

Developing the Land Use Rights Market in Hoa Binh Region: Current Situation and Solutions



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ABSTRACT: Looking from the perspective of the impact of real estate policies in recent times, it can be seen that the direction of the policy's impact has tended to be positive, reviving the land use rights market in Hoa Binh province. The policies have really helped real estate investors have flexibility in investment strategies, have orientation in solving the deadlocks of real estate projects in the province in recent times. Investors can request to adjust the project structure, change the investment purpose appropriately, aiming at real estate consumption demand. Or they can transfer the project when there is a partner who wants to buy the project. In addition, when the market receives more investors, home buyers with financial potential from foreign direct investment and foreign customers, it is a condition to expand the market, at the same time, increase competitiveness in the land use rights market in Hoa Binh province. In the period of 2017 - 2024, thanks to policies to stimulate real estate development, many housing segments have been formed in Hoa Binh province, meeting the demand for different types of housing.

KEYWORDS: Development, market, land use rights, Hoa Binh province

RESEARCH RESULTS

1. Current status of land use rights market development in Hoa Binh province in the period of 2017 - 2023

1.1. Current status of land use rights transfer in Hoa Binh province

Land use rights transfer activities in Hoa Binh are taking place quite actively, especially in the central areas of Hoa Binh city, neighboring districts such as Luong Son, Ky Son and areas with tourism potential such as Da Bac, Mai Chau. Transactions are diverse from project land, residential land, garden land to agricultural land. This shows that the land use rights transfer market in Hoa Binh is attracting a lot of attention, and there needs to be solutions to promote and strictly manage. The real estate market in Hoa Binh is witnessing remarkable development with a series of large projects being implemented, from new urban areas, industrial parks to high-end resorts. This has led to a strong growth in the transfer of residential land use rights. Land use right transfer transactions are not only focused on project land but also expanded to other types such as agricultural land, forest land, and commercial and service land. Although there is no explosive growth, the transfer market still maintains a stable growth rate. This shows the sustainable development and long-term potential of the land market in Hoa Binh.

New urban area projects, industrial parks and tourist areas are attracting great interest from investors from all over the world to buy real estate. The transfer of project land use rights is taking place vigorously, especially in areas with developed infrastructure and high profit potential. In addition to project land, agricultural land and forest land are still attractive options for those who want to invest in agriculture, forestry or develop ecotourism. The situation of land use rights transfer in Hoa Binh province in the period 2017 - 2023: In the province, there were 86,365 cases of land use rights transfer, the number of land use rights transfer records increased from 2017 to 2020, peaking in 2020 with 15,613 cases, then the number of records gradually decreased in the following years. Transfer is the most common form with 41,193 cases, accounting for the majority of the total number of land use right transfers. Inheritance is second and donation is the least common form. Land use right transfers have fluctuated over the years, increasing from 4,508 cases in 2017 to a peak of 7,124 cases in 2020, then gradually decreasing to 5,501 cases in 2023¹.

Hoa Binh City is the locality with the largest number of land use right transfers in the whole province. The number of transfers peaked in 2020 with 1,214 cases. The largest number of land use right transfers is due to Hoa Binh City being the

¹ People's Committee of Hoa Binh province: Information system on housing and real estate market in Hoa Binh province, Hoa Binh 2023

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administrative center of Hoa Binh province, which has the largest economic development conditions with large and potential real estate projects, so many people from all over flock to buy real estate, leading to an increase in the number of land use right transfers. There is a significant difference in the number of transfer records between districts. Luong Son district has the highest number of records among the districts, while Da Bac district has the lowest number of records.

1.2. Current status of land use rights leasing in Hoa Binh province

The current status of land use rights leasing is common throughout the country in general and in Hoa Binh in particular, especially in areas with potential for tourism, industrial and urban development. Land leasing is often carried out through a land lease contract between the land owner and the land lessee. However, the land lease contract is not required to be notarized or certified by a competent state agency, so the exact number of lease cases cannot be determined. The land use rights leasing market in Hoa Binh has great potential for development thanks to its advantages in geographical location, natural landscape, cool climate and the development of industrial parks and tourist areas. However, to effectively exploit this potential, it is necessary to have the participation of authorities at all levels, the cooperation of people and businesses in building a healthy, transparent and sustainable land lease market.

1.3. Current status of land use rights mortgage in Hoa Binh province

In Hoa Binh province, land use rights mortgage helps people and businesses easily access loans from credit institutions, contributing to promoting production and business and economic development. Land mortgage encourages people and businesses to use land more effectively to generate income to repay loans. In fact, land mortgage procedures are still complicated, many regulations are unclear, leading to legal risks for both lenders and borrowers. In the period of 2017 - 2023, the Hoa Binh real estate market is a vibrant market, so land values fluctuate a lot, making it difficult to evaluate mortgaged assets and increasing credit risks for credit institutions. In some cases, it is impossible to borrow capital and the files are returned in the province. From 2017 to now, there have been fluctuations over the years, increasing from 3,851 files in 2017 to a peak of 4,899 files in 2020, then gradually decreasing to 4,431 files in 2023. Hoa Binh City: Has the highest number of mortgage files in the whole province. The number of files peaked in 2020 (631 files). However, the number of applications has decreased in the following years. Districts: There is a significant difference in the number of mortgage applications between districts. Luong Son district has the second highest number of applications, after Hoa Binh city. While Da Bac district has the lowest number of applications. From 2017 to 2020, the number of applications increased most steadily. In 2021, due to the Covid 19 epidemic and the economic downturn, the number of applications for land use rights mortgages decreased significantly. From 2023, the number of applications for land use rights mortgages has shown signs of increasing again due to the economic recovery, stimulating people and organizations to borrow capital to stimulate the economy².

2. Current status of agricultural land use rights market development

2.1. Current status of agricultural land use rights transfer

Land use rights transfer activities can take place between households or between households and enterprises/organizations in the province. Households transferring agricultural land use rights are usually households that have agricultural land but currently do not have enough labor to do agriculture due to old age, children working away from home for non-agricultural jobs, or households that have agricultural land but do other non-agricultural jobs. In some cases, households whose agricultural production is ineffective want to transfer land use rights to have capital to switch to non-agricultural jobs. Households receiving transfers are usually households without land, households that produce agricultural land effectively and want to expand their production scale, or households that have the finances to invest in buying agricultural land and then leasing it out, investing in buying land waiting for compensation, and changing the purpose of use.

- Transfer of agricultural land use rights through the form of land use rights transfer between individual households

This is a form of accumulation in which agricultural land users transfer land use rights to expand production scale. The transfer is conducted according to an agreement through the land transfer market with the witness of local authorities. However, in Hoa Binh, this form has not developed strongly because the agricultural land allocated to households in Hoa Binh province is very fragmented, the complex terrain is not favorable for large-scale production (there are cases where households have more than 100 plots of land). According to the law, all cases of land use right transfer must complete all procedures for changing the name of the land registration office, transferring land use right from one person to another and must pay all fees and taxes as prescribed. However, in reality, for 55 different reasons, many cases in the province where land use right is transferred to each other only require handwritten papers or witnessing by neighbors. Cases of transferring agricultural land use rights through the

² People's Committee of Hoa Binh province: Information system on housing and real estate market in Hoa Binh province, Hoa Binh 2023

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form of transferring land use rights between individual households in Hoa Binh province in the period of 2017 - 2023: The number of land use right transfer records is the largest in the period with a total of 13,876 cases of land use right transfer in the province. This situation shows that the number of people wanting to expand production and business is increasing, the number of transfer cases gradually increased from 2017 to 2020. Until 2021, due to the complicated developments of the Covid 19 epidemic, the general economic situation went down, the number of land use right transfer transactions decreased significantly, and this number was recovered in 2023 with 1,608 cases occurring in the year³.

There are some cases where people from other localities come to buy agricultural land for speculation. The number of these cases is relatively large, because the Hoa Binh real estate market in recent years has been a vibrant market, attracting investors from many places. Luong Son district is the locality with the largest number of cases of land use rights transfer. There are many reasons why farmers transfer agricultural land use rights. It could be because farmers want to change their occupation, because of labor shortage, because of ineffective production compared to other industries... or for other reasons, farmers sell part or all of their land.

Although the percentage of households willing to transfer agricultural land in different regions is not the same for many reasons, the survey results show that the trend of transferring land use rights when farmers no longer (or have little) need for agricultural production or find that agricultural production is not effective is increasing in all regions.

The subjects receiving agricultural land transfers are mainly farmers, people in the same commune. Most households receive transfers to accumulate more land for agricultural production. However, the subjects are businessmen, civil servants outside the commune who want to accumulate land, although few, but tend to increase, this has pushed up land prices, causing difficulties for farmers who want to accumulate land.

- Transferring the right to use agricultural land through the form of enterprises receiving land transfers from people

This is a form of enterprise receiving land transfers from many farming households in the same adjacent area, to create an agricultural raw material area to supply the production and business activities of the enterprise. The enterprise will have a stable raw material area for long-term investment, and can use the land use right to mortgage loans from credit institutions. On the farmers' side, there is an additional financial amount to invest in changing careers when they see that farming is no longer bringing high economic efficiency to them or they can be given priority to work for the enterprise. Cases of transferring agricultural land use rights through the form of enterprises receiving land transfers from people: In Hoa Binh province, enterprises participate in land accumulation due to the difficult negotiation mechanism. Many enterprises have reached agreements with 80-90% of households and areas, but the project is still difficult to implement due to problems with households who do not agree. Many 66 enterprises said that when negotiating, people often demand land transfer prices 2-3 times higher than the market price (because people compare with the land value compensated when the State reclaims land), and the career conversion support money is 2-2.5 times higher than the land price specified in the land price list, leading to high land costs affecting competitiveness. In addition, some households, although eligible, have not yet been granted land use right certificates, so they cannot transfer. This is also one of the factors that prolong the time to carry out agricultural land transfer transactions.

- Transferring the right to use agricultural land through the form of direct land lease from the land user

This is the form in which the owner of the agricultural production project leases the right to use agricultural land from the land user or 5% of public land managed by the People's Committee of the commune for production investment. The advantage of this form is that it can create a large enough area as required to invest in developing agricultural mechanization in the direction of concentrating on commodity production. Negotiating to lease land with the people is also easier, with fewer disputes because the farmer does not lose his land use rights. This form of transaction is relatively popular in the agricultural land transaction market in Hoa Binh.

However, this form is mainly implemented on the basis of self-agreement between households, leading to many cases where people do not fully comply with administrative procedures. Farmers can break the signed land lease contract even though the land lease term has not expired. On the other hand, due to the mentality of people still wanting to keep the land and being afraid of risks, only temporarily leasing during the time of non-use, the lease term is often short. Having to rent land for short-term production investment makes investors feel insecure, affecting their investment. This is a huge challenge and barrier when managing the land use rights market in this form.

³ Department of Planning and Investment of Hoa Binh province: Report on the summary of land use plan in 2023 of Hoa Binh city - Hoa Binh province, Hoa Binh, November 2023

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3. Current status of industrial land transaction market development in Hoa Binh province

After 10 years of implementing Resolution No. 09/NQ-TU, dated May 26, 2014 of the Provincial Party Committee, term XV, on promoting the development of industrial parks and industrial clusters in the province, certain results have been achieved. The implementation of industrial clusters to meet requirements, creating an environment in terms of land to attract infrastructure investors and investment enterprises, contributing to increasing production capacity, accelerating socio-economic development, and implementing industrialization and modernization of rural industry.

From 2017 to 2023, the province has established 14 industrial clusters, including: Cham Mat - Dan Chu, Yen Mong, Tien Tien, Dong Tam, Phu Thanh II, Thanh Nong, Hoa Binh High-Tech Environment, Xom Rut, Hoa Son, Phong Phu, Dong Lai - Thanh Hoi, Da Bac, Tay Phong, Chieng Chau. Currently, there are 03 industrial clusters that have invested in basically synchronous technical infrastructure (Chieng Chau industrial cluster; Phu Thanh II industrial cluster; Tien Tien industrial cluster), reaching 50% of the Resolution's target. Up to now, the occupancy rate of industrial clusters is as follows: Chieng Chau industrial cluster (reaching 100% of the Resolution's target); Phu Thanh II industrial cluster (reaching 86.85% of the Resolution's target); Dong Tam industrial cluster (reaching 50.55% of the Resolution's target); Dong Lai - Thanh Hoi Industrial Cluster (reached 48.45% compared to the Resolution target); Xom Rut Industrial Cluster (reached 17.35% compared to the Resolution target); Thanh Nong Industrial Cluster (exceeded 161.2% compared to the Resolution target); Tien Tien Industrial Cluster (exceeded 122.7% compared to the Resolution target); the remaining 07 industrial clusters achieved a rate of 0%⁴.

In addition, the province pays special attention to investment attraction. In the period of 2017 - 2023, it has attracted investment in building technical infrastructure for 12 industrial clusters; attracted 40 secondary projects in industrial clusters, with a total leased land area of 91.12 hectares; Total registered capital is about 3,597.46 billion VND. The average occupancy rate of industrial clusters that have attracted 69 secondary projects is 41.2%. In 2023, the industrial production value in industrial clusters in the province will reach 1,300 billion VND, creating jobs for about 2,000 workers⁵.

However, at present, prioritizing budget allocation for investment and completion of infrastructure of industrial clusters in the province is still limited. Some industrial clusters currently do not have or have not completed investment in technical infrastructure to attract secondary investors in production and business, and investors in production and business projects in industrial clusters still have to carry out procedures on land, site clearance, etc. like projects outside industrial clusters. There is a lack of attractive mechanisms to attract secondary investment projects in industrial clusters, leading to the number of investment projects in production and business in industrial clusters being low. Compensation, site clearance, land recovery, and resettlement still face many obstacles, and the implementation time is prolonged, slowing down the progress of project implementation by infrastructure investors.

Industrial zones have made positive contributions to Vietnam's growth and development achievements, through strongly attracting foreign direct investment; stimulating and improving the efficiency of using domestic resources, supplementing important capital sources in total social investment capital; increasing export turnover, contributing to expanding international markets, changing the structure of export goods; significantly contributing to budget revenue and creating jobs for people.

4. Solution

First, for the land use rights market to develop sustainably and healthily, management agencies in Hoa Binh need to focus on perfecting the policy system to stimulate economic sectors to participate. The People's Committee of Hoa Binh province needs to establish, appraise and approve land use planning and plans, have a mechanism to create clean land funds, inspect, review and recover wastefully used land funds for effective arrangement and exploitation; perfect financial and tax policies related to land, etc.

Second, Speed up the issuance of housing and land use right certificates. Ensure that housing ownership and land use right are registered and recorded by competent authorities. Registration of mortgaged assets must be simple, quick and consistent, which is the basis for investors and financial institutions to access and trust when investing or lending capital.

Third, make the housing market and land use right market transparent and measurable. Transparency is one of the key tasks of the policy to develop the Vietnamese real estate market in the coming years, and is an important condition for the development of capital mobilization channels for urban housing investment.

⁴ Department of Planning and Investment of Hoa Binh province: Report on the summary of land use plan in 2023 of Hoa Binh city - Hoa Binh province, Hoa Binh, November 2023

⁵ Department of Planning and Investment of Hoa Binh province: Report on the summary of land use plan in 2023 of Hoa Binh city - Hoa Binh province, Hoa Binh, November 2023

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Fourth, accelerate the establishment, appraisal and approval of detailed planning on the basis of general urban planning and new rural planning approved by competent authorities; identify and publicize land funds permitted for housing construction according to the planning to serve as a basis for organizing the implementation of housing development projects and creating conditions for households and individuals to build and renovate housing according to the planning.

Fifth, develop and complete appropriate land use indicators in urban planning, rural residential planning, social housing and low-income housing design standards and norms; in urban planning, it is necessary to specifically determine the land area for developing each type of housing, especially land for building social housing, housing for low-income people, and commercial housing at a reasonable rate according to the provisions of the law on housing and land; industrial park planning, planning of the network of colleges, intermediate vocational schools and vocational training schools must be linked to planning for housing development for workers.

Sixth, focus on building new housing areas to relocate households living in old, damaged, degraded apartment buildings that do not ensure safety in the urban center; prioritize land funds in these areas to build public works according to the planning; at the same time, have a suitable roadmap to renovate and rebuild old, low-quality apartment buildings that negatively affect people's safety and urban aesthetics.

Seventh, for rural areas, gradually implement housing development in compliance with the planning; form rural residential areas with full technical and social infrastructure, ensuring compliance with the goals of the new rural construction program; pilot the model of housing development according to the project.

Eighth, urban and rural housing architecture must meet aesthetic requirements, have identity, respect the preservation and promotion of traditional values; issue housing model designs that are suitable for living habits, production conditions and cultural traditions of regions, and have the ability to respond to natural disasters, earthquakes and climate change for people to refer to and apply in housing construction.

CONCLUSION

Hoa Binh is a mountainous province with difficulties, with 74/151 communes and 24 villages and hamlets subject to investment under Program 135, ethnic minorities account for 74.31% of the province's population. In recent years, implementing ethnic policies related to supporting residential land and production land for ethnic minorities, the Department of Natural Resources and Environment (DONRE) has guided localities to adjust land use planning until 2025, develop annual land use plans, in which, allocate land funds to build resettlement areas for households, especially ethnic minority households that have to relocate from dangerous areas, to avoid natural disasters such as storms, floods, landslides, or have to relocate to implement key projects of the province... Legal documents related to the Land Use Rights market are still complicated, making it impossible for competent authorities to fully control the Land Use Rights market in the province.

Land use planning and planning still have many limitations. The limitation is in correctly determining the land use needs in each locality for residential land and housing while the actual needs are not used, leading to most provinces and cities wasting land resources, the area of agricultural land converted to residential land is too large. This is a waste in the land resource use strategy. Housing real estate projects under construction in Hoa Binh province face many difficulties in the land recovery process. The unreasonable planning situation, the emergence of many cases of land used for the wrong purpose, is posing many challenges for the planning and development of urban areas in the coming time. In addition, the lack of capital in investment in developing housing projects in the province has slowed down the projects, and as a result, land and housing funds have not been put into use as planned, causing waste and reducing the efficiency of land use. The supply of agricultural land use rights in the secondary market has not been resolved. Agricultural land use rights are currently assigned to households for use in the form of land use rights with land use fees and land use rights without land use fees, but most farming households are assigned land use rights without land use fees. Agricultural land use rights act as risk insurance for workers who withdraw from agriculture, limiting the supply of agricultural land use rights to the market. Our country has a low agricultural land area while the number of agricultural workers is still large, so the average agricultural land area is very low. Agricultural land is scarce, fragmented and small, so production efficiency is low. The economic potential of farming households is still too weak, there are no conditions to accumulate and concentrate land to develop farm economy. Although the scale of farming household economy has progressed, it has only just escaped self-sufficiency, and the potential of capital, science and technology, management skills, market penetration, information, commodity production, market relations, etc. is still weak.

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