



Special Alert

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Newly enacted Resolution 33: boosting and regulating real estate market for sustainability

Background

Recently, the Government issued Resolution No. 33/NQ-CP on 11 March 2023 (“**Resolution 33**”), which aims to provide solutions to dismantle and promote the real estate market in a safe, healthy, and sustainable manner.

This resolution was issued due to the challenges faced by the real estate sector, which is a crucial component for the economy and impacts many other sectors. These challenges arise from the world economic situation and Vietnam's ongoing process of recovery from Covid - 19 pandemic and development. Despite these limitations that cannot be completely overcome, Resolution 33 emphasizes the need for all stakeholders to take responsibility and collaborate to remove difficulties and promote the development of the real estate market in an open, transparent, and sustainable manner.

Resolution 33 highlights the importance of planning and investing in the development of the ecosystem of industrial, service, tourism, and urban residential real estate to ensure a balanced supply and demand.

Three main goals towards the real estate market

Resolution 33 aims to address various challenges and obstacles faced by the real estate market by proposing a set of measures that can be taken to overcome them.

Firstly, Resolution 33 emphasizes the need to remove difficulties and obstacles in institutions, implementation organizations, and capital sources for the real estate market. This includes removing

obstacles in legal regulations, orders, and procedures related to real estate projects, especially those related to investment, land, construction, auction, and so on. Additionally, Resolution 33 calls for a focus on removing obstacles for ongoing projects to be completed soon to create an undisrupted supply for the market. To achieve this, the resolution proposes to remove difficulties in credit capital, bonds, investment funds, and to open up capital flows for the real estate market, thereby contributing to the increase in liquidity for the market.

Secondly, the resolution aims to promote the development of the real estate market, increase supply, and adjust the structure of real estate market products more rationally. This includes focusing on developing affordable housing options such as social housing, worker housing, and housing suitable for people's incomes. The aim is to accelerate the planning approval, approving investment policies, selecting investors processes, and promptly settling land and construction procedures for real estate projects to increase the supply in the market. The resolution also emphasizes the importance of promoting the real estate market through policies that support capital sources to implement feasible and effective projects. The development of social housing and housing for workers is a key priority, with a target of completing at least one million social housing units by 2030.

Last but not least, regular monitoring and effective market analysis are vital to prevent the situation of "hot development" or "freezing" of the market, rumors spreading, speculation blowing up real estate prices, and ensuring a healthy market mechanism.

Six main tasks and solutions

Resolution 33 outlines six key tasks and solutions aimed at addressing various issues. The first task is to focus on institutional perfection, while the second task is to promote the development of social housing. The third task is related to credit capital, and the fourth task pertains to corporate bond capital. The fifth task focuses on improving the sense of responsibility and promoting administrative procedure reform at the local level. Finally, the sixth task aims to restore trust, support the market, and promote the operation of real estate businesses through effective information and communication strategies. By implementing these six tasks and solutions together, the Government hopes to address various challenges and promote sustainable real estate development in Vietnam:

Institutional perfection

The Government shall focus on achieving institutional perfection by continuously studying and improving institutions to ensure synchronization and feasibility.

To achieve this, there is a need to build a firm and clear legal framework related to construction investment, housing, and real estate business. Urgent amendments to the Law on Land, Law on Residential Housing, Law on Real Estate Business, Law Bidding, Auction, Prices, and Law on Credit Institutions are being developed and soon will be submitted to the National Assembly for consideration and approval. Additionally, there are active efforts to research, develop and submit to the National Assembly for consideration and promulgate a "Resolution of the National Assembly

piloting a number of policies to promote the development of social housing", which is expected to reboot the market.

Furthermore, the Government is committed to removing current shortcomings, limitations, obstacles and difficulties related to the implementation of construction investment, business, and transfer of real estate projects. This will be achieved through the urgent amendment and supplementation of the Decrees guiding the implementation of the Law in order to make them more suitable to the practical situation and ensure consistency, synchronization of the legal system.

Promoting the development of social housing

Resolution 33 proposes to implement a credit program of about VND120,000 billion, to lend to investors and home buyers of social housing projects, workers' housing with interest rates about 1.5 - 2% lower than the average medium-long-term lending rate of the above state-owned commercial banks. The market in each period, and non-state commercial banks are eligible for each specific credit package.

Credit capital

Resolution 33 places a strong emphasis on the need to create favorable conditions for businesses, home buyers, and investors to access credit capital quickly. This includes taking appropriate measures to support difficult real estate enterprises, such as extending principal, interest, and restructuring debt groups. The resolution also highlights the need to prioritize projects that (i) address the real needs of people, (ii) are effective, and (iii) have good liquidity. Such projects include social housing, renovation of old apartments, offices for lease, and real estate for production, industry, and tourism.

To further support the real estate market, appropriate and effective measures must be taken to reduce lending interest rates for the buyers and/or the investors.

Capitalization of corporate bonds

The fourth point pertains to the capitalization of corporate bonds, and the Government's need for direction and guidance on the implementation of capital mobilization activities, including bond issuance, by real estate enterprises in accordance with the law. This is important in order to control capital mobilization activities of real estate enterprises on the stock market and prevent the occurrence of speculation, manipulation, and price inflation. At the same time, it is necessary to create conditions that do not hinder businesses with sufficient capacity and good business results from mobilizing capital to support recovery and development. Another important aspect is the need to promote inspection and supervision of compliance with the law on issuance, investment, and provision of services on corporate bonds. This is particularly important for individual bond issuance of real estate enterprises, credit institutions related to real estate enterprises, enterprises with large issuance volumes and high interest rates, as well as for businesses with loss-making business results

and unsecured issuers. Recently, Decree No. 08/2023/ND-CP has been promulgated to deal with corporate bonds issue. Generally, this decree helps extend the bonds' mature deadline for the issuers, therefore extra time is available for the market to adapt and recover.

The Government must take proactive measures to ensure that by researching and proposing synchronous policies and solutions, the corporate bond market is developed and managed in a safe, healthy and sustainable way.

Enhancing the implementation at local level

Moreover, Resolution 33 underscores the importance of improving the sense of responsibility and promoting administrative procedure reform at the local level to enhance the implementation of these measures.

Information and communication

Information and communication must also be utilized to restore trust, support the market, and ensure the smooth operation of real estate businesses.

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