



Between a New Factory and an Old Church: VinFast's Bumpy Road in North Carolina

By Paul Best

The arrival of VinFast's electric vehicle factory brings both economic promise and personal upheaval, challenging the fabric of Chatham County.

PHOTOGRAPHY BY GREG KAHN

Lena Stone made her home in Chatham County, North Carolina, a rural area made up of rolling hills and twisting rivers less than an hour's drive south of the state capital and bustling Research Triangle. Now 76, Stone still lives in the house she built in the 1970s, where she raised her children, regularly looked after her grandkids, and hosted countless family gatherings over the decades.

But in August 2022, her world turned upside down when North Carolina Department of Transportation (NCDOT) officials informed her and dozens of other Chatham County residents that their homes needed to be demolished to make way for the construction of a new \$4 billion factory by the Vietnamese electric vehicle (EV) startup VinFast, which is receiving a \$1.2 billion incentive package from the state government.

Stone was initially told that she'd have to leave her property in fall 2022 to meet VinFast's breakneck goal of producing cars in North Carolina by 2024, but months

trickled by with sparse communication from state officials. Over a year later, Stone has been left in limbo, unable to do any of the home improvements she had planned and still wondering how much of her property she'll be forced to sell to the state.

"You don't want to do anything else because you don't know what they're going to do," Stone said of the waiting game, noting that even a good price from the state wouldn't compensate her for the emotional connection she has to her home. "Money can't replace memories."

Many of Stone's children and grandchildren still live nearby, including her granddaughter Karley Michelle, who described the ordeal as stressful for the whole family.

"It's more like, 'This is how it's going to be,' versus giving us options, so it was kind of a shock," Michelle said. "She's really had a hard time with it because she's 76, and she's been there ever since she was in her 20s."

Stone is just one of 27 Chatham County residents whose homes will be purchased by



TOP LEFT: Lena Stone, center, poses with her granddaughter Karley Michelle, left, and daughter Patty, right, in front of Stone's home.

TOP RIGHT: North Carolina officials announced plans in August 2022 to demolish Lena Stone's home and three rental properties she owns near the site of VinFast's new factory.

BOTTOM: Generations of families have attended Merry Oaks Baptist Church, a century-old chapel that officials say is in the way of infrastructure improvements for VinFast's factory.

the state through eminent domain, as well as five local businesses and Merry Oaks Baptist Church, a pillar of the local community since 1888.

Members of that church, many of whom have been in the congregation their entire lives, were also under the impression in August 2022 that they'd have to be out of their century-and-a-half-old chapel within months, but they continued holding services and other gatherings as time ticked by.

"We've received nothing to date from the DOT for an offer. No eminent domain paperwork submitted to us, nothing," said Sharron Bouquin, a 61-year-old lifelong member of Merry Oaks. "I don't know what they're going to do. I don't think *they* do."

VinFast announced in July 2023 that it would donate up to three acres of land to potentially relocate the church, but members of the congregation are still waiting for a formal offer from state officials before deciding the fate of their chapel.

Originally slated to start churning out 150,000 cars a year in 2024, VinFast announced a one-year delay due to "administrative procedures." The NCDOT said that they could not start purchasing property from homeowners until receiving a permit from the US Army Corps of Engineers, which was granted in December 2023. A timeline for the acquisition process is still unclear.

Several states implemented eminent domain reform in the wake of the Supreme Court's 2006 decision in *Kelo v. City of New London*, which holds that economic benefits

warrant the seizure of private property.

North Carolina, however, does not have such protections. The state allows for eminent domain to be used for "public use" as well as "public benefit," the latter of which critics say results in broad seizures of property for private development and other abuses.

"Public benefit can mean a lot of things to a lot of different people," said state representative Dennis Riddell, a Republican who has introduced multiple bills over the past decade to reform eminent domain in the state. "The laws of seizure of property by eminent domain need to be very tightly worded, not vague and ambiguous with something as loose as 'public benefit.'"

Open the State Coffers

It doesn't ease the minds of Chatham County residents that their tax dollars are being funneled to the factory, as VinFast is the beneficiary of \$1.2 billion in state and local incentives.

North Carolina is an attractive state for businesses, with the lowest corporate income tax rate in the country, a relaxed regulatory environment, and several prestigious universities, but granting targeted subsidies to preferred companies is more akin to crony capitalism than the free-market system that many state officials claim to support.

"We're paying more than the economic benefit to a specific company," said Michael Munger, economics professor and director of the Philosophy, Politics, and Economics

Certificate Program at Duke University. “Basically, we’re taxing all of the companies that in good faith came to the state of North Carolina and actually invested and hired people, [and] we’re using their tax money to create a differential benefit for a new company that may or may not ever contribute anything to the economy.”

These deals are not unusual in North Carolina. In 2021, the state agreed to give Apple an \$836 million incentive package for a new campus in Raleigh, despite the fact that Apple is the largest company in the world with a \$3 trillion market capitalization. That same year, officials announced a \$435 million deal with Toyota for the carmaker to expand production at its battery plant in Randolph County.

Other states similarly dole out massive subsidy packages to their preferred companies, a practice that Munger calls a “pathology of politics.”

“The key is markets, not business, not the subsidy of business, but the creation of vibrant markets is what actually creates growth in the long run,” said Munger, who along with other North Carolina taxpayers, challenged a \$260 million incentive package that North Carolina gave to Google in 2007.

The VinFast incentive package was announced in July 2022. State officials wrote the first check on behalf of taxpayers to VinFast in May 2023, sending the company \$16.2 million from a \$125 million pot that was set aside to reimburse VinFast for construction costs, according to a copy of the invoice obtained through a public records request.

The state legislature also allocated \$250 million to the NCDOT for roadwork and infrastructure improvements needed for the factory, as well as \$75 million to the nearby city of Sanford for upgrades to its sewer systems.

The final pieces are a \$316 million Job Development Investment Grant from the state, which will be paid out over 32 years as long as VinFast hits job creation targets, and a \$400 million package from Chatham County, which is similarly performance-based.

A spokesperson for the North Carolina Department of Commerce pointed to these job creation requirements when asked about criticisms of the deal, saying that “the bulk of the state’s incentive package is contingent on company performance and has not yet been paid.” C. Michael Smith, the president of the Chatham Economic Development Corporation, also noted the local incentives are performance-based, saying that they are “grateful for this company choosing a site in Chatham County for this historic project.”

Other parts of the deal, such as the combined \$375 million allocated by the state legislature to improve infrastructure and reimburse VinFast for construction costs, will be paid much sooner and may be harder to claw back if VinFast does run into difficulties.

“While some state money has been spent on the project, those expenditures have gone into site preparation and infrastructure,” the spokesperson for the state department of commerce said. “Those upgrades benefit the industrial site itself, so even in a worst-case scenario, the site would return to the state for reuse by another company.”

But even in a best-case scenario, handcuffing taxpayers to an unproven startup in a fiercely competitive industry over a three-decade period does not sit well with everyone.

“To put it in perspective, think about how fast the economy changes and how different the economy looks today than it did 32 years ago,” said Brian Balfour, the senior vice president of research at the Raleigh-based

VinFast plans to build the factory on an 1,800-acre wooded area in southeastern Chatham County, while the North Carolina Department of Transportation will revamp roads and make other infrastructure improvements around the site.



John Locke Foundation. “To try to force North Carolina taxpayers to be tied to this specific company in this specific industry for more than three decades—it’s just absurd.”

At the federal level, the White House has announced myriad tax breaks, grants, and subsidies for electric vehicles in its effort to transform the automotive industry. President Biden praised VinFast’s plans as “the latest example” of his “economic strategy at work,” while Secretary of Energy Jennifer Granholm framed it as proof that companies are “responding to President Biden’s economic plan.”

But even as federal officials took credit for VinFast’s new factory, executives at the company pushed for more government support.

VinFast officials complained privately

about new eligibility requirements on the \$7,500 electric vehicle tax credit for consumers, which mandated that a vehicle’s final assembly take place in North America and that battery materials be sourced domestically, meaning that American VinFast customers wouldn’t get access to the tax credit until the North Carolina factory was up and running.

As President Biden prepared to sign the new requirements into law in July 2022, Madame Le Thi Thu Thuy, then CEO of VinFast, wrote a letter to North Carolina senators Richard Burr and Thom Tillis warning that the tightened-up restrictions on EV tax credits posed “an existential threat to VinFast’s plans to build a US manufacturing hub in North Carolina.”

“Eliminating our vehicles from the federal

“We . . . are going to take people’s rights, their homes, their memories, in favor of something that is proving to be even higher risk than initially thought.”

rebate program threatens to torpedo our entry into the US market, and drastically alter our expansion plans,” Thuy wrote to the senators on July 31, 2022, in the previously unreported letter, according to a copy of the document obtained through a public records request.

After Congress sent the bill to the president’s desk with sourcing and assembly provisions still in place, a top VinFast executive wrote to North Carolina officials on August 9, 2022, that the company is “disappointed that Senate leadership was unwilling to allow for a phase-in on the EV rebate” but that the company remained committed to its plans in the state.

Months later in spring 2023, a VinFast executive again complained to Governor Roy Cooper’s staff about the tax credit’s new eligibility requirements and then tried to enlist state officials to pressure the federal government over a pending \$1.4 billion loan from the federal Advanced Technology Vehicles Manufacturing Loan Program, according to the Raleigh-based *News & Observer*.

“The state of North Carolina has stepped up and provided substantive support for this project,” the VinFast executive reportedly wrote to Cooper’s staff on May 11. “Meanwhile, the (Biden)

Administration has taken credit for the efforts of VinFast and North Carolina—while eliminating our vehicles from federal incentive eligibility, raising interest rates and making it harder to access private capital, and dragging out the process for a federal loan.”

VinFast announced in August 2022 that it would still grant the \$7,500 break to US buyers, a necessary gesture in a cutthroat EV market that has seen Tesla and other more established companies slashing prices in recent years.

VinFast’s Bumpy Road

VinFast originally launched in 2017 as a subsidiary of Vietnamese conglomerate VinGroup and started producing gas-powered vehicles 21 months later in Hanoi, then transitioned to EVs in 2021.

The first VF 8 City Edition SUVs were delivered to American customers in March 2023, but VinFast had to issue a recall two months later due to complaints about the VF 8’s heads-up display randomly going blank, which the National Highway Traffic Safety Administration said could “increase the risk of a crash” because “critical safety information” was no longer in view.

VinFast aimed to sell 50,000 vehicles in 2023 but had only delivered 21,342 through



Lena Stone's home has been the setting of family gatherings, birthdays, and holidays for nearly 50 years. Eminent domain laws give North Carolina the power to take her home, even though she doesn't want to sell it.

September, about 2,000 of which went to US customers. Green and Smart Mobility, a taxi company also owned by VinGroup, purchased at least 7,000 of those vehicles.

Trade publications, meanwhile, have universally criticized the newcomer, with one reviewer writing in the automotive magazine *Road & Track* that the “VinFast VF 8 has the worst body control of any modern car I’ve ever driven.”

“Over a 90-minute drive, the 5600-lb SUV never stopped bobbing, swaying, and bucking, producing near-constant head-tossing motions,” the reviewer wrote. “Riding in the passenger seat, I became car sick for the first time in years.”

With sales slow to take off, VinFast posted a net loss of \$625 million in the third quarter of 2023, bringing its total yearly loss to \$1.7 billion. That comes after losses of \$2.1 billion in 2022 and \$1.3 billion in 2021.

VinFast went public in August 2023, with shares briefly soaring to over \$80 before plummeting back below the listing price of \$22. Shares were hovering around \$6 in December.

A VinFast spokesperson said that the company still expects to start production at its US plant in 2025 and “greatly appreciates the support from the state of North Carolina.”

While Governor Cooper and VinFast executives insist that the project is still on track, other North Carolina officials have urged caution.

“In our eagerness to say, ‘We got another mega site going here in North Carolina. Aren’t we something,’ we, I think, are going to take people’s rights, their homes, their memories, in favor of something that is proving to be even higher risk than initially thought,” said Riddell, the Republican state lawmaker who has attempted to reform eminent domain in the state.

Chatham County residents whose homes are in the way of VinFast’s factory shared a similar sentiment, noting that officials may be able to recover some tax dollars if the project goes belly-up, but they can’t build back a demolished home.

“I know VinFast is having problems. It may even be one of those things where we have a nice road to nowhere,” said Kay Hinsley, who has lived in Chatham County her entire life and may have to give up part of her property for road expansion near the site. “I would imagine if they can’t make it, they will just sell it off to something else. The damage to the community will already be done. It’s a sad thing for the people that have called this area home for so long.” ✨