



LEGAL UPDATE – New legislation to simplify some legal procedures for urban residential projects

On 5 November 2020, the Government of Vietnam issued *Resolution No. 164/NQ-CP to remove obstacles on implementing urban residential projects* (“**Resolution 164**”).

The purpose of *Resolution 164* is to help ease the impacts of the Covid-19 on the real estate market by abolishing one of the approvals required.

Decree 11/2013/ND-CP dated 14 January 2013 on investment management of urban development (“**Decree 11**”) requires an urban residential developer to obtain a project investment approval.

This is in addition to the in-principle investment decision/approval that the developer has already obtained. The steps to obtain this additional approval are the same as those required to obtain the in-principle decision/approval. In addition, since the developer is already required to take certain actions in respect of the project from the date of the in-principle approval/decision, the requirement for another approval adds uncertainty as there is always a risk that this approval may not be obtained.

Resolution 164 stipulates that for the period from 1 July 2015 to the date the *Investment Law 2020* takes effect (i.e., 1 January 2021) the following urban residential projects shall not be required to apply for the project investment approval under *Decree 11*:

- projects for which the in-principle investment decision/approval has been granted pursuant to the *Investment Law 2014* or the *Residential Housing Law 2014*, respectively; and
- new projects or projects which are in the process of applying for the in-principle investment decision/approval.

Resolution 164, thus, removes one additional step for obtaining approvals for urban residential projects. The removal of this approval is significant because it helps eliminate one of the major risks for developers of urban residential projects. This also helps developers shorten the timeline for obtaining approvals, and therefore they can start construction earlier.

From 1 January 2021, developers will follow the *Investment Law 2020* and its implementation decrees to apply for approvals, under which the requirement for the project investment approval is expected to be removed.