

*Space & Environment* is an English magazine published quarterly by KRIHS. Its purpose is to introduce current issues on territorial planning in Korea and disseminate research conclusions and international activities of KRIHS and other Korean institutes.

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**KRIHS** (The Korea Research Institute for Human Settlements) was established in 1978 in order to contribute to the balanced development of national territory and the improvement of the quality of life of people by conducting comprehensive policy-oriented research in the efficient use, development, and conservation of territorial resources.

Since its inception, KRIHS has been committed to fulfilling its mission of the creation of a beautiful territory and pleasant living environment. In order to achieve this mission, KRIHS has carried out various studies on sustainable territorial development, balancing development and conservation, and the provision of housing and infrastructure.

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# SPACE & ENVIRONMENT

## ISSUES & TRENDS 01

### National Guidance to Promote Korean Urban Regeneration

Park Jung-eun

#### Urban Competitiveness Front and Center

The twin forces of globalization and regionalization in today's world have put the spotlight on urban competitiveness as an integral part of national competitiveness. Managing the economy, society, and culture of a city in a healthy and sustainable manner is crucial not only to lay the foundation for citizen well-being but also to drive a nation's economic growth. With over 90 percent of Korea's population living in cities, it follows that industrial infrastructure, information, and jobs are concentrated in cities, and that enhancing the competitiveness of cities and achieving national economic development go hand in hand.

As the significance and role of cities grows, urban policies are undergoing a transition. Until now, urban policies were focused on growth. But the rapid industrialization and urbanization of the past half century has given way to a low-growth phase today, and urban expansion aimed at growth has reached its limit. In the past, urban expansion policies pursued development by pushing the city limits further outward, which led to an increase in urban management costs and social inefficiency among other negative side effects. With rising demand to address these issues, the call to replace such indiscriminate expansion into the suburbs with policies for improving the conditions within the city is gaining traction.

Moreover, quality of life has become a key issue these days, and it is important to pay more attention to living conditions in existing urban areas than to development of new areas outside cities. Focus should be given to urban regeneration policies that have a real, direct impact on residents' lives. Such a policy shift does not pertain only to Korea. Most advanced countries experienced such a shift when their per capita GDP level was between \$20,000 to \$30,000 and their urbanization rate around 70 to 80 percent. Urban regeneration did not draw attention in the process of pursuing growth-oriented policies. However, as advances in economic development have evolved, more emphasis has been put on improving the quality of life, and urban

regeneration is being regarded as an important tool for enhancing living conditions and reinforcing urban competitiveness.

Table 1. Socio-Economic Indices at Time of Transition to Urban Regeneration Policies

Indices	UK (1977)	Japan (1998)	US (1974)	Germany (1996)	Korea (2012)
GDP per capita (\$)	20,248	33,394	22,662	30,129	23,679
Economic growth (%)	2.36	-2.0	-0.1	0.79	2.0
Urbanization rate (%)	78.0	78.4	73.6	73.2	91.0

**Source**

Government of Korea (Ministry of Land,  
Infrastructure and Transport et al.).  
(2013, November 18).

*National Policy Guidance on Urban Regeneration.*

From the perspective of state management, urban regeneration is also a crucial area where creative economy can be implemented spatially. At present, the Korean government is focusing on creativity as the core value in its efforts to overcome the structural limitations of the low-growth trend. This focus is mirrored in the shift in the national economy system toward a creative economy of new added values, jobs, and growth engines. Cities are places where the human talent, capital, and information necessary for such a creative economy come together and where innovation and ideas are bred. In particular, existing urban districts that hold historical and cultural values and where people with diverse backgrounds and talents gather are ideal places where creative economy can be fully realized through convergence.

However, most cities in Korea are now experiencing stunted population growth and a rapidly aging population. Having pursued urban expansion policies for a long time and with weakening industrial competitiveness, these cities are showing signs of serious deterioration. Living conditions in old and deteriorating downtown sectors, where the low-income population usually resides, are particularly precarious due to defective housing and insufficient infrastructure. These areas are also vulnerable to crime, natural disasters, and many other problems.

Despite these conditions, policy response to the issue of urban deterioration has been lacking. Systematic support to combat urban deterioration from the public sector has never been sufficient. Although there are physical renewal projects that rely on private sector investment, they are profit-based and confined to Seoul and major cities; and even major cities where such projects take place are plagued with post-development problems such as low residential resettlement rates and community dissolution.

National-level policy measures are urgently needed to support comprehensive urban regeneration covering not only physical but also economic, social, and cultural aspects. At the same time, the central and local governments, residents, and businesses must arrive at consensus and cooperate to push the reset button from physical expansion into the suburbs to upgrading deteriorating downtown areas. The firm commitment of all stakeholders is the first step toward successful national urban regeneration.

In recognition of this urgent situation, in 2013 the government enacted the Special Act on the Promotion and Support for Urban Regeneration. Based on this

law, the National Policy Guidance on Urban Regeneration was established to outline and introduce the national strategy for a comprehensive, systematic, and efficient pursuit of urban regeneration during the following decade (2014–2023). The details of the National Policy Guidance on Urban Regeneration include promotion methods, vision and goals, and policies.

## Promotion Methods

Urban regeneration planning can be divided into strategic planning, which covers the basic direction, and activation planning, which deals with the actual implementation. Both plans are established by the head of local governments based on resident participation. The head of the local government can then request the Minister of Land, Infrastructure and Transport (MOLIT) to determine government support for matters such as finance and legislation included in the urban regeneration activation plan. Upon receiving such request, MOLIT submits the proposal to the Urban Regeneration Special Commission headed by the Prime Minister. Thus, projects being implemented by separate government agencies in relevant fields can be reviewed and pursued comprehensively on matters decided by the commission.

Figure 1. Structure of Urban Regeneration Implementation

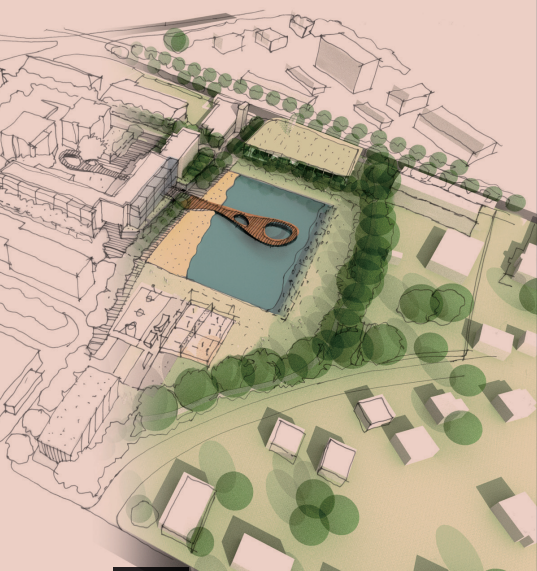


### Source

Government of Korea (Ministry of Land, Infrastructure and Transport et al.). (2013, November 18). *National Policy Guidance on Urban Regeneration*.

Urban regeneration activation plans, or the implementation plans, can be divided into economy-based activation plans and community-based activation plans depending on the regional conditions and traits.

The objective of economy-based urban regeneration activation plans is to introduce new economic functions to expand employment opportunities, and distribute economic recovery effects to surrounding areas. Candidate project areas would be where job creation can take place through comprehensive development



projects and linkage with the upgrading and development of core infrastructure such as industrial complexes, ports, railroads, and airports. Examples could include: regeneration of decrepit industrial complexes and their surrounding areas, revitalization of ports and their hinterlands, renewal of areas near subway stations, redevelopment of sites where government office buildings or army bases are relocating from, and regeneration projects using regional cultural and tourism assets.

By contrast, the objective of community-based urban regeneration activation plans is to promote local businesses and traits to revive sluggish downtowns and commercial areas and to maintain local communities by improving poor living conditions of deteriorating residential areas. Project examples could include infrastructure building and cultural, arts, and tourism projects for reviving the local economy, infrastructure renewal in substandard residential areas, and community-based profit-generating business projects. Based on the community-based activation plans, regeneration projects will receive policy support for building infrastructure such as parks, parking lots, and public libraries and small-scale investment and loans as well as education, consulting, and technical support for local residents.

### Vision and Goals

The vision of urban regeneration as stated in the National Policy Guidance on Urban Regeneration is “creation of competitive cities for the well-being of the people.” Under this vision, the following goals have been established: 1) expand employment opportunities and increase income by introducing a new function to the city, using local assets, and advancing the industrial structure; 2) provide an adequate level of basic infrastructure for residential areas of low-income and elderly households and ensure a minimum quality of life for the residents; 3) create an environmentally-friendly and healthy environment safe from crime and disasters; 4) create quality spaces and expand cultural services by utilizing historical and cultural assets of old downtown areas; and 5) empower local residents so that they can take the lead in resolving the issues of their neighborhood and join in participatory local governance.

The promotion strategies for these goals are as follows: 1) avoid indiscriminate development of new urban areas to prevent the hollowing out of existing downtown areas; 2) place the residents and local governments in charge of planning and implementing the projects and confine the central government’s role to providing support through means such as financial aid and system reforms; 3) pursue collaboration among the relevant central and local government departments in supporting the regeneration of deteriorating urban areas; 4) provide customized support for target areas by combining various policy measures such as special ordinances, financial assistance, and tax benefits based on consideration of local characteristics; and 5) prioritize and improve the environments of the areas undergoing the greatest deterioration to revive their local economy and increase income for local citizens.

Table 2. Vision, Goals, and Strategies for Urban Regeneration

Vision	Creation of Competitive Cities for Citizen Well-Being
5 main goals	<ol style="list-style-type: none"> <li>1. Create jobs and strengthen urban competitiveness based on creative economy</li> <li>2. Improve the quality of life and achieve healthy living conditions</li> <li>3. Create a pleasant and safe residential environment</li> <li>4. Reestablish cultural values and improve urban landscape based on local identity</li> <li>5. Empower local residents and reinvigorate local communities</li> </ol>
Promotion strategies	<ol style="list-style-type: none"> <li>1. Shift urban policy toward regenerating and maintaining old city sectors</li> <li>2. Encourage projects based on voluntary engagement and creativity of lower level governments and local citizens</li> <li>3. Pursue interdepartmental cooperation in providing targeted support for areas in most urgent need of regeneration</li> <li>4. Use various policy means such as special ordinances and financial and tax benefits to provide customized support</li> <li>5. Advocate local sustainable support rather than state-dispensed assistance</li> </ol>
Focus	<p><b>1. Regeneration-focused urban policy</b></p> <ol style="list-style-type: none"> <li>1-1. Establish urban and spatial plans centered on old urban sectors</li> <li>1-2. Develop land for multipurpose use in existing urban areas</li> <li>1-3. Enhance the living conditions and attractiveness of old cities</li> </ol> <p><b>2. Expand fiscal assistance</b></p> <ol style="list-style-type: none"> <li>2-1. Provide efficient fiscal support through interdepartmental cooperation</li> <li>2-2. Support pilot projects to stimulate overall urban regeneration</li> <li>2-3. Increase and secure funding</li> </ol> <p><b>3. Financial support and deregulation for attracting private participation</b></p> <ol style="list-style-type: none"> <li>3-1. Provide tax benefits and financing methods</li> <li>3-2. Enact special ordinances</li> <li>3-3. Develop suitable public land</li> </ol> <p><b>4. Local empowerment and community invigoration</b></p> <ol style="list-style-type: none"> <li>4-1. Create social capital based on the capabilities of residents and local governments</li> <li>4-2. Link urban regeneration with cutting-edge technology</li> </ol>

**Source**

Government of Korea (Ministry of Land, Infrastructure and Transport et al.). (2013, November 18). *National Policy Guidance on Urban Regeneration*.

## Government Focus on Urban Regeneration Policies

The government will pursue a four-pronged approach of regeneration first, fiscal support, financial assistance and deregulation for private sector participation, and regional strengths.

First, reforms to the urban planning system and a redirection of the profits from urban expansion to urban regeneration will promote a much-needed focus shift from areas outside city limits to those within city limits. In addition, regeneration projects should pursue development of multi-purpose areas by accommodating various land use demands in a district, and also should take advantage of local cultural assets to create an attractive Cultural City. Reinforcing welfare and social services as well as basic living infrastructure will fully enhance the living conditions and attractiveness of existing city areas.

Second, the guidance recommends increased fiscal support for urban regeneration

### References

- Ministry of Land, Infrastructure and Transport.  
(2014).  
*Study on Establishing the National Policy Guidance  
on Urban Regeneration.*
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*Improvement of Urban Management System for  
Effective Urban Regeneration in Built-up Areas.*

projects. Through the support of location-based intra-agency cooperation that transcends interdepartmental barriers and the Urban Regeneration Special Commission, the government must use its budget more efficiently. Also, initial fiscal support from the central government will facilitate attracting early private sector participation in an urban regeneration project led by a local government. Overall, more fiscal resources should be allocated to support the stable pursuit of urban regeneration projects.

Third, financial assistance and deregulation are required to encourage the participation of the private sector. Financial support for urban regeneration projects could take the form of tax and levy cuts as well as investment and loans through the Housing Fund. Specific examples could include reducing building regulations, the introduction of a proposal system for city planning, and special ordinances on regional cultural assets including *Hanok* (Korean traditional house)-concentrated areas. In particular, special ordinances for public properties need to be established in order to facilitate urban regeneration by developing public land.

Fourth, the government must make efforts to reinforce regional capabilities and revitalize communities. The government can empower local governments and residents to build social capital by promoting social economy and with more urban regeneration experts. In addition, it is necessary to link urban regeneration with state-of-the-art technologies. Researchers should develop and disseminate new technologies and techniques related to urban regeneration, and implementers need to apply the latest smart city technologies to old downtown area regeneration.

Park Jung-eun

Associate Research Fellow, KRIHS  
jepark@krihs.re.kr

## ISSUES & TRENDS 02

### Urban Regeneration: Two-Pronged Project

Lee Wang-geun

#### Legal Basis and Details

Under Article 2 Clause 6 of the Special Act on the Promotion and Support for Urban Regeneration (hereinafter referred to as "Special Act") that went into effect in December 2013, urban regeneration activation plans can be divided into economy-based activation plans and community-based activation