

the cities alliance

Enhancing access to basic infrastructure services
for the urban poor and vulnerable groups in Vietnam

Housing and Infrastructure - Constraints Faced by the Urban Poor

(Executive Summary)

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Introduction

The rapid growth of the economy and of urban areas has resulted in an increased gap in the housing conditions of the rich and the poor, and uneven development of urban infrastructure and services, resulting in poor housing and infrastructure conditions among the urban poor. This study investigates the perceptions and views of poor households in accessing housing, infrastructure, and housing finance in four cities (Hai Phong, Nam Dinh, Ho Chi Minh City and Can Tho). It was commissioned by the Cities Alliance with the view to eventually supporting Vietnam Urban Upgrading Programme.

Two multi-disciplinary teams conducted the research in four cities in the north and the south. Twelve urban wards (ph-êng) were studied in the four cities. They were chosen on the basis of having high poverty rates, and housing and infrastructure in poor condition. Some wards were located in the outskirts of cities, others near to city centres, and some wards had a high proportion of immigrants.

Participatory was the main approach of the research. More than 500 household representatives took part in 50 group discussions organised in 12 wards of four cities of Hai Phong, Nam Dinh, Ho Chi Minh and Can Tho. Over 200 officials at central government level and local authorities and community leaders participated in 80 discussions, interviews to contribute their opinion to the project. Studies of donors and experts in urban poverty, in housing development and urban planning, reports of local authorities and related departments have also played an important role in this research.

Overview of the study sites

Hai Phong is a major port and tourist centre, and has attracted both state and foreign investment, maintaining one of the highest GDP growth rates in the country. Nam Dinh is one of the main urban centres in the Red River Delta, with a very high population density, but very low income per capita. The city is an administrative district of Nam Dinh province. Ho Chi Minh City is the largest city in the country in both area and population. Its economic advantages have made it a magnet for migrants seeking job opportunities in recent years. Can Tho is a centre of trade for the Mekong Delta. Like Nam Dinh, it is an administrative district of the province in which it is situated, and has also seen growth in manufacturing and tourism in recent years. Wards studied were Niem Nghia, Trai Chuoi, and Cat Bi (Hai Phong); Van

Mieu, Tran Dang Ninh and Ha Long (Nam Dinh); Co Giang, Ward 12, and Trung My Tay (Ho Chi Minh City); and An Cu, Hung Loi and Hung Phu wards in Can Tho.

Urban Housing and Infrastructure: Policy and programmes

Up to the 1990s housing was provided by the state to state employees. Little emphasis was placed on comprehensive urban planning, however, resulting in inadequate public utilities and sanitation in many cities. In 1991 the Housing Ordinance was introduced, recognising private ownership of housing. A boom in the construction of new houses resulted, but while this created a rapid increase in the available housing area, it also produced a growing gap in housing conditions between the poor and the better off. Housing has also grown more rapidly than urban infrastructure developments in the last decade.

The Draft National Housing Strategy to 2010 aims to address these emerging problems by developing housing within a coherent urban planning framework, and ensuring poorer urban residents have access to suitable housing. However, this strategy is still in draft form, and cities like Ho Chi Minh and Hai Phong have gone ahead to develop their own programmes. Though goals for these programmes tend to be quantitative, a look at small scale programmes already in place shows that a number of them aim to address housing and infrastructure problems faced in low-income areas and by poor households. Several programmes, particularly in Ho Chi Minh City, are quite innovative.

While Ho Cho Minh City and Hai Phong have both drafted detailed urban development plans, and have managed to secure finance for large-scale urban infrastructure projects, Nam Dinh and Can Tho are not so well placed in this regard. As district level bodies, both are dependent on their respective provincial authorities for creating policy on municipal housing and infrastructure development, and have little control over budgets.

Small-scale programmes for improving housing and urban infrastructure for the poor include free housing for certain categories of disadvantaged people; programmes to eradicate slums built along canals and resettle residents in new areas; development of low-income housing blocks; and efforts by the state to grant land use certificates and ownership rights; to sell off state-owned housing to the tenants; and attempts by local authorities and communities to improve roads, drainage and sanitation conditions in poorer areas of the cities and make the cost of utilities within reach of poor urban residents. In addition there are a number of very successful programmes providing credit to households to install septic tanks plus other programmes to assist the poor in making improvements in their housing.

Current Housing and Infrastructure Situation of the Urban Poor

The definitions of who are poor and low-income people are still vague for making housing policy. Official poverty figures can not reflect real situation of urban poverty as they are based only on income which can not be checked properly in Vietnam, while do not take into account indexes of housing and infrastructure conditions as well as do not cover large number of poor unregistered residents in cities. Figures obtained in Can Tho showed that poverty rate of 2.4% of this city can jump up to 30% if taking into account the households living in bad housing and infrastructure conditions.

The poor tend to settle increasingly in areas isolated from business activities or remote from city centres where investment in urban infrastructure is limited or non-existent and buildings are in poor condition or of low value. They may also be found living in quite central areas, but in old and dilapidated housing.

The urban poor live in different types of housing. Many are living in state-owned housing, either in high-rise blocks or in one-storey row houses. Both were found to be in very poor condition, with structural damage, leaking roofs, and toilets and water systems that have fallen into disuse. Some single rooms continue to be shared by more than one family. On the outskirts and along remote alleys, makeshift private accommodation has been built without planning permission. Bricks and other construction materials are often home-made or of re-used materials, with many houses consisting of only one room and without any essential facilities. Makeshift housing built along canals in southern cities is erected on piles above the water, and human and other waste is discharged directly into the canals.

Cities place less investment in more marginal urban areas and thus the infrastructure and services where poor people tend to live is less developed than in more central and better-off urban areas. Shortage of clean water is the biggest concern of the urban poor. Poor households say they cannot afford fees imposed to install water meters and resort instead to buying water privately; people without urban residency also do this because they cannot legally obtain a water meter. Poor drainage and flooding was a problem cited by many residents. Sanitation is bad because toilets are in such bad condition that they have been abandoned in many state-owned buildings and residents instead use public toilets (often paying to do so); people in makeshift housing do not have proper septic tanks and cannot afford to install; some people continue to dispose of waste in plastic bags or directly into canals and rivers. Figures supplied by city authorities showed urban residents' access to electricity to be very high, but poor people interviewed said they couldn't afford

to pay for installation of electricity in their homes. Many buy electricity for others or tap illegally into the lines. Again, unregistered migrants are not entitled to have electricity installed. Lighting in public areas or poor urban wards is inadequate. Rubbish in many places is not properly collected. Finally, there are no public playgrounds or parks in poor urban areas, meaning children must play in the street.

The legal status, rights and obligations of the urban poor vis a vis their housing are unclear in many respects. In the management of state-owned housing, rental contracts are violated from both sides, with the state failing to fulfil its obligations to make timely repairs, but tenants on the other hand illegally transferring, or altering their property. Private houses are often built on illegally occupied sites and are routinely bought and sold without the property being registered with the local government. A lack of legal documents creates problems as people cannot in principle register their residency, nor can they have utilities installed, or mortgage their property. In addition, they will receive no compensation in the event of being relocated.

The urban poor said that they can made improvements to their housing whenever money was available, taking many years to complete their house. Many people said they would not think of borrowing money for major household repairs, as they regard it to be better invested in economic activities. The poor's housing finance need at this stage is limited in borrowing small amounts to incrementally upgrade house, particularly to have essential facilities such as water, electricity or septic tank installed and repair urgent damages. Bigger demand may come only when their employment opportunities and income will improve.

The poor's attitude toward housing and constraints

Across sections of urban populations there is a preference for a private house on land to which one has individual use rights. Gradually improving one's house when money is available is the way the poor prefer to have a shelter. The poor are less keen on renting a shelter or buying ready built houses/flats, even on installment, fearing of being one day unable to pay. They also dislike high-rise apartment blocks, as they cut people off from economic and social opportunities.

Lack of clean water and flooded alleys were at the top list of the constraints listed by the poor in the north while in the south their most urgent difficulties were related to quality and legal status of houses.

Low and unstable income was the main reason for the almost constraints said by the poor. Besides, lack of registered residency, complex procedure for obtaining land use right and

house ownership, lack of appropriate attention paid by the state, low hygienic awareness of the residents, population increase etc. are the reasons listed by the poor. From other point of view, the officials considered lack of budget the main reason not only for the constraints in infrastructure of poor areas but for many other problems of cities.

Bad health, high living cost, depression are the main effects of the constraints to the poor's life.

The primary solution suggested by poor residents for solving the constraints is "the state to help create jobs for the poor so they can have income and savings to improve housing". The poor also urged the state to provide them with certificate of land use right and house ownership, pay more attention in investing in infrastructure in small cities and poor areas, provide credit to the poor to have essential facilities installed and repairing urgent damages, widen charity housing program and treat the unregistered in accessing services as the registered ones.

The poor in four cities studied did not know much about individuals/ organizations that help them. It was possible that the assistance came on top-down approach where the poor were simply the beneficiaries rather than they can be the stakeholders of the process, and therefore they are not interested in knowing who helped them. It was also possible that assistance was still limited and covered not many poor. Ward's People Committee, Resident "Brigade", Women Union, Father Land Front, Heads of To and neighbours were those praised for their activities in helping the poor.

The poor expressed their willing to have their voice listen by the authorities, be trained of awareness and capacity as well as to participate and contribute finance, labour force and experience to projects/programmes that have effect on them.

Conclusions and Recommendations: Lifting Constraints in Housing and Infrastructure for the urban poor

The report concludes by citing the main constraints faced by the urban poor in accessing housing and infrastructure.

A need in having stable job and income to be able to improve housing conditions. Create job by developing all economic sectors and providing credit for family business to generate income are what the poor expect the most to have from the state in order to solve almost their problems including those in housing and infrastructure.

Need for more consultation of the poor in urban planning/upgrading initiatives intended for them: Urban development projects that have worked the most successfully have

been those that have a good understanding of the needs of the people they are directed towards. Mechanism should be established to enable people to participate more in urban development/upgrading programmes intended for them. A bottom-up communication between the authorities and the residents can help the policy made satisfy better the demand of people rather than the traditional top-down. For that purpose, people should be trained awareness and capacity.

A lack information needed by poor households to make long-term decisions about their housing: An enhanced information channel between the authorities and the residents can help residents - and especially poor residents building their own housing - to make wise decisions about their housing, leading to better long term investments. Detailed, early planning, and effective publicity of these plans to the people they directly affect will minimize illegal land occupation and encourage rational housing development that is integrated with the infrastructure.

Less benefit from investments in urban infrastructure and higher costs paid by poor households for installing basic utilities than better off, more centrally located ones. Poor families living in alleyways away from main street or in wards distant from city centres end up paying more than the better off for installing basic utilities. Investing public money on infrastructure development in the more marginal parts of the city could help avoid the development of overcrowded slum neighbourhoods. Different measures should be applied to make all city residents access/use infrastructure services with the same price.

A lack clear ownership and land use rights, which creates a lack of security for poor households: The process of granting legal rights to housing and land sites should be speeded-up to encourage the poor to be active in finding financial resources to upgrade their shelter. For state-owned housing, there may be no option but for the state to transfer the ownership to the tenants at affordable for them price and before that pay the costs of upgrading dilapidated blocks in order to encourage sale.

Poor immigrants face more difficulties than the registered. Poor unregistered, lacking residency status, are excluded from obtaining land use and ownership rights and (legally) accessing urban utilities and have to pay at higher cost for services. Legal residency recognition for long-established "immigrants" in the urban areas would give them the security to invest in improvement of their housing and allow them to legally make use of public utilities. Discrimination of the unregistered in accessing infrastructure services should be abandoned. The migrants should be forecasted and taken into account in urbanisation planning in order to make housing and infrastructure services satisfy actual demands.

Difficulties in accessing "low-income housing": Low income housing projects have to date been too expensive for poor households and (for high-rise buildings) frequently take them away from the social and economic milieus in which they make their living. Before developing low-income housing projects, the people targeted should be consulted on their needs. Encourage private companies to invest in low-income housing to make them more affordable. Different strategies for low-income housing should be developed and tested. Offering plots of land with ready-built infrastructure at low prices, exempting low-income people from paying land use fees are measures to encourage self-built housing. On-plot infrastructure upgrading in poor areas, supply small loans for specific household improvements also may lead to increasing land value and better business opportunities that makes the poor's life better.

Lack of legal regulations as well as inappropriate capacity and attitude of civil servants in solving housing and infrastructure problems. A better legal framework, public administration reform as well as capacity building for the state servants will help solve the problems.

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