



# KRIHS Policy Brief

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## Strategic implementation of urban regeneration new deal projects through 'selection and concentration'

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1> For an urban regeneration new deal project to achieve its policy goals under changing conditions such as population decrease, worsening local crises, and decline of city, financial investment, human resources, and assets should be injected to core projects run by each entity

- Population decrease and bipolarization between regions get worse each day. Currently, urban regeneration projects are being allocated to key players in turn and which may turn the effort to revitalize the region into a zero-sum game. Also, local governments have some limits in their capabilities to guarantee sufficient implications of the project and inject their resources

- Based on the trade-off relationships between the project owners and providers, the government should focus on activities to revitalize regional economy, control the decline of cities across the country, and ensure the minimum quality of living and activities to regenerate urban living conditions such as maintenance of housing units, revitalization of commercial spheres should be carried out by maximizing leadership and autonomy of the regions

2> In order to create regional hubs and effectively respond to the decline of cities that are severely affected, support by the government is necessary and critically important. To implement urban regeneration plans tailed to certain locations and led by local governments, it is required to allocate budgets for comprehensive and practical support of the projects and assign the role of leading the projects to local governments

- For instance, it is possible to realize compact and network-type spatial structure centering on the 17 functional city regions. If a hub city is established in the region and its functional concentration increases by 1%, the productivity is likely to increase by 0.6%

- It is urgently needed to implement plans and projects in 821 small administrative divisions including Eup, Myeon, and Dong (a 23.5% of the total) that are previously

excluded despite their severe decline. If they are linked with other urban regeneration new deal projects and related pan-governmental projects and the projects are implemented altogether, the decline rate can be reduced by 4.7% for the next three years

## Policy proposals

- ① Pursue a ‘selection and concentration strategy’: The government concentrates its efforts on the creation of regional development hubs in metropolitan region and local city zones and secure basic infrastructure for living in severely outdated areas and significantly assign roles to local governments for urban regeneration in terms of improving the quality of urban living
- ② Focus on urban regeneration projects that actively use public/state-owned land in old districts of regional hub cities and create regional innovation hubs based on packaged approaches with the participation of public companies as supervisors as well as agreements among local governments for the establishment of city regions
- ③ Strengthen timely response to those in need of support by sharing roles and responsibilities: New deal projects are implemented in line with efforts to secure living infrastructure (SOC) to improve quality of living in severely affected areas, and a pan-government organization that integrates budget allocation, project provider selection, and operation management activities directly implements the project
- ④ To promote the implementation of urban regeneration projects led by local governments, provide them with more right of choice for comprehensive government subsidies by not designating their purpose of use, apply a flexible ratio of national subsidy, and seek to allocate the budget to urban regeneration new deal projects and other related plans for years