

THE LAW ON HOUSING TRANSACTIONS AND PRACTICAL ISSUES ARISING IN HANOI CITY, VIETNAM

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ABSTRACT

In the context of rapid urbanization, the market for existing housing transactions in Hanoi has become one of the most dynamic sectors, exerting significant influence on the city's socio-economic life. The year 2024 marks an important milestone with major changes in the legal system governing real estate activities, particularly the promulgation of the Land Law 2024, the Housing Law 2023 and the Real Estate Business Law 2023. Despite notable progress in improving the legal framework, practical issues in housing transactions remain complex with overlapping, inconsistent and conflicting legal provisions that require proper identification and resolution. This paper focuses on analyzing the legal basis regulating the purchase and sale of existing houses in Hanoi in 2024, assessing the difficulties and shortcomings in practical implementation and proposing legal improvement solutions aimed at enhancing the effectiveness of state management and protecting the legitimate rights and interests of parties involved in real estate transactions.

Keyword: *housing law; existing housing transactions; real estate market; Hanoi.*

1. INTRODUCTION

Hanoi, the capital city of Vietnam, renowned as a “sacred land of talented people,” is not only the political, economic and cultural center of the nation but also a densely populated area with rapidly growing housing demand driven by urbanization. Within this context, the purchase and sale of existing houses have emerged as a dynamic market that attracts the attention of citizens, investors and state authorities alike. The year 2024 represents a pivotal turning point in the legal development of Vietnam’s real estate sector with the introduction of new laws such as the *Land Law 2024*, *Housing Law 2023* and *Real Estate Business Law 2023*. These legislative reforms aim to enhance market transparency, safeguard the rights of stakeholders and improve the efficiency of state management in real estate activities.

However, the coexistence of overlapping regulations, inconsistencies and legal gaps continues to pose significant challenges for both regulators and market participants. Moreover, the ongoing trends of international integration, policy changes in land and housing management and the evolving housing needs of urban residents underscore the urgent need for a comprehensive assessment of the legal framework governing existing housing transactions.

Studying this issue holds not only theoretical importance but also substantial practical value in formulating sound policies, ensuring lawful property ownership and promoting the sustainable development of Vietnam’s real estate market. Against this background, the article titled “*The Law on Housing Transactions and Practical Issues Arising in Hanoi City*” seeks to analyze and clarify the current legal provisions related to existing housing transactions, identify practical shortcomings in their implementation and propose feasible legal and administrative solutions to enhance the effectiveness and efficiency of the legal system in this domain.

2. LEGAL PROVISIONS ON HOUSING TRANSACTIONS

Vietnam’s current legal system clearly defines the principles governing housing transactions to ensure transparency, safety and equality among all participating parties. First and foremost, any house offered for sale must meet all legal requirements, including having a valid Certificate of Land Use Rights and Ownership of Housing, being free from disputes, not being subject to seizure for judgment enforcement and still within the land use term. Transactions must be conducted on the basis of voluntariness, equality and mutual respect for the legitimate rights and

interests of all parties, in compliance with the law. For condominiums or mixed-use buildings, the law requires a clear distinction between shared and private areas, ownership portions and shared-use facilities, in order to promote transparency and minimize potential disputes. The land use rights of apartment owners are recognized as common ownership, unified in both form and duration of use. Buyers are granted the Certificate of Land Use Rights and Ownership of Housing after fulfilling all financial obligations with the time of ownership transfer typically determined upon house handover or full payment, unless otherwise agreed.

The conditions for a house to be eligible for sale are also specifically regulated. The house must possess a legal ownership certificate, be free of disputes, not be subject to seizure or under recovery orders. For houses within investment and construction projects, investors are only permitted to hand over properties after the works have passed inspection and are confirmed to meet construction quality and infrastructure requirements in accordance with construction laws. These regulations aim to protect the interests of buyers while reinforcing the accountability of investors to strictly comply with legal procedures before bringing properties to market.

The subjects eligible to participate in housing transactions include organizations, households and individuals who meet legal qualifications. Procedures related to transaction registration, documentation, processing timelines and financial obligations are uniformly governed by the Ministry of Natural Resources and Environment and are publicly available on the official portals of state administrative agencies. This enhances transparency and convenience for citizens and enterprises engaged in real estate transactions.

The rights and obligations of parties in a housing sale contract are clearly defined to ensure a balance of interests. The seller has the right to request the buyer to accept the house and make payments on time and to claim compensation for damages if the buyer breaches contractual obligations. Conversely, the seller is obliged to deliver the house as agreed, ensure construction quality, fulfill warranty obligations and complete necessary legal procedures. The buyer has the right to demand timely handover of the house, legal documents and ownership certificates, as

well as to seek compensation in the event of the seller's breach. The buyer is also responsible for making full payments, taking possession on time and cooperating in completing related legal formalities.

The price and payment method in a housing sale contract must be clearly agreed upon and specified in writing. Payments should reflect the true value of the transaction to mitigate legal risks and potential disputes. The housing sale contract must be made in writing and notarized or certified in accordance with the law. For houses under construction or yet to be completed, the contract must be guaranteed by a commercial bank, clearly stating the payment schedule, handover date, rights and obligations of the parties and must be registered with the competent authority to ensure the legality of the transaction.

From a legal perspective, the housing sale contract is a bilateral, compensatory and consensual agreement. It must specify key elements such as property information, price, payment method, delivery schedule, rights and obligations of the parties, as well as clauses on breach handling and dispute resolution. The written and notarized form of the contract is a mandatory requirement to ensure its legal validity and protection under the law.

In the event of a dispute arising during a housing transaction, the parties may choose to resolve it through negotiation, mediation, commercial arbitration or litigation before a court. The breaching party is liable for compensation for damages and may be subject to administrative penalties or criminal prosecution depending on the severity of the violation. If the transaction violates legal conditions, the contract may be declared null and void, resulting in the buyer not being recognized as the lawful owner. The handling of such cases depends on the nature and extent of the breach, in accordance with relevant legal provisions.

3. PRACTICAL IMPLEMENTATION OF HOUSING SALE LAWS IN HANOI CITY

In recent years, along with the rapid pace of urbanization, the housing market in Hanoi has become highly dynamic and active. However, the implementation of housing laws in practice continues to face numerous difficulties, particularly in applying the *Housing Law 2023*, the *Land Law 2024* and the *Real Estate Business Law*

2023. These issues are not only reflected in legal inconsistencies but also in the practical execution of housing projects, the transfer of ownership rights and the resolution of disputes among parties involved in real estate transactions.

One of the most pressing problems is the delay in implementing housing projects, especially commercial and resettlement housing projects. Many projects have fallen behind schedule due to delays in disbursing investment capital, resulting in construction stagnation and failure to meet completion deadlines. As construction drags on, many materials listed in the original cost estimates become unavailable on the market, forcing investors to substitute them with so-called “equivalent” materials. However, no specialized authority currently evaluates the quality of these substitutes, which poses a risk of reduced construction quality and adversely affects the rights of homebuyers. This situation reveals a lack of effective mechanisms for monitoring and controlling construction quality, an area already addressed by current laws but insufficiently enforced in practice.

Another significant issue arises from the conversion of commercial housing projects into social housing or resettlement housing. With Hanoi’s rapid urbanization, there is an increasing demand for housing among low-income residents and households displaced by land recovery projects. Nevertheless, efforts to encourage the conversion of part of commercial projects for social purposes have encountered numerous obstacles. The price gap between affordable commercial housing and social housing is currently minimal, which makes buyers hesitant to choose, while investors lack motivation due to low profit margins. For instance, in several projects in Hoang Mai District, investors have agreed to convert only about 55 percent of housing units for resettlement purposes, retaining 45 percent for commercial sale. According to many developers, such conversion increases investment costs because it requires design adjustments that affect technical infrastructure and the surrounding environment. Moreover, preferential mechanisms concerning tax reductions, land use fee exemptions or credit support for social housing projects have yet to be effectively implemented, while administrative procedures remain complicated and time-

consuming, discouraging many investors from project conversion.

Administrative reform in the housing sector also remains a major bottleneck affecting the effectiveness of law enforcement in Hanoi. Although the city has made efforts to simplify administrative processes by introducing advanced online public services, reducing paperwork and shortening processing times, people and businesses still face many difficulties. Homebuyers must go through multiple verification steps, including residence confirmation, social insurance participation and proof of financial capacity, while coordination among relevant authorities remains limited. Cases of “pending applications” or “files circulated among multiple agencies” are still common, leading to wasted time and increased costs for citizens. This situation indicates that the implementation of *Decree No. 10/2023/ND-CP* on administrative reform in the land and housing sectors has not achieved the expected results.

Another noteworthy issue is the structural weakness of Hanoi’s housing management apparatus, particularly in planning, information control and verification of beneficiaries. Land planning in many areas remains fragmented and lacks long-term vision, resulting in unbalanced housing development between central districts and suburban areas. Meanwhile, land and housing databases are not yet synchronized, making it difficult to identify eligible buyers for social housing or to process applications for housing incentives. Real estate speculation remains widespread, as individuals outside policy-target groups can still acquire social housing through authorization or illegal transfers. Additionally, the approval and implementation of incentive policies for developers of social housing projects lack consistency, which reduces investor confidence in this market segment.

From these issues, it is evident that despite continuous improvements in the housing legal framework, practical implementation in Hanoi still faces many challenges. Problems in planning, investment, administrative procedures and policy execution have reduced the effectiveness of housing laws, affecting the legitimate rights and interests of both citizens and businesses. To address these shortcomings, Hanoi needs to strengthen monitoring mechanisms, enhance transparency in project approval processes and

establish incentives for enterprises investing in social housing. Furthermore, digitizing land data, applying information technology in housing management and improving the qualifications of professional management staff are essential steps toward enhancing the effectiveness and efficiency of housing laws in the city.

Hanoi, as the country's largest political, economic and social center, possesses one of the most vibrant real estate markets with a dense concentration of commercial, social and resettlement housing projects. Therefore, legal relations concerning the sale and purchase of existing houses occur frequently and are diverse and complex, clearly reflecting both the strengths and weaknesses of the current legal system.

In general, the fundamental principles governing housing sales are provided in the *Housing Law*, the *Land Law*, the *Real Estate Business Law* and their guiding documents and these have been implemented relatively consistently in Hanoi. Both citizens and investors recognize that housing transactions must be associated with land use rights and that ownership and land use certificates must be issued to ensure legal protection for the parties involved. Local authorities have also accelerated the issuance of certificates of land use rights and home ownership to buyers. However, progress remains slow, especially in commercial apartment projects where disputes often arise regarding common and private areas, maintenance funds, construction quality and ownership transfer.

In practice, disputes in apartment complexes across Hanoi are frequent, revealing shortcomings in the enforcement of regulations on housing management and use after purchase. The main causes stem from investors' failure to comply with financial management regulations, lack of transparency in information disclosure and failure to hand over design documents or maintenance funds to apartment management boards. Many cases have escalated into prolonged protests and legal disputes, disrupting social order and affecting the city's image. Although agencies such as the Hanoi Department of Construction and district-level People's Committees have intervened to mediate, dispute resolution mechanisms remain slow and lack binding authority, leading to long-standing conflicts.

Another notable feature of current practice is the emergence of new types of real estate such as officetels, condotels, shophouses and hometels. These multifunctional products serve both residential and commercial purposes. However, the existing legal framework does not provide clear regulations for such hybrid models. As a result, buyers often cannot obtain ownership certificates or face legal risks when disputes arise with developers. In Hanoi, several officetel and condotel projects have been suspended, required to adjust land use purposes or sanctioned for planning violations, highlighting the urgent need to refine the legal framework for these new property types.

The implementation of legal requirements for housing eligible for business activities also faces obstacles. Some investors have not fulfilled their financial obligations regarding land or have not completed project inspections, yet still sign sale contracts with customers. Such behavior violates the *Real Estate Business Law* and exposes buyers to risks of losing ownership rights. Although the Hanoi Department of Construction has strengthened inspections and required public disclosure of projects eligible for sale, informal and unregulated transactions continue to occur beyond administrative control.

Another recurring issue is the information and legal capability gap between developers and buyers. Developers usually dominate contract drafting, inserting terms favorable to themselves, while buyers often lack legal knowledge and bargaining power. Consequently, many buyers face disadvantages when contract provisions are vague regarding handover schedules, construction quality or penalties for breaches. Although the law has introduced standard contract templates, oversight of their application remains limited, allowing one-sided contracts to persist.

In terms of financial mechanisms, most housing transactions in Hanoi rely on short-term bank loans, as the market still lacks medium- and long-term capital mobilization channels. This limitation hinders housing project development, particularly in the social housing sector. Additionally, the absence of real estate investment trusts, housing savings funds and social housing development funds restricts access to housing for low-income groups.

Overall, the implementation of housing sale laws in Hanoi has achieved positive results, contributing to order, transparency and the development of the real estate market. However, several persistent problems need to be addressed, including inadequate protection for homebuyers, widespread violations by investors, legal provisions lagging behind new real estate models and ineffective dispute resolution. To enhance the enforcement of housing laws, it is essential to strengthen inspection and supervision, while continuing to improve the legal system toward greater consistency, transparency and alignment with the practical dynamics of the urban real estate market.

4. SOLUTIONS TO IMPROVE THE EFFECTIVENESS OF HOUSING TRANSACTION LAW IMPLEMENTATION IN HANOI CITY, VIETNAM

Hanoi is a densely populated and complex urban area with a sharp increase in mechanical migration in recent years. To harmonize legal relations and resolve practical issues arising during the implementation of housing transaction laws, several key solutions are proposed below.

4.1. Strengthening Management and Enhancing Transparency in Housing Law Enforcement

To address delays and violations in housing projects, relevant authorities need to strengthen coordination and supervision throughout the implementation process. This includes regular and unscheduled inspections of housing projects, public consultations through surveys and feedback mechanisms to evaluate housing operations. Violations committed by developers or buyers who misuse preferential housing policies should be detected early and handled strictly.

Transparency should be ensured by publicly disclosing key project information such as project scope, implementation schedule, master plan, eligible beneficiaries and application procedures from the start. Citizens should be able to easily access housing project information through official channels. Transparency in approving beneficiaries, managing housing development funds and using local housing savings funds is also essential to prevent corruption and administrative abuse.

4.2. Building a Transparent and Efficient Real Estate Market

Housing transactions involve assets of high value, so transparency is vital to prevent conflicts of interest. The real estate brokerage market, however, remains fragmented and informal. Many individuals and small groups act as unregistered brokers, providing limited and unreliable information. Strengthening the legal framework for the real estate market is necessary to ensure professional, lawful and transparent transactions.

A transparent market requires a clear and stable legal system, feasible land use planning, accurate valuation mechanisms and full legal recognition of property ownership. Information about land, legal status and property prices should be made public and easily accessible. The State should allow market forces to determine property prices under competitive conditions while maintaining reliable valuation systems to prevent speculation and market instability.

To enhance market transparency, Vietnam needs to unify the land registration system, ensuring all types of property, including nonresidential buildings, are properly recorded. Transparent planning and accurate registration will help eliminate informal transactions, protect buyers' rights and promote sustainable urban development.

4.3. Enhancing the Efficiency of State Management Agencies

The city should improve the effectiveness of agencies responsible for housing and land management to ensure that planning and housing development align with national development objectives. Although the legal framework on construction, housing and urban management is relatively comprehensive, its enforcement remains weak.

It is therefore necessary to strengthen supervision and accountability among public officials with clear performance monitoring of leaders and responsible agencies. Training programs should be implemented to improve professional competence and ethics in public service, especially in administrative reform. Coordination with domestic and international research organizations in the fields of land, housing and environmental management should also be expanded to enhance

expertise and transparency in public administration.

4.4. Timely Resolution of Disputes and Strengthened Inspection of Housing Transactions

Delays in project completion and violations of housing transaction regulations require stronger oversight. Regular and unexpected inspections of housing projects should be conducted to detect and address issues promptly. Authorities should also gather citizen feedback and monitor compliance with housing transaction regulations to ensure effective law enforcement.

Violations such as fraudulent purchases or misuse of social housing policies should be handled quickly and strictly. All project details, including planning, progress and eligibility criteria, should be made public to ensure fairness and transparency. Strengthening legal guidance and ensuring timely resolution of disputes by courts and competent authorities will help prevent prolonged complaints and maintain social stability.

5. CONCLUSION

The implementation of housing transaction laws in Hanoi has made significant progress, contributing to socioeconomic development, improving living standards and promoting a more transparent real estate market. However, challenges remain in state management, planning coordination and administrative procedures, which continue to affect market efficiency and public confidence. Given Hanoi's rapid urbanization and dense population, legal enforcement must strike a balance between strict compliance and flexibility to meet market realities. Legal reform should be accompanied by administrative modernization, stronger law enforcement capacity and effective monitoring mechanisms. Transparency in planning, land prices and eligibility policies is essential to prevent speculation and promote sustainable housing development. The proposed solutions, including enhanced management, improved transparency, strengthened institutional capacity and efficient dispute resolution, are not only vital for Hanoi but also provide valuable insights for other major cities in Vietnam. A coordinated and consistent implementation of these measures will help Hanoi develop a modern, transparent and sustainable housing market. In the long term, the

legal framework governing housing transactions should be harmonized across the Housing Law, the Land Law and the Real Estate Business Law to ensure stability and consistency. Public participation and social oversight should also be strengthened to build trust in the legal system and state policy. Through persistent and transparent efforts, Hanoi can become a model city for housing law implementation and management across the country.

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