

Measures to strengthen public interest in residential policies to resolve bipolarization in housing market

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1. Bipolarization in the housing market has resulted in inequality in house ownership, concentration of assets, increases in housing asset value gaps, and weakened residential stability among low-income households.

- House price rises and increases in multi-house owners led to decreases in house ownership among low-income classes. The value of housing assets possessed by the top 10% earners is 33.8 times as much as that possessed by the bottom 10%.

- Rent rises mean relatively heavier burden of housing expenses on the working class living in detached houses rather than those living in apartment buildings, implying continued bipolarization of housing expense burden. House ownership in the bottom 40% earners continues decreasing.

2. The main causes of the bipolarized housing market are eased regulations on housing finance, house price rises, and increases in multi-house owners.

- Low interest rates, eased financial regulations, abundance in short-term liquidity and increased house purchase by multi-house owners have driven the house price to rise three times faster than the household income in the past five years. Recently, there is an increasing gap between house prices in Seoul and other regions.

- Multi-house owners are keeping purchasing more houses. House owners who have two or more houses (1,980 thousand people) possess 31.5% of the total number of houses (4,570 thousand houses), and 46.5% of them live in the capital region.

3. To resolve residential instability for the working class and inequality in house ownership driven by such bipolarization, strengthening public interest in housing policy is essential.

- Strengthening public interest in housing, meaning giving more importance to the nature of houses as a public property rather than a commodity, is one of the top priority policies for the Moon Jae-in administration. This can be realized by ensuring stable supply of public housing and increasing house ownership.



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Policy proposals

1. Implement policies to provide youths, newly married couples, elders and low-income classes with houses as the foundation for their living and increase supply of houses they can afford.
2. Ensure stable supply of public housing for the working class, focus on low-income classes as the primary beneficiaries of housing welfare policies, and reinstate profit-sharing plans for home buyers to ease their financial burden.
3. Make institutional improvements to help first home buyers by, for example tightening eligibilities for housing subscription plans, stabilize house prices, and pursue phased increases of tax burden for multi-house owners to acquire, possess and sell houses.