

## SPACE & ENVIRONMENT

February 2013, Vol. 53

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*SPACE & ENVIRONMENT is primarily intended to help foreign experts and professionals in relevant fields understand overall present situations of spatial planning and policy of Korea, and published bimonthly by KRIHS.*

*KRIHS is a government-sponsored research institute founded in 1978 to carry out research on territorial planning and policies of Korea.*

## Housing Issues in Korea's Rural Villages and Policy Measures

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With its long history as an agricultural economy, rural villages have been the basis of life in Korea. At present, however, various issues are raised in rural villages due to the rapid decrease of the number of the rural population and households. Estimates of the total area made up of farmland and its percentage of the national territory has slightly decreased from 22 percent to about 20 percent over the past six decades, but the rural population has rapidly declined. This phenomenon is due to a decreasing attractiveness of rural life resulting from the rise of urbanization and industrialization. In addition, a general interest in improving residential quality and housing policies of rural villages has been low compared to in the cities. Now is the time to inspect the residential standards and amenities of rural villages in order to make rural areas more desirable places to live.

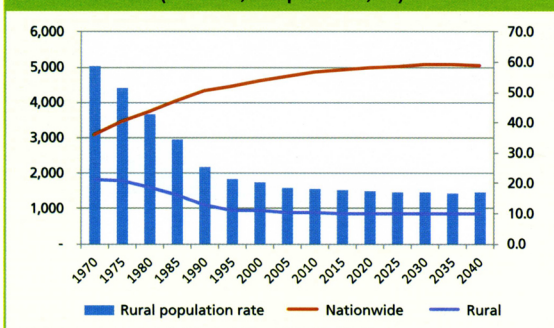
This study defines the eup-myeon (town and township) area as rural villages. Rural housing is defined as a residence located in rural villages. After examining the current situation and issues of rural housing, the study suggests policy measures to improve housing quality of rural villages.

### Decrease in number of residents and households

The ratio of people living in rural villages to the total population has decreased substantially from 59 percent in 1970 to 18 percent of the total population in 2010. For the same period, the total population has increased by a half percentage point from 30.88 million in 1970 to 50.51 million in 2010. The population decrease in rural villages was especially drastic in the 1990s. People were moving to cities to seek employment opportunities and education and in an effort to alleviate housing shortages in urban areas, the Korean government introduced new town development schemes and constructed up to two million houses there. Moreover, the decrease in village populations persisted



**Figure 1: Population Trends in Rural Villages**  
(Unit: 10,000 persons, %)



Source: Population and Housing Census, Statistics Korea.

Note: Estimations on population after 2015 are made by establishing a system dynamics model.

into the 21<sup>st</sup> century and is predicted to continue. The rural population, it has been suggested, will decline to 8.6 million by 2040 from 18.5 million in 1970.

Similar trends are observable when households in rural villages are examined. In the 1970s, 56.8 percent of total households resided in rural villages. Twenty years later, however, the proportion had rapidly decreased to 19.1 percent or 3.31 million households in both agricultural and fishing villages (Statistics Korea, 2010 Population and Housing Census, Statistics Korea) of the total 17.34 million households nationwide.

### Increase in number of vacant houses and decrease in number and size of rural villages

With the decreasing population and households in rural areas, vacant houses also have become a major problem, which is detrimental to quality of life in

rural villages. In 2000, there were 240,000 vacant houses in rural villages; 310,000 in 2005 and 340,000 in 2010. The severity of the vacant housing problem lies in that these houses have been left abandoned for a long time.

The reduction in the size of the rural population and number of households, meanwhile, has been accompanied by a decline in the size and number of villages. The number of villages with less than 20 farmhouses was 14,460 in 2010, and the number of sparsely populated villages has been increasing, especially in myeon districts.

### Aging populations and increasing multicultural households

One of the issues in rural villages is that the population left behind is increasingly aged. In 1970, the population aged 65 years and above was approximately 770,000, accounting for 7.6 percent of the total farming and fishing population. This ratio gradually increased to 9.8 percent in 1985 due to a gradual decrease in rural population and an increased proportion of the elderly population in rural villages. In 2000, the proportion of the elderly among the farming and fishing population increased to 14.7 percent, reaching 20.6 percent in 2010. This trend is expected to be sustained in a few coming decades.

A notable trend in rural villages is a sudden increase of multicultural households.<sup>1)</sup> A recent estimate shows that the number of multicultural households residing in rural villages is 71,908 (2010 Population and Housing Census, Statistics Korea.). This is about 2.2 percent of the total rural households, which is

**Table 1: Number of Villages with Less than 20 Farmhouses (Unit: Village)**

Year	Nationwide			Town (Eup)			Township (Myeon)		
	Villages with more than 20 farmhouses	Villages with less than 20 farmhouses	Ratio (%)	Villages with more than 20 farmhouses	Villages with less than 20 farmhouses	Ratio (%)	Villages with more than 20 farmhouses	Villages with less than 20 farmhouses	Ratio (%)
2005	35,534	11,046	31.1	7,491	2,664	35.6	28,043	8,382	29.9
2010	36,027	14,460	40.1	8,020	3,501	43.7	28,007	10,959	39.1
Difference (2010-2005)	493	3,414		529	837		-36	2,577	

Source: Agricultural Census by Regional Survey, Statistics Korea.

1) Multicultural households in Korea defined as families whose members include Korean nationals, their immigrant spouses, and children.



considered relatively low. However, the figure is rapidly increasing, becoming a major factor of social diversity, such as education, employment, community spirit, and social impacts. As of 2010, multicultural households residing in farming and fishing villages accounted for 18.6 percent of the total multicultural households across the country. Therefore, the issue about social diversity in rural area is to set a condition for social integration.

**Figure 2. Location of Map of Vacant Houses in Gaesoo Village, Daehwa-myeon, Pyeongchang-gun**



Source: Kang, Mina et al., (2012) Rural Housing Policies to Improve Housing Service level, Korea Research Institute for Human Settlements.

### **Characteristics of rural households and housing conditions**

Of the prevailing characteristics of rural households, the average age of household members is higher than the national average, which is 58 years old. The ratio of single-member elderly households is increasing. For instance, single-member elderly households accounted for 13.3 percent of all rural households as of 2010. Of these, most are female single-member elderly households. As for educational background, a majority of the heads of households has only an elementary education. Households consisting of two members made up of the largest portion of the households. The ratios of single-member households, households with the elderly, and households with persons with disability in rural villages are higher than the national average. On the other hand, the number of households that are beneficiaries of National Basic Livelihood Security scheme, a governmental livelihood subsidy program, is similar to the national level, thus rural households are not benefitting proportionate to urban households from government services.

Economically, the average monthly income of rural households was reported to be 2.83 million won, 0.6 million won lower than that of city households. The average cost of living was 1.7 million won, almost equal to the national level. However, the ratio of home maintenance costs to income is higher at 10 percent for rural households, which causes a greater burden on the rural population than on the urban. Also, low-income households made up more than 50 percent of total rural households. As for the types of

employment, which represents income stability, self-owned businesses without any employees were the highest at 41 percent.

In terms of housing types, single-family houses constituted 62 percent of total housing, followed by apartment housing at 32 percent. A difference in the type of housing was observed according to the householder's age. As for households with school-age children, apartment housing in the town (eup) region was most prevalent.

As for the type of housing occupancy, self-owned was the majority at 71 percent, for elderly households. Of these about 42 percent had never moved. As a householder ages the tendency is toward long-term housing. This implies that there is a high possibility that an elderly householder also lives in an older housing.

As for the housing stocks in rural villages, as of 2010, the number of houses per 1000 persons was 389.2. The index of the housing supply rate (based on the existing housing supply rate) was shown as 103 percent, so inventory does not appear to be a problem. However, the supply rate was likely caused by a decline in rural population and households. The result is that vacant houses have caused the drop in overall housing quality. The ratio of vacant houses of the housing inventory in rural villages was 9.9 percent.

As for the quality of housing, the number of rural households that did not reach the minimum standard as of 2010, was 4.8 million, or approximately 14.5 percent of total rural households. Households that did not reach the minimum standard mainly failed to meet the required facility standards, with 88.2 percent of



Table 2: Aging Population in Rural Villages (Unit: 10,000 persons, %)

Year		1970	1975	1980	1985	1990	1995	2000	2005	2010
Farming and fishing population		1,017	1,060	1,029	974	1,110	956	934	870	876
Rural Villages	Senior population ≥ 65 years old	77	82	90	96	100	113	137	162	181
	Ratio of senior population	7.6	7.8	8.7	9.8	9.0	11.8	14.7	18.6	20.6

Source: Data extracted from the yearly National Population and Korea Housing Survey Report, Statistics Korea.

them having substandard facilities. In addition, housing deterioration was serious. About 34 percent of families in rural villages are living in houses more than 20 years old. Approximately 44 percent live in houses more than 30 years of age, most of whom cannot afford the necessary renovations or improvements, even faced with safety issues.

As for the Price to Income Ratio (PIR) as a market index, the median price was 2.7 percent, while the Rental Income Ratio (RIR) was 18.2 percent.

### Key strategies and policy measures for rural housing

Current housing policies for improving the quality of rural houses include a provision for a standardized blueprint for residences in farming and fishing villages, a new supply of low-income housing (Bogumjari House), house improvements and repair projects and upgrades for the living environment of groups that are marginalized. In addition, housing support is available for housing in the form of mortgages and improvement of old houses in farming and fishing villages.

The common problem with these policies is that

there not many applications were made because rural residents' lacked awareness of the availability of these support policies. Furthermore, since each government ministry runs similar projects, the actual policy effects were insignificant. The comparative analysis of policy effects against cost by using a system dynamics model showed that the two most effective policies that brought the greatest enhancement in housing conditions for rural rental households which relatively have the most vulnerable housing conditions, were: first, the funding support policy for purchasing or renting housing, and second, the housing voucher program available for households that are at the second income quartile or below. The expansion of long-term rental housing supply or supply of affordable housing, though, had a high social cost due to the cost of construction of new housing, whereas the relative effect was insignificant.

In order to improve housing conditions in rural villages, it is necessary that the following policies are prioritized: improving existing houses and supplying new houses, creating programs for housing support and supply measures for those who return to farming or fishing villages, supplying

Table 3: Relationship between Housing Type and Householder's Age by Region

Section		Single-family House	Apartment	Townhouse (Yeonrip)	Multi-family Housing (Dasedae)	House in Non-residential Building	Dwelling other than House	Total
Nationwide		40.4	47.1	4.5	5.6	1.1	1.3	100
Rural village	Less than 30 years old	34.5	56.7	3.2	4.0	1.2	0.4	100
	30~45 years old	20.5	72.8	3.7	2.1	0.5	0.4	100
	45~65 years old	61.7	31.1	3.7	1.6	1.1	0.8	100
	More than 65 years old	87.5	9.4	1.9	0.6	0.3	0.3	100

Source: 2010 Korea Housing Survey, Ministry of Land, Transport and Maritime Affairs, and Korea Research Institute for Human Settlements.



Table 4: Relationship between Housing Type and Householder's Age by Region (unit: %)

Section		Self-owned house	Rent	Monthly rent with deposit	Monthly rent without deposit	Advanced paid rent	No charge	Total
Nationwide		54.3	21.7	18.1	2.0	1.3	2.6	100
Rural village	< 30 years old	10.6	29.6	34.6	4.7	5.0	15.5	100
	30~45 years old	48.8	28.8	15.4	1.9	0.8	4.3	100
	45~65 years old	72.6	9.4	10.0	2.9	1.3	3.8	100
	≥ 65 years old	84.6	3.8	3.0	1.1	1.2	6.3	100

Source: 2010 Korea Housing Survey, Ministry of Land, Transport and Maritime Affairs, and Korea Research Institute for Human Settlements.

affordable housing, reducing housing expenses, and managing and maintaining vacant houses.

As practical plans for improving existing houses and/or constructing new houses, support should be expanded for rental housing repair and improvement and various types of housing that are compatible with the regional and historical features of rural villages should be developed. Programs for households that return to farming villages should be provided with support, including the operation of a specialized consulting center, introduction of an 'incubating system,' and running a 'farming experience' program. To supply affordable housing, the construction costs can be reduced through the standardization of materials, drawing up and

providing standardized manuals for building new houses, etc. In order to lower housing costs, in particular reducing heating costs in winter, several options are available: utilizing local facilities as temporarily shared cooking space to reduce housing expenses, reinforcing heat-insulating materials; replacing heating facilities in old houses to increase thermal efficiency; and developing heating equipment for rural houses. For the utilization and regeneration of vacant houses, it would be effective to develop an integrated management system and portal service, and finally, establish a 'Relocation Services for Rural Vacant Housing' system.

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Table 5: Housing Condition Index in Rural Villages (as of 2010)

Section	Major Index	Formula	Index Value
Quantitative Index	Housing supply ratio (%)	Existing housing supply rate = (Inventory quantity of rural houses/Number of rural households) x 100	103%
	Number of houses per 1000 persons (House)	Inventory quantity of rural houses/Rural population	389.3
	Ratio of vacant houses (%)	(Number of vacant rural houses / Inventory quantity of farmhouses) x 100	9.9%
Qualitative Index	Substandard housing	Houses fails to reach the standards based on size, facilities, and bedrooms	4.78 million houses (14.5% of rural population)
	Housing deterioration rate	Ratio of old houses among rural houses that are 30 years old or older	34.1%
Market Index	Price to Income Rate (PIR)	Housing market price/Annual household income	2.7 times in terms of median price
	Rent to Income Rate (RIR)	Rent/Monthly household income	18.2% in terms of median price

Source: 2010 Korea Housing Survey, Ministry of Land, Transport and Maritime Affairs, and Korea Research Institute for Human Settlements.