studies, 5(1), 45–64.

Li, Y., Li, X., & Chen, W. (2021). Housing affordability and housing vacancy in China: The role of migration and urban policies. Cities, 108, 102966. https://doi.org/10.1016/j.cities.2020.102966

World Bank. (2023). Vietnam affordable housing market review. Washington, DC: World Bank Group.

Nguyen, H. T., & Le, M. T. (2022). Social housing policy in Vietnam: Current status and solutions. Journal of Economics and Development, 297, 45–53

Nguyen, L. P. M., & Luu, H. T. (2024). Urbanization and the demand for social housing in Vietnam: Challenges and policy implications. Vietnam Journal of Social Sciences, 15(2), 45–59.

Nguyen, Q. H., Tran, T. H., & Pham, N. M. (2023). Social housing development in Vietnam: Barriers and policy recommendations. Journal of Construction and Planning, 12(4), 75–88.

Nguyen, V., & Tran, M. (2022). Challenges and solutions for social housing development in Vietnam. Journal of Economics & Development, 299(2), 45–53.

Pham, T. (2024). Investment incentive mechanisms for social housing: Current status and recommendations. Construction Journal, 34(4), 12–18.

Pugh, C. (1986). Housing Theory and Policy. International Journal of Social Economics, 13(4/5), 3–104. https://doi.org/10.1108/eb014016

Simmie, J. (1991). Housing and inequality under state socialism: An analysis of Yugoslavia. Housing Studies, 6(3), 172–181. https://doi.org/10.1080/02673039108720705

Scanlon, K., Whitehead, C., & Arrigoitia, M. F. (Eds.). (2015). Social housing in Europe. John Wiley & Sons.

Trinh, N. T., Võ, T. B., & Phan, K. H. (2022). Social housing and workforce retention in industrial zones of Vietnam. Asian Urban Studies Review, 3(2), 89–108.

UN-Habitat. (2020). World Cities Report 2020: The value of sustainable urbanization. United Nations Human Settlements Programme. https://unhabitat.org/World-Cities-Report-2020

UN-Habitat. (2022). World Cities Report 2022: Envisaging the future of cities. United Nations Human Settlements Programme. https://unhabitat.org/World-Cities-Report-2022

Vale, L. J. (1998). Public housing and the American dream: Residents' views on buying into "the projects." Housing Policy Debate, 9(2), 267–298. https://doi.org/10.1080/10511482.1998.9521295

Vale, L. J., & Graves, E. M. (2010). The limits of housing redevelopment: What re-placing fails to replace. Housing Studies, 25(2), 215–230. https://doi.org/10.1080/02673030903561834

Wei, C. R., & Wang, Y. (2021). Research on the evaluation and influence mechanism of public housing service quality: A case study of Shanghai. Sustainability, 13(2), 672. https://doi.org/10.3390/su13020672

Whitehead, C., & Monk, S. (2011). Affordable housing in England after the global financial crisis: Risks and opportunities. Journal of Housing and the Built Environment, 26(3), 277–293. https://doi.org/10.1007/s10901-011-9227-3

World Bank. (2015). Vietnam affordable housing: A way forward. World Bank Group. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/327081467986297262/vietnam-affordable-housing-a-way-forward

World Bank. (2021). Vietnam urban development review. World Bank Publications