



LAND CONVERSION DURING THE URBANIZATION PROCESS IN VIET NAM: CURRENT STATUS, PROBLEMS AND SOLUTIONS

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OUTLINE OF PRESENTATION

- STATEMENTS OF THE PROBLEM AND OBJECTIVES
- METHOD UTILIZED
- FINDINGS ABOUT URBANIZATION AND LAND CONVERSION
- POLICY RECOMMENDATIONS
- CONCLUSIONS

STATEMENT OF THE PROBLEM AND OBJECTIVES

- Rapid urbanization process in Vietnam during 2000 – 2016 period
- Irrational land policy makes land conversion, transaction, and usage are distorted, resulting to over-conversion from agricultural land to industrial land

→ Successes and matters of land conversion during urbanization process in Vietnam during 2000 – 2016 period and policy recommendations for a land conversion in order to ensure a sustainable urbanization

METHOD

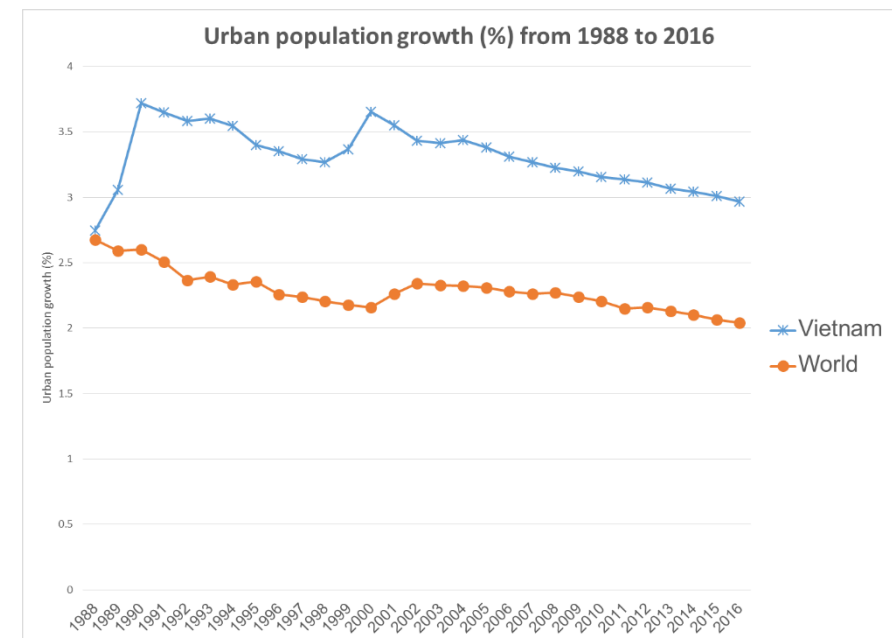
- **Data**: Data about urbanization and land conversion in Vietnam from 2000 to 2016 from various sources (World Bank data about urban development 2016, Ministry of Construction of Vietnam 2015, Data of different Ministries about urbanization and land conversion)
- **Method**: Quantitative and qualitative analysis based on univariate, bivariate and multivariate statistical methods

RESULTS OF URBANIZATION (1/2)

- Vietnam's urbanization process is faster than the average of the world since the years of 1990s:
- The increase of **urban population is from 12 million in 1986 to 31.2 million in 2015** without taking into account people who, come from country-side to cities to stay and work, don't have a paper to prove that they are citizens. **Urban population increase is 159% in 30 years with an annual rhythm of about 3.4% per year**

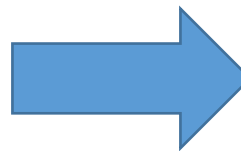
Urban population growth (%) from 1988 and 2016

Source: Data of World Bank, Link Internet:
<http://data.worldbank.org/indicator/SP.URB.GROW>



RESULTS OF URBANIZATION (2/2)

- Strong urban growth: **January 2016, Viet Nam has 787 urban areas**, including 02 special cities (Ha Noi and Ho Chi Minh City); 15 urban center grade I including 03 cities under direct central rule; 25 urban centers grade II; 42 urban centers grade III; 75 urban centers grade IV; 628 urban centers grade V. (629 urban areas in 2000).
- Improvement of urban living conditions: 27.2% of urban population live in slum areas in Viet Nam, comparing to the average of 111 developing countries 43.9%, is a good result for Viet Nam in 2014 (World Bank, 2014). **Better accessibility to urban services**: clean water, electricity, etc.



URBANIZATION MATTERS

- **Lack of strategy in urban development:**
 - Urban development is not at the same rhythm for every urban areas and for each zone in an urban area. Each urban project has a different architecture and sometimes it is **hard to find an architectural logic of urban development** between these projects.
 - Each project has a different standard and there is no minimal standard for all urban projects in cities. That creates **difficulties for waste water management, transportation management and infrastructure systems.**

URBANIZATION MATTERS

- Incompatibility between new urban areas projects:
 - **The mix and the discontinuity of architecture and urban landscape make the cities a non-harmonized mosaic**, especially in the biggest cities like Hanoi and Ho Chi Minh City
- Paradox between offer and demand on housing market:
 - **Small offer for social housing**: only 10% in Vietnam (18% in Sweden, 19% in France, 23% in Austria, 32% in Netherlands))
 - **Offer for luxury house and apartment is much more important than demand**

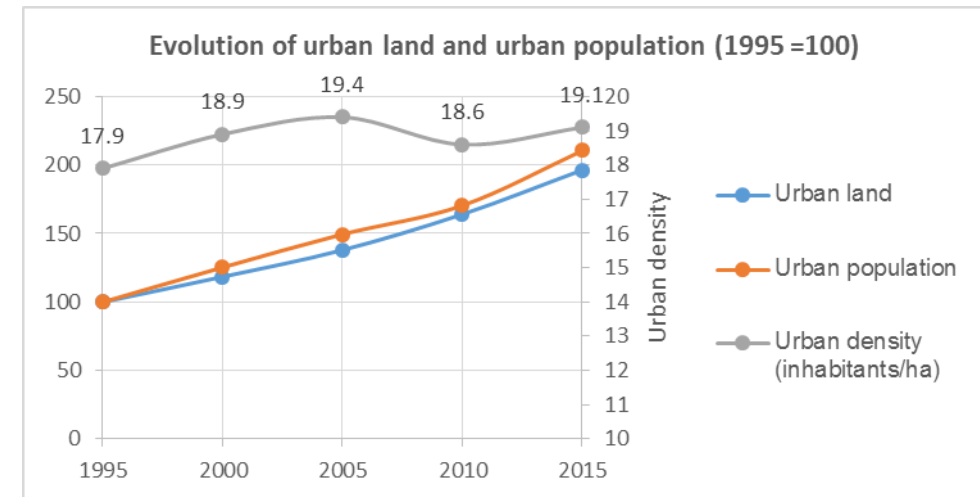
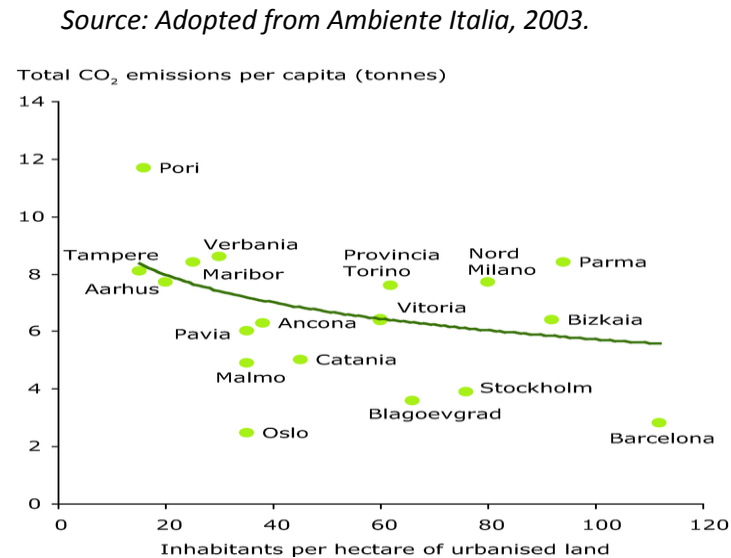
FROM LAND CONVERSION TO LOW URBAN DENSITY – A SYMPTOM OF URBAN SPRAWL:

- The increase of urban land is at the same speed with the increase of urban population from 2000 to 2015
- During the period 2000 – 2015 urban density has increased very lightly from 17.9 inhabitants/ha in 2000 to 19.1 inhabitants/ha in 2015

Year	Urban land (ha)	Urban population (x1000 person)	Urban density (inhabitants/ha)
1995	836,117	14,938	17.9
2000	990,276	18,725	18.9
2005	1,153,549	22,332	19.4
2010	1,372,038	25,466	18.6
2015	1,642,420	31,450	19.1

FROM LAND CONVERSION TO LOW URBAN DENSITY – A SYMPTOM OF URBAN SPRAWL (1/2):

Figure 1. Population density and CO2 emissions, selected European cities



Source: Author, calculated from Statistical yearbook and data of Ministry of Natural Resources and Environment of Viet Nam

By observing 2 graphics, we can see that Vietnam urban areas' CO2 emissions per capita is higher than almost European cities' emission

IRRATIONAL LAND-USE AFTER LAND CONVERSION – A WASTE OF CAPITAL

- Irrational land-use after land conversion – a waste of capital: urban land → urban areas without utilization; industrial zones not fully exploited.

City	Degree of filling (%)	Year	Source
Ho Chi Minh city	56.4	2013	Viet Nam Government
Hanoi	44.7	2013	Viet Nam Government
Danang	49.6	2013	Viet Nam Government
Manila center	90.2	2014	Colliers International
Shanghai	89.8	2014	Colliers International
Beijing	99.0	2012	Business News of Beijing
Los Angeles	97.6	2013	Colliers International
Long Island (New York)	94.6	2013	Colliers International

Table 2, Degree of filling of Industrial Zones
 Source: Author synthesized from various sources in the table

EXAMPLE OF UNEXPLOITED INDUSTRIAL ZONE

DINH QUAN INDUSTRIAL ZONE (54 HA) – Unexploited industrial zone



TAN PHU INDUSTRIAL ZONE (54 HA) – Unexploited industrial zone



<http://diaonline.vn/tin-tuc/thi-truong-dia-oc-c18/nhung-khu-cong-nghiep-bo-hoang-i16472>

EXAMPLE OF UNUSED LUXURY HOUSE PROJECTS

KHANG AN PROJECT, DISTRICT 9,
HO CHI MINH CITY – Wasted land
in luxury housing project



<http://netnews.vn/Lanh-gay-voi-khu-biet-thu-bac-ty-bo-hoang-o-Sai-Gon-kinh-doanh-6-0-1004887.html>

KHANG AN PROJECT, DISTRICT
9, HO CHI MINH CITY - Wasted
land in luxury housing project



CONFLICTS OF INTEREST DURING LAND CONVERSION AND MISUSE OF LAND AFTER ACQUISITION (1/2)

- More than **70% of complaint letters are concerning land purpose and land acquisition.** The conflict of interest during land conversion process between state – inhabitants and enterprises.
- The difference of interest during land conversion process is very important. During land conversion process, state and investors have a much more important interest than those whose lands are acquired. **The price of land before conversion and after conversion may be 10 times to 100 times different.**

CONFLICTS OF INTEREST DURING LAND CONVERSION AND MISUSE OF LAND AFTER ACQUISITION (2/2)

- **Law about land conversion is not executed or respected**, especially for land use planning. On the one hand, land use planning is not public or transparent that **some groups of people who have information about land use planning can take advantage from this land use planning** for example: a person can make a land speculation in the area that land will be converted in order to benefit the gain of land price after urbanization.
- After the Land Law 2013, state has the right to acquire land for socio-economic development project but in reality land acquisition for commercial projects are very popular. And during these affairs, investors are those who benefit and land acquired owners are those who bear. **Land acquisition gives sometime interest to a group of investors instead to the whole society.**

RECOMMENDATIONS ABOUT LAND CONVERSION FOR A MORE SUSTAINABLE URBANIZATION (1/2)

- The **urban development strategy must be revised** in order to improve the quality of urban planning for not only biggest cities but also smaller cities in provinces. A sustainable urban development by a more effective land use and TOD (transit orientation development) for cities must be realized in order to **densify the cities and reserve capital land for socio-economic development and avoid urban sprawl.**
- **A better urban planning and transportation planning** is also **essential** to improve the quality of urbanization in the country in order to ensure **a rapid and sustainable economic growth.**

RECOMMENDATIONS FOR A MORE SUSTAINABLE URBANIZATION (2/2)

- Urban development must be based on a real economic demand of country development instead of a pure political decision.
- Each city's planning must ensure a long-term development with an overall and optimal view. The development of each urban area needs to be compatible with other urban areas, with the regional master plans and the national development plans.
- To ensure a higher increase of urban population compared to urban land, avoid urban sprawl and ensure social equity, it is important to reserve a land capital for social housing. The rate of social housing in France, for example, is 20% for each housing project.

RECOMMENDATIONS FOR A BETTER LAND CONVERSION PROCESS (1/2)

- Firstly, the most important solution is to **build a real land market where the price of compensation reflects the real value of land.**
- For each land conversion process, it is important to **ensure a transparency in determining value of land, determining compensation and a consultation of inhabitants** in the influenced zone of the project must be an obligation for the resettlement plan.
- **An independent agency for determining value of land** after the 2013 Land Law is essential.

RECOMMENDATIONS FOR A BETTER LAND CONVERSION PROCESS (2/2)

- Land acquisition and land conversion have to reflect the real demand of urban development instead of political desire.
- Acquired land for urban projects must be built otherwise land will be retrieved to avoid waste of capital and land capital.
- To improve land management, it is essential to link cadastral maps with land tax data in order to better estimate income and potential income from land tax. Currently, land transaction is taxed once. While land tax is an important income for the country, in Viet Nam the income from land tax represents only 0.07% of GDP, 10 times lower than the average of developing countries and 30 times lower than the average of OECD countries.
- It should be create a more effective tax for increasing steadily and sustainably income from land-use, for example: Real Estate Tax.

CONCLUSIONS

- Land conversion is an essential process during industrialization, modernization and urbanization in Viet Nam. This process tends to create urban agglomeration and industrial zones from principally agricultural lands. **It is important to ensure that land conversion reflects the real demand and real need of the country development.**
- In reality, there are **many existing matters** during land conversion process in Viet Nam, for example: urban sprawl, waste of natural resources and human resources, industrial zones not fully exploited, conflicts during land conversion, etc. These problems come mainly from **2 reasons: first, urbanization and land conversion reflect a political desire more than a real need of economic development; second, a weakness in land management:** no tool for determining value of land, land acquisition seems promoting more investors than those whose land are acquired and the whole society.
- The most important solutions are to make better urban planning for cities and to create a real land market after the 2013 Land Law. On the one hand, a better urban planning is going to harmonize and optimize land conversion process. On the other hand, regarding land conversion process, real value of land is going to be determined that land conversion do not promote only investors but also those whose land are acquired and the whole society. The state has to adopt a better urban planning for the country to limit waste of resources, discourage urban sprawl and promote a more sustainable and intelligent development of the country.

THANK YOU FOR YOUR ATTENTION