

LEGAL UPDATE (December 20th, 2023)

In this issue, we would like to bring to your attention to the following:

- **05 New points about social housing in the revised Law on Housing 2023**
- **7 new points about the new Law on Housing 2023**

1. **05 New points about social housing in the revised Law on Housing 2023**

Firstly, regulations requiring the arrangement of social housing land in commercial projects, previously only regulated in Decree 49/2021/ND-CP, have now been regulated in the revised Housing Law 2023, specifically the Provincial People's Committee must allocate enough land funds for social housing development according to approved provincial housing development programs and plans. In special class, class I, class II and class III urban areas, based on the Government's regulations, the Provincial People's Committee decides that the investor of a commercial housing construction investment project must reserve a portion of land in projects that have invested in building technical infrastructure systems to build social housing or arrange social housing land funds that have been invested in building technical infrastructure systems in other locations outside the scope investment project to build commercial housing in that urban area or pay money equivalent to the value of the land fund invested in building a technical infrastructure system to build social housing.

Secondly, regarding regulations on incentives for investors in social housing projects, in accordance with Law on Housing, revised 2023, Investors are exempt from land use fees and land rent for the entire land area of the project. In addition, the investor does not have to carry out procedures to determine land prices, calculate land use fees, exempted land rents and does not have to carry out procedures to request exemption from land use fees and land rents.

Thirdly, regulations on profit margins for investors, previously only regulated in Decree 100/2015/ND-CP and not in the Housing Law, have now become a new feature of the revised Housing Law 2023. Accordingly, the investor is entitled to a maximum profit of 10% of the total construction investment cost for the social housing construction area, and is allowed to reserve a maximum rate of 20% of the total residential land area within the scope of the project has invested in building a technical infrastructure system to invest in building service business, commerce, and commercial housing. Investors of social housing construction investment projects are accounted for separately and don't have to include investment costs for construction of service business, commercial, or commercial housing projects in the cost of social housing and enjoy all profits for this area of service, commercial, and commercial housing projects; In case of investing in commercial housing construction, the investor must pay land use fees for the commercial housing construction area according to the provisions of land law.

In addition, the revised Housing Law 2023 has expanded the beneficiaries of social housing policies, specifically students of universities, academies, universities, colleges, vocational schools, and

schools that specialized according to the provisions of law; students of public ethnic boarding schools and businesses, cooperatives, and unions of cooperatives in industrial zones..

Finally, there are changes in the principles of selling, leasing, and leasing social housing between buyers and sellers. Previously, the buyer of social housing was not allowed to resell the house for a minimum period of 5 years, from the time of full payment of rent and purchase price. Accordingly, in case the lessee wants to sell the house, it can only resell it to that social housing management unit or sell it to an entity eligible to buy social housing if this unit does not buy it with a maximum selling price equal to the selling price of social housing of the same type at the same location and time of sale. Now, the buyer or lease-purchase party can only resell to the investor of a social housing construction investment project or resell to subjects eligible to buy social housing at a maximum selling price equal to the selling price of social housing that is associated in the sales contract with the investor of the social housing construction investment project

2. 7 new points about the new Law on Housing 2023

Issued pink book to qualified mini-apartment buyers

In case an individual wants to build a mini apartment (house with 2 floors or more, each floor has apartments, or from 2 floors and 20 apartments or more) for sale or rent, they must meet the conditions to be an investor in a housing construction project. Apartments specified in these two cases are issued with a certificate (pink book) and will be sold, rented, or lease-purchased according to the provisions of the Housing Law and the Real Estate Business Law.

There is no regulation on the period of ownership of an apartment

In accordance with the new Law on Housing 2023, there will be no time limit on using the apartment building. Specifically, There is no regulation on ownership of an apartment for a certain period of time, but only a period of use of the apartment that meets the wishes and needs of the apartment owners.

The investor of a commercial housing project must be a real estate business

To ensure the consistency and compatibility of the legal system between the Housing Law and the Land Law, the new Housing Law stipulates that the investor of a commercial housing construction investment project must be a real estate business enterprise and has its investment policy approved and at the same time approves the investor to be the project investor when the investor has land use rights through an agreement on receiving land use rights, or is have land use rights for the type of land on which the project is implemented according to the provisions of the Land Law.

Exemption from land use fees for renovation and new construction of old apartments

The new Housing Law stipulates preferential mechanisms for implementing investment projects to renovate and rebuild apartment buildings with many preferential mechanisms such as being exempted from land use fees and land rents for land areas subject to land use fees and land rents within the scope of investment projects to renovate and rebuild apartment buildings.

General Confederation is the governing body of investment projects to build social housing

The new housing law stipulates that the General Confederation is the governing body of investment projects to build social housing for workers and renters. The capital source for project implementation is the union financial source. The management and implementation of investment projects will be carried out by the project management unit under the Vietnam General Confederation of Labor in accordance with the provisions of law on public investment.

Removed the residency conditions for social housing buyers

At the same time, the new Housing Law has removed the residency conditions for social housing buyers, assigning the Government to regulate income conditions for those who can buy, rent and purchase social housing, or regulate determining social housing tenants, they do not have to meet housing and income conditions

Solved of apartment maintenance funds

Finally, the new Housing Law stipulates that the investor of a housing construction investment project is responsible for establishing a separate account to manage maintenance funds and is not allowed to use maintenance funds for any other purpose when they haven't hand over maintenance costs to the apartment building management board. In case the investor does not hand over maintenance costs, the Management Board shall request in writing the District People's Committee where the apartment building is located to request the investor to hand over maintenance costs.

We hope this Newsletter would bring you useful information.

Best regards.

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