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Promoting the Social Real Estate for the Inclusive City

Myungshik Choi

1. Necessity and concept of social real estate

Changes in the approaches to real estate development according to changing conditions such as low growth and population decline

As the importance of urban regeneration is emphasized along with changing conditions, approaches to real estate development are shifting from large-scale to small and medium-scale and from a development and supply-oriented approach to a focus on rental, management, and remodeling. Adapting to these changes requires the emergence of community-based small and medium-sized developers and landlords who are sensitive to local demand. However, while recent changes utilize social economy, they still involve government-led approaches to community development, suggesting a need to switch to “community-led development (community development 2.0)” in the future. [Figure 1](#)

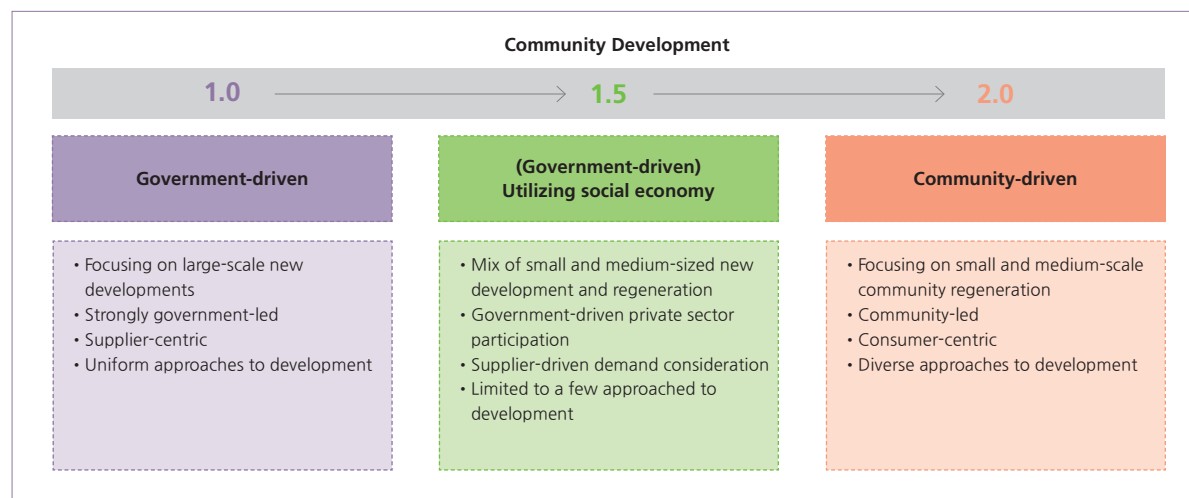
Necessity of realizing social value in the real estate sector

Many Korean people have thought that real estate is a corrupted sector which encourages speculation. However, the real estate sector should become a sound field that can realize social values as it is closely related to the lives of the people. Social real estate has the effect of leading local actors to share profits among themselves through the shared ownership of local real estate, which can have a positive impact on mitigating polarization and the side effects of gentrification and strengthening community as well as community-based social economy.

Sustainable community development with a virtuous cycle where local profits are reinvested in the community

As social real estate is jointly owned by local residents and community-based actors, it is possible to establish a virtuous cycle in which profits from leasing property are reinvested in the

Figure 1. Direction of changes in the approaches to community development



Source
M. Choi et al. 2018.

community. In addition, this profit sharing system established within the community promotes spatial inclusiveness, openness and accessibility, thereby increasing community resilience.

Concept of social real estate

Social real estate, referring to real estate that is owned and managed by community, creates social values that contribute to public interests such as community capacity building, formation of local identity, and community development.

2. Social real estate management organization

Community owns and controls real estate

A social real estate management organization refers to “an organization for leasing and managing real estate that community owns and controls autonomously.” Community becomes the owner and operator of real estate and acts as a social landlord, creating a foundation to support active activities of small and medium-sized enterprises (SMEs) and social economic organizations in the community. [Table 1](#)

3. Strategies to promote social real estate

Principles of promoting social real estate

First, a shared ownership of community assets should

be established for more equitable distribution of local profits and to form a virtuous cycle within community. Second, an active startup ecosystem for social real estate management organizations should be established to help emergence of community-based actors who give local residents more opportunities to develop autonomy and creativity. Third, it is necessary to derive active participation and interest of residents in community issues by promoting resident investment. Fourth, it is important to strengthen the community development capacity of residents so that they can develop capability to operate and manage local real estate. [Table 2](#)

Establishment of an active startup ecosystem for social real estate

In order for the emergence of agents who own and manage social real estate, it is important to promote social real estate startups such as social enterprises, social ventures, and companies founded by young entrepreneurs. New support strategies should be added to the existing SMEs and venture startup support policies: Government support through establishing a fund for funds and relaxing restraints for crowdfunding to support social real estate management organizations. In addition, startup accelerating programs and accelerators are needed for the emergence of new real estate businesses that pursue social values.

Table 1. Characteristics of a social real estate management organization

Characteristics	Main content
Objective	<ul style="list-style-type: none"> • Laying the foundation for sustainable community development by sharing local real estate - Role as a social real estate rental agent
Real estate acquisition method	<ul style="list-style-type: none"> • Purchase, lease, trust - Not a traditional method of entrusting administrative property to the private sector
Target real estate	<ul style="list-style-type: none"> • Public land, idle real estate, trusted real estate - Pilot application needed stating from public land
Organization type	<ul style="list-style-type: none"> • Company or joint venture / cooperative / social cooperative under the commercial law - For-profit / mixed / not-for-profit
Financing	<ul style="list-style-type: none"> • Public support (government sector): Establishing a fund of funds by the Ministry of Land, Infrastructure and Transport • Use of social finance (private sector): Social Investment Fund, corporate social responsibility (CSR), angel investment, Community Development Financial Institutions (CDFIs), etc. • Resident investment (community sector): Utilizing crowdfunding platform, community share, etc.
Operation method	<ul style="list-style-type: none"> • Democratic decision-making structure (decision-making authority of one person, one vote) - Possible to separate ownership from operation (in case of joint venture)
Use of profit	<ul style="list-style-type: none"> • Priority for social purposes or community reinvestment: limited dividends (half or one third of profit)
Real estate ownership structure	<ul style="list-style-type: none"> • Community ownership: Formation of a structure where local residents become owners

Source

M. Choi et al. 2018.

Promotion of resident investment and capacity building

In order to promote resident investment, it is important to prepare a platform where residents can invest easily as well as provide legal and institutional support.

To strengthen the capacity of residents, first, the opportunities for resident participation in the decision making process of social real estate management organizations should be expanded and guidelines the establishment and operation of such organizations are required. Second, a variety of training and consulting programs for residents are needed and in particular, external funds such as social investment should be supported to help residents increasing their accountability. Third, the autonomy of the agents of social real estate should be guaranteed with an appropriate monitoring system in place.

The experience of community wealth building is needed

Community members need to experience the effect of creating a virtuous cycle in which value produced in their community is consumed and reinvested within the community. Social real estate can spread out actively based on the accumulated experiences that residents can create a community wealth together.

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4. Implications

Making a good community is important

Since agents for social real estate can only be appeared based on the trust among residents accumulated through vibrant community activities, an active and solid community is a prerequisite for the shared ownership of local real estate. For this, it is important to expand the activities and roles of community-based social economic organizations in each locality.

Table 2. Expected effects of establishing social real estate by stage

Stage	Ownership	Financing	Development	Profit utilization
Method	<ul style="list-style-type: none"> Community ownership 	<ul style="list-style-type: none"> Public support (fund of funds, SIB, etc.) Private investment (impact investment, CSR) Resident investment (crowdfunding) 	<ul style="list-style-type: none"> Small and medium-sized development based on demand 	<ul style="list-style-type: none"> (Resident): Reinvestment of investor dividends back to community
Expected effects	<ul style="list-style-type: none"> Residents appear as owners of real estate (shares) Raising interest and participation in the community 	<ul style="list-style-type: none"> Private-Public-Community cooperation Expanding private investment by improving stability and transparency (the role of public) Raising the interest of local residents 	<ul style="list-style-type: none"> Reflecting local demand timely Promoting small and medium-sized enterprises (SMEs) within the community (social economic organizations) 	<ul style="list-style-type: none"> Fairer distribution of profits Profit cycle within the community

Source
M. Choi et al. 2018.

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Strengthening the Publicness of Land Expropriation Projects and Future Tasks

Seungjong Kim

1. Background

Expansion of development projects that allow land expropriation

Land expropriation projects were limited to projects related to public facilities such as defense, military, roads and railways when the “Act on Acquisition of and Compensation for Land, etc. for Public Works Projects (hereinafter referred to as the Land Compensation Act)” was enacted in 1962; however, its scope has been expanded to include arboretums, residential area development projects for displaced residents, and industrial complex development projects. In response, the Land Compensation Act revised the public works deemed appropriate for project approvals⁰¹ under individual laws into enumerated clauses in 2015 to limit the scope of projects for the public interest; however, the number of projects has been expanded to 109 as of 2019⁰². [Table 1](#)

Abuse of land expropriation rights in development projects that lack publicness and necessity

As land expropriation rights were extended to facilities used by only a small number of people (e.g. membership-based golf courses) and the scope of infrastructure became extended to commercial development projects (e.g. recreational residential complexes), leading to problems, the Constitutional Court and the Supreme Court ruled against the abuse of land expropriation rights. The Constitutional Court ruled that, “the necessity of obtaining the property of others compulsorily against their will is not recognized for the purpose of carrying out projects with a low public interest such as luxury golf courses.”⁰³ The Supreme Court ruled that, “recreational residential complexes are facilities that are primarily aimed at generating tourism revenue and are not essential infrastructure for the formation of cities or for the residents’ lives.”⁰⁴

Table 1. Changes in land expropriation projects (1962~2014)

Year	Main content
1962	• When the Land Compensation Act (previously Land Expropriation Act) was enacted, it prescribed defense and military projects, projects related to railways and roads, etc. for public interest by law, and projects related to public facilities such as government buildings, factories, research institutes, and cultural facilities established by national or local governments.
1982	• Other projects were added to Article 4 Subparagraph 8 of the Land Compensation Act.
2003	• Slaughterhouse was changed to butchery • Projects related to social education and arts were changed to projects related to construction of schools, libraries, museums and art galleries • Projects related to key industries prescribed by each law such as seasonal industries and fertilizer industry were deleted to strengthen the protection of property rights of the public considering the changes in the economic situation.
2005	• Arboretums were added to provide people with places to relax.
2008	• Newly established projects related to development of residential areas for displaced residents following the implementation of projects for the public interest
2014	• Added projects related to industrial complex development

Source
History in the Article 4 of the Land Compensation Act

01. “Project approval” refers to the determination of a project for the public interest as a project to appropriate or use land (Article 2 of the Land Compensation Act), and being deemed appropriate for project approval means that, if there is an approval for the project plan under an individual law, the project does not go through the project approval process under the Land Compensation Act and instead goes through the project approval through consultation procedure under the Land Compensation Act .
02. There are 110 land expropriation projects according to the table attached to the Land Compensation Act; however, the “Aviation Act” was incorporated into the “Airport Facilities Act” in March 2017, and there are 109 land expropriation projects as of August 2019.
03. Constitutional Court, Decision on October 30, 2014, 2011Heonba172; etc.; decisions regarding constitutional disparity.
04. Supreme Court, Judgment on March 20, 2015, 2011Du3746.

2. Main details of the institutional improvements to strengthen publicness

Strengthening of the procedural publicness of land expropriation projects

New legislation was established to carry out procedures with the Central Land Expropriation Committee in advance when the Minister of Land, Infrastructure and Transport, the person with the authority of permission, authorization, and approval, approves a project or approves a district designation and project plan deemed appropriate for project approval.⁰⁵ In the case of land expropriation projects, the authority shall request consensus with the Central Land Expropriation Committee in accordance with the project plan approval application of the project operator under individual laws, and the authority shall determine whether to approve the project plan based on the consensus results of the Central Land Expropriation Committee. After the approval and notification of the project plan, the project operator shall apply for an adjudication of expropriation under individual laws, and when there is an adjudication by the Land Expropriation Committee, the project operator may expropriate the property rights of the person being expropriated on condition of payment or deposit of compensation. [Figure 1](#)

Refining the criteria for judging publicness

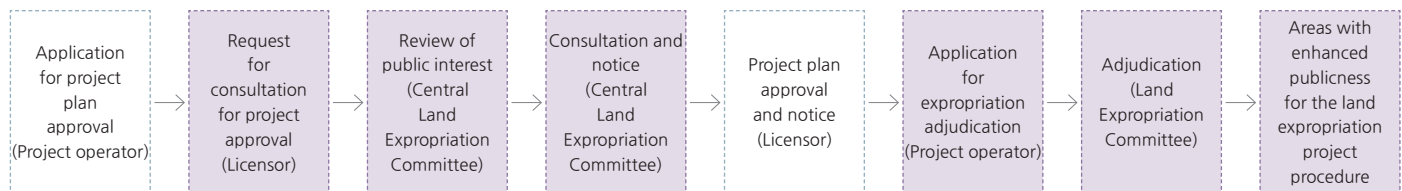
The Land Expropriation Act specified the detailed criteria

for judging the public interest⁰⁶ and necessity⁰⁷ of land expropriation while taking the decisions of the Constitutional Court into account. When requested to consult, the Central Land Expropriation Committee must review items such as whether proper procedures were taken to collect opinions of those who have an interest in the project approval, the publicness of the project subject to permission/authorization/approval, and the necessity of expropriation.⁰⁸ The Central Land Expropriation Committee must review whether the project for the public interest meets the purpose of the law and upper plan that it is based on, whether it complies with the project implementation guidelines and procedures, and project implementation ability that includes considerations such as the legal authority and financial resources of the project operator.⁰⁹ In this regard, the Central Land Expropriation Committee subdivided the publicness of a project and the necessity of expropriation, and specified its basis for judgment. [Table 2](#)

Establishment of the right to request improvements such as the establishment, modification, and abolition of projects for the public interest

The Central Land Expropriation Committee may request improvements or submit comments to the head of the relevant central administrative agency with regard to the establishment, modification, and abolition of a project under other laws, in addition to any other necessary matters, after deliberation.¹⁰ The head of the relevant administrative agency receiving the

Figure 1. Procedure for land expropriation



05. Land Expropriation Act, Article 21, Subparagraphs 1 and 2 (enforced on July 1, 2019)

06. The Constitutional Court ruled that, "In judging the degree of public interest, the legislative purpose of the individual law allowing for public expropriation, project content, and the extent to which the project contributes to the legislative purpose shall be taken into account, and in particular, if the project is a business that does sales to the public, consideration should also be given to people's usability of and accessibility to the project facility." (Constitutional Court, Decision on October 30, 2014, 2011Heonba129, etc.)

07. The Constitutional Court ruled that, "In order for necessity to be recognized, the superiority of a public interest that justifies the infringement of private individuals' property rights shall be recognized when the public interests to be achieved through public expropriation outweigh the interests of the private individuals getting their property rights infringed when the two are weighed against each other, and in particular, if the project operator is the private individual, institutional rules shall be in place to ensure that the public interest obtainable from implementing the project are not significantly dismissed." (Constitutional Court, Decision on October 30, 2014, 2011HeoBa129, etc.)

08. Land Expropriation Act, Article 21, Subparagraph 3 (enforced on July 1, 2019).

09. Enforcement Decree of the Land Expropriation Act, Article 11, Subparagraph 2 (enforced on July 1, 2019).

10. Land Expropriation Act, Article 4, Subparagraph 3 (enforced on July 1, 2019).

request for improvement or submission of opinion from the Central Land Expropriation Committee must reflect such a request or opinion if there is no justifiable reason.¹¹ If necessary for the request for information and submission of opinions, the Central Land Expropriation Committee may invite employees of related organizations or related professional bodies or experts to attend the committee to state their opinions or submit necessary material.¹²

3. Future tasks for strengthening publicness

Promotion of land expropriation projects that meet the criteria for judging publicness

In the past, the opinion of the Central Land Expropriation Committee had to be taken if the Minister of Land, Infrastructure and Transport approves a project or deems a project as appropriate for project approval, but now it has been revised to the current consensus procedure. The Supreme Court ruled that the hearing of opinion refers to listening to opinions and having them as references, and does not mean that the opinions should be followed; decisions should be made

accordingly. On the other hand, while the nature of a consensus differs depending on the law, consensus regarding the provisions of the agenda of approval are not simply a collection of opinions, but are an agreement, i.e. obtaining consent from an administrative body with the authority to approve.¹³ In other words, in case of consensus on project approval, it is reasonable to interpret it as a binding agreement because of the follow-up management provision so that the result of a consensus presented by the Central Land Expropriation Committee is stipulated in the application for adjudication.¹⁴ Therefore, the project operator is obliged to implement the consensus of the Central Land Expropriation Committee, and in the case of nonagreement, the development project can only be carried out by acquisition by agreement. It is necessary to promote a land expropriation project that meets the criteria for publicness.

Ensuring the objectivity of the criteria for consulting project approval

Since land expropriation projects have various project characteristics such as the type of project operator (public, private), project purpose (common use, public use, sale or lease), and project type (area-based projects such as complex

Table 2. Criteria for judging the publicness of the land expropriation projects

Year	Main content		
Publicness of the project	Publicness of the implementation purpose	Type of the main facilities (common use, public use, others)	-
	Degree of public contribution of the project	Ratio of public facility (land)	Public attribution system (land donation, etc.)
	Type of project operator	National government, local government, public agency, private sector	Over 30% ratio of national and local government investment
	Publicness of project finances	Ratio of the input of government finances	100% ratio of public agency equity
	Project implementation ability	Ratio of project finance securement	Performance of the implementation of similar projects (private, SPC)
	Compliance with purpose and upper plan	Whether the main facilities meet the legislative purpose and whether the project is implemented as part of the upper plan	-
	Sustainability of public interest	Reversion of the ownership after completion and management authority after completion	-
Necessity of expropriation	Minimization of damage	Minimization of the infringement of private interests (number of households to be displaced)	Establishment of the resident displacement plan
		Minimization of the infringement of public interests (Ratio of conservation area incorporation, social, economic and environmental damages)	Inclusion of important facilities for public interests
	Appropriateness of the method	Ratio of preliminary land securement (acquisition / agreement)	Reason for the nonfulfillment of prior consultation (Legal incompetence, presence of security regulations, factual incapacity, holdouts, etc.)
		Whether or not there was a dispute	Efforts to alleviate disputes such as face-to-face consultation
	Urgency of the project	Significant urgency to realize public interest	Government core task

Source

Central Land Expropriation Committee, June 2019, Guide to public interest consultation procedures as amended by the Land Compensation Act, p.31.

development, point-based projects such as public facilities, and line-based projects such as roads and railways), the government needs to establish an objective consensus standard in consideration of the previous cases of consensus for project approval. For example, it is necessary to specify the criteria for judging publicness, such as the number of households to be displaced compared with the project area, the ratio of the area acquired by agreement, and the type and ratio of incorporated conservation areas. In particular, in the case of development projects that raise private capital and executes it for profit such as sales and leases, it is necessary to establish criteria for consensus regarding public contributions such as land donations and public attribution of the ownership and management rights of facilities.

Establishment of standards for reviewing institutional improvements such as the establishment, modification, and abolishment of projects for the public interest

It is important to prepare the standards for review that are necessary for institutional improvements, such as the abolition of projects deemed appropriate for project approval regarding land expropriation, strengthening of procedures such as notices for the details of expropriated land tax items, the ratio of land area purchased by private project operators, the timing of project approval, and special provisions for adjudications. First, it is necessary to amend legislation that currently lacks relevant details, such as confirming the expropriation area

through project area notices and disclosing project details and expropriated land, in order to secure the legitimacy to protect the property rights of the citizens. Second, it is crucial to secure the ratio of acquisition or agreement to at least two-thirds of the land area by improving the private project operators' ratio of land area acquisition. Third, in the case of development projects that are deemed appropriate for project approval only by project area designation, it is necessary to make improvements after the time the development plan is established at a minimum, as there is a concern that the contract acquisition may not be proceeded prior to project approval. Fourth, it is important to expand the period of application for adjudication to 3~5 years from the current period that is defined by the Land Compensation Act as one year after project approval, and limit special cases of adjudication under individual laws or consider differentiating the period of special adjudication cases depending on the size and nature of the development project.

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11. Land Expropriation Act, Article 4, Subparagraph 3 (enforced on July 1, 2019).
12. Land Expropriation Act, Article 4, Subparagraph 3 (enforced on July 1, 2019).
13. "In the regulation of permission and approval, consultation with the relevant administrative agency is to check whether the subject of the agenda meets the substantive requirements and whether the subject can be approved; rather than just hearing the opinions of the administrative agency with the approval authority, it is actually a 'consensus' as it seeks the 'consent' of the administrative agency with the authority to approve the subject of the agenda." (Ryu, Chul-ho. 2005, 53).
14. Enforcement Decree of the Land Expropriation Act, Article 12, Paragraph 1, Subparagraph 10 (enforced on July 1, 2019).

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Housing Policy Strategies in Response to Downtown Revitalization

Changyu Park, Minji Noh

1. Introduction

Expectations are rising for downtown revitalization in the form of preserving local assets in downtown areas. Recently, however, increasing displacement of local residents is becoming a social issue due to deteriorating housing environment and rising real estate prices in the process of revitalizing some downtown areas. Numerous articles highlight housing problems in revitalized downtown areas such as the increase of transient population including tourists and deteriorated living environment of residents. While social interest is on the rise, there is insufficient search for housing policy directions to solve the problems such as housing market instability and deterioration of living environment in these areas. It is highly necessary to accurately grasp the residential life and housing market situation in these areas and review the direction of housing policy in response. In this regard, this report intends

to identify issues related to housing and residence through in-depth stakeholder interviews and statistical analysis with a focus on Bukchon and Seochon areas of Seoul and propose relevant policy issues.

2. Effect of downtown revitalization on housing demand and stock

Changes in housing demand in downtown revitalization areas

According to the interviews with residents, civil society activists, real estate agents, and related public officials, the demand for housing in the case areas of downtown revitalization (Bukchon and Seochon) increased significantly in the 2000s, and this high demand continued until 2015. Bukchon and Seochon areas had relatively low real estate prices



and rent before 2000 as areas mainly inhabited by working class households. However, the demand for traditional Korean-style houses, hanok, increased significantly in Bukchon since the 2000s as the traditional hanok landscape was re-evaluated through the media. In this process, gentrification occurred where the original residents living in the area were pushed out to the surrounding suburbs due to rising rent or residential building use conversion to commercial uses.

With the rising real estate prices and rent, the residential areas became reorganized mainly for middle class households and the number of residents using hanok for commercial purposes such as guest houses increased. In addition, those who feel attached to Korean culture, such as Koreans residing overseas, have established a continuous housing demand in this area and many previous residents who sold their homes and moved to other areas during the previous period of housing price rise have returned to this area.

Since 2016, problems such as deterioration of housing environment and difficulty in exercising property rights arose due to excessive tourist visits, however, residents see the increase in tourists differently depending on their interests.

Changes in housing stock in downtown revitalization areas

The case areas of downtown revitalization, Seochon and Bukchon, are areas with almost no new housing supply, therefore, among demand and supply of the market, supply

is affected by changes in building use. Housing stock seems to have decreased in Seochon and Bukchon as existing residential buildings were converted to commercial use. As the attractiveness of the area got highlighted through the media around 2000 for Bukchon and 2010 for Seochon, tourists have increased, and houses previously used for residential purpose have started to turn into commercial buildings. In particular, the change of building use has spread through various channels with increasing asset value of houses that can be used for commercial use as well as rental income. In addition, housing stock for residents to live in has decreased as more and more residential buildings, especially hanok, became to be used for business purposes such as guest houses.

Putting the interview contents and trends of building use change together, in terms of housing supply, housing stock in downtown revitalization areas can be expected to decrease due to the conversion of building use to commercial purpose.

Changes in housing prices in downtown revitalization areas

The case areas have a high pressure on housing price increase because supply is declining while demand has increased significantly. Indeed, housing prices in these areas have soared since the 2000s. Housing prices in Bukchon began to soar around 2000 as its hanok scenery received attention from the media and housing prices in Seochon began to rise from the mid-2000s with the rising interest of people. In both



areas, housing prices continued to rise until around 2016.

The analysis of officially assessed individual land prices of major areas in Bukchon and Seochon, Jongno-gu by lot shows that the prices were distributed at about 3 million won/m² from 1996 to 2000. In 2010, individual land prices of over 5 million won/m² were formed around the roadsides of Tongin-dong, Hyoja-dong, and Changseong-dong in Seochon and land prices of over 8 million won/m² were formed around Jae-dong, Gye-dong, and Gahoe-dong in Bukchon. As of 2017, the distribution of high price lots has expanded even more.

In both Bukchon and Seochon, the real estate prices did not have a large adjustment even during the 2008 global financial crisis, however, housing prices have shifted to a weaker level in recent years due to a decrease in residential attractiveness followed by a surge in the number of tourists and strong regulation through district unit planning. This seems to show the combined effects of the adjustment of soaring house prices, loan regulation, and building use regulation according to district unit planning. **Figure 1, 2**

3. Effect of downtown revitalization on residential environment

Changes in residential environment

Significant deterioration of the living environment of residents caused by a surge of tourists has become an important

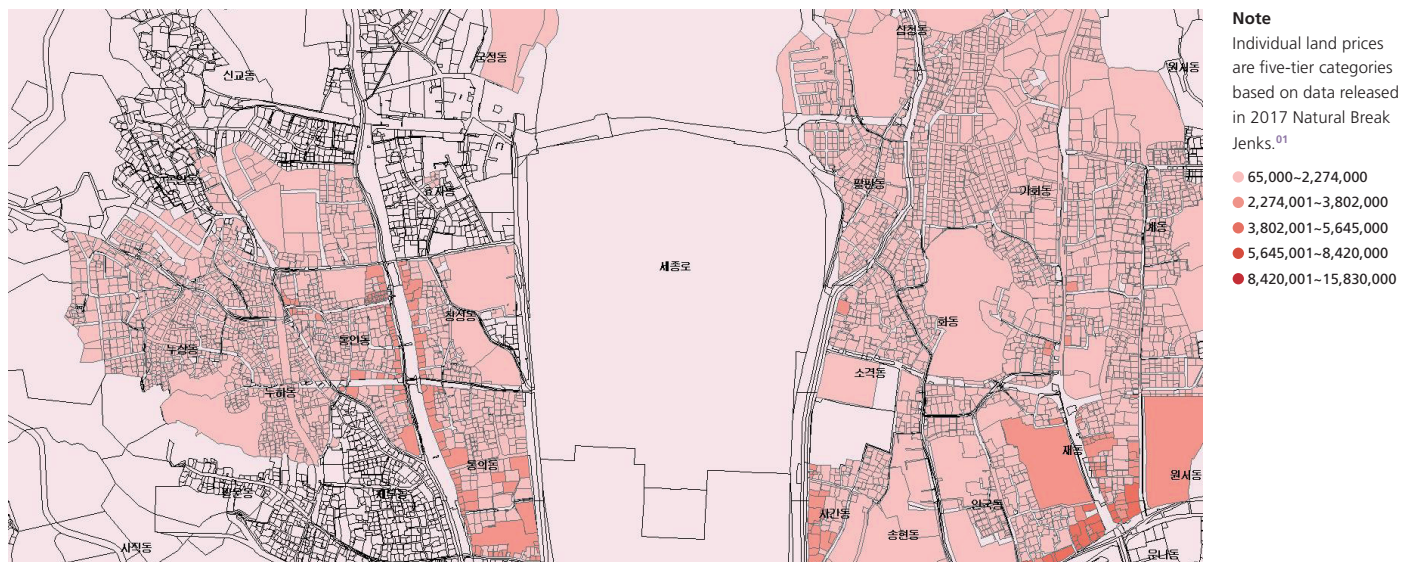
issue in recent years due to increasing problems such as noise pollution, garbage, invasion of privacy due to unauthorized trespassing, and parking issue. First, problems such as increase of noise, garbage, and smoking caused by the surge of tourists are raised as major issues. In addition, there are various forms of privacy infringement caused by the intrusion of tourists. The invasion of privacy in the residents' living spaces varies from observing the inside of the house based on simple curiosity to requiring accommodation in the house. Parking problems caused by tourist buses is also one of the issues that cause large inconvenience to residents' lives. Parking issues are brought up as a major issue as the roadside parking of tourist buses cause traffic congestion and hinder the parking of residents.

Changes in neighborhood amenities

In addition to the direct deterioration of living environment caused by the increase in tourists, the secondary decline in village functions, or the problem of neighborhood Amenities, also appears to be a major factor in the deterioration of residential environment. The main issues of the decline in village functions were suggested as the reduction of neighborhood amenities, deterioration of educational environment, and loss of the village's unique atmosphere.

Neighborhood amenities for residents are decreasing due to the formation of commercial districts centered on businesses for tourists. As commercial areas are formed focusing on cafes and restaurants for tourists, neighborhood amenities

Figure 1. Officially assessed individual land prices of major areas in Seochon and Bukchon, Jongno-gu in 1996 by lot (won/m²)



01. Jenks, George F. 1967. The Data Model Concept in Statistical Mapping. *International Yearbook of Cartography* 7: 186–190.

that residents need such as laundry and supermarkets are disappearing or decreasing, adding inconvenience to residents' lives.

Residents also feel a large need to improve their living environment, feeling that even government institutions such as the city government and the district office are focused on expanding exhibition and cultural space for tourists rather than providing basic community space.

Residents recognize that the education environment is also getting worse due to tourism-oriented space formation. Many felt that the educational environment for residents' children is worsening as spaces are formed for tourists and as policies focus on expanding cultural facilities, which acts as a serious factor for young residents to consider moving away.

As a result of increasing space for tourists and number of visitors, residents perceive that the village atmosphere, the mood, and the merits of hanok have faded significantly.

Changes in the community

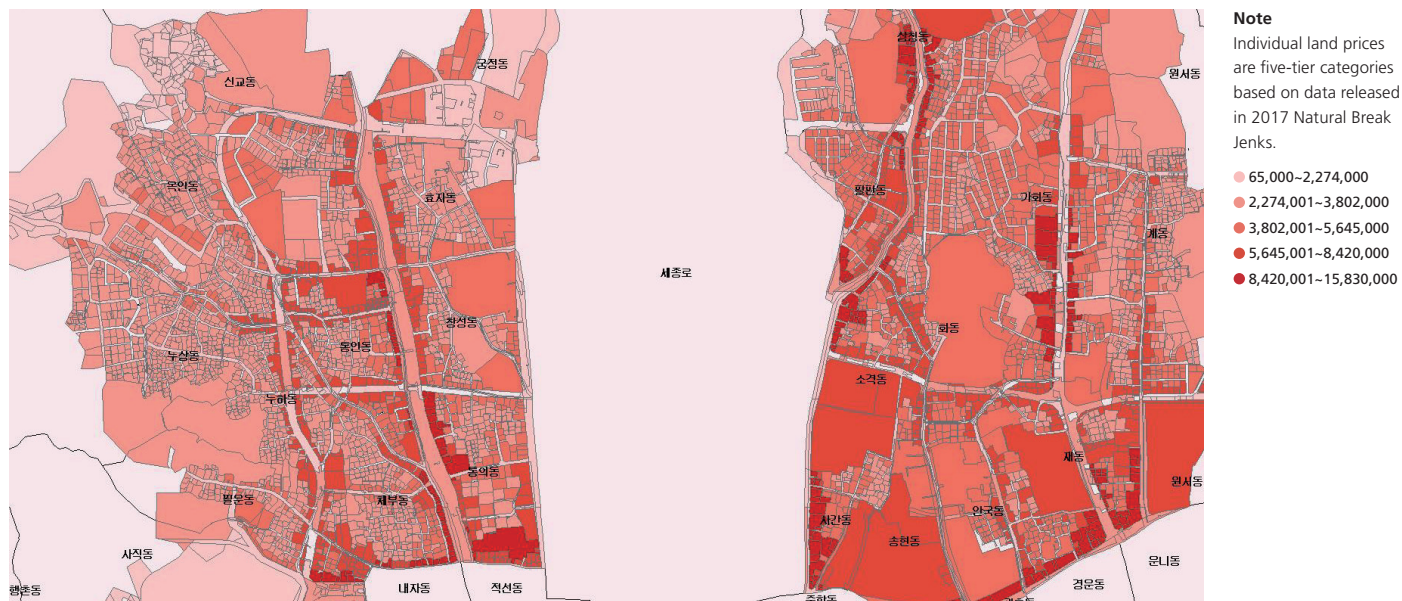
In addition to the direct deterioration of residential environment caused by the increase in tourists, another secondary problem is the causation of conflict among residents and the weakening of community as a result. Residents in these areas consider friendly neighborhood culture among residents as a strength of the community, however, this characteristic is disappearing or weakening. As the character of the village changes from the space for residents to the space for tourists,

conflicts are frequently occurring among residents which did not appear in the past and the weakening of the community as a result is being recognized as an important issue. In fact, a variety of interests emerge when the government sector gathers opinions to promote projects or policies in the areas, resulting in conflict among residents.

4. Housing policy strategies in response to downtown vitalization

While housing demand has increased due to downtown revitalization, the conversion of existing homes to commercial use led to lower housing stock, leading to higher housing prices and rent. In addition, the increase in tourists caused noise and garbage, and the lack of neighborhood Amenities for residents, leading to deterioration of living environment and weakening of the community, and ultimately weakening the settlement of residents and causing an imbalance in housing consumption. To stabilize the housing market in downtown revitalization areas and strengthen the settlement of residents, main policy strategies can include establishing a multi-use housing supply program to provide affordable housing and maintain neighborhood Amenities and residential services, enhancing the settlement through community revitalization, and preemptive establishment of neighborhood infrastructure in response to downtown revitalization. [Figure 3](#)

Figure 2. Officially assessed individual land prices of major areas in Seochon and Bukchon, Jongno-gu in 2017 by lot (won/m²)



Developing a mixed-use housing supply program

In the case of downtown areas that are revitalized by the stabilization of the housing market and the increase in tourists, there is a great need for housing policy programs that can mitigate involuntary moving of residents, increase housing inventories, and provide neighborhood Amenitiess, housing welfare services, and community spaces. Therefore, it is necessary to review a mixed-use housing supply program that can provide stable housing, basic amenities, residential services, and community space. It is possible to provide customized share houses and affordable houses. Vacant houses, public buildings, and public lands can be utilized to provide basic convenience facilities such as laundry, supermarket, and public daycare centers or community spaces such as community study rooms and community lounges on the lower floors and supply various affordable housing tailored to the community such as share houses and public rental housing.

Enhancing the settlement of residents through community revitalization

Community revitalization has also emerged as an important issue as downtown revitalization causes the weakening of the settlement of residents. Conflict mediation programs need to be set up to coordinate interests among residents and between residents and merchants. Conflict factors have increased due to the complication of interests regarding downtown revitalization and there is a need for a mediation program to address this.

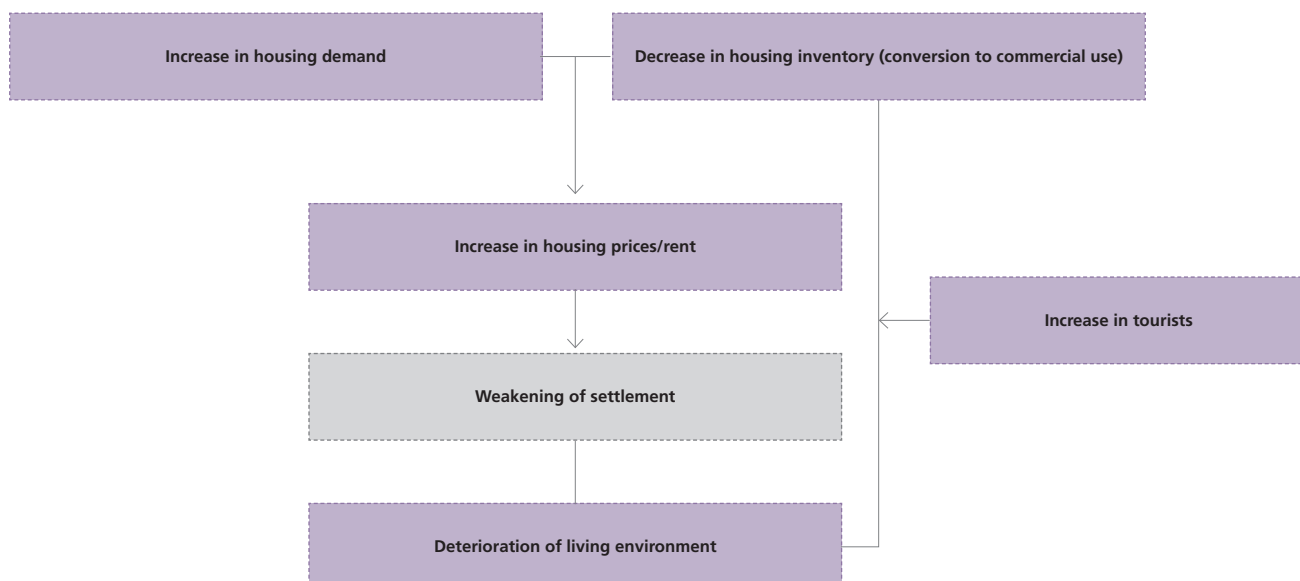
Designing an effective conflict resolution program requires the establishment of a program to train mediators as experts and leading to a prompt resolution of issues through detailed principles and manuals for mediation. In addition, it is necessary to prepare a variety of community support programs to strengthen the settlement of residents through community revitalization.

Recently, while Bukchon has been providing programs for community revitalization through public hanok, etc., they tend to focus too much on tourist-oriented programs and are yet limited in supporting various programs tailored to the social class and generational characteristics of residents. A variety of community support programs should be prepared and provided for diverse residents including children, youth, young adults, and seniors and it is necessary to specify these through conducting resident survey and inducing voluntary participation.

Preemptive establishment and maintenance of neighborhood Amenities in response to downtown revitalization

Along with downtown revitalization, the issue of the lack of neighborhood Amenities emerged to promote the settlement of residents and community revitalization, however, most of the responses are close to follow-up measures. To solve the problem of the weakening settlement of residents in downtown revitalization areas, it is important to preemptively

Figure 3. Effect of downtown revitalization on the housing market



supply neighborhood amenities for these areas by evaluating settlement as an important evaluation indicator. For this, a program should be in place to preemptively establish neighborhood amenities in areas where the settlement of residents is expected to weaken due to downtown revitalization. In particular, when considering downtown revitalization and utilization as a tourism resource through place marking using local assets, projects for improving the living environment must be conducted in parallel to prevent the weakening of the settlement of residents. In addition, there is a need to establish neighborhood Amenities utilizing resources such as public rental commercial spaces and provide support for small local business owners. While the government supports the creation of business spaces with affordable rent by supplying public rental commercial spaces, it is important to establish institutional mechanisms such as the regulations on the types of businesses for priority move-in and tenant eligibility requirements in order to respond to the problem of neighborhood amenities being displaced in downtown revitalization areas.

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“ A program should be in place to preemptively establish neighborhood amenities in areas where the settlement of residents is expected to weaken due to downtown revitalization ”

Housing Support Policy for Reducing Housing Cost Burden

Mina Kang

1. Background

Excessive housing cost burden remains a challenge even in the era of per capita income above \$30,000.

While South Korea's GNI per capita exceeded US\$30,000 in 2018, it is estimated that 11% of general households and 30% of rental households still suffer from excessive rent. This is a challenge that needs to be addressed especially because the lower the income, the greater the burden of rent, energy, and housekeeping.

It is important to resolve blind spots in housing safety, insecurity, and welfare for households living in non-conventional housing units.

It is estimated that there are about 370,000 households living in substandard housing arrangements such as slice rooms (similar to single room occupancy in the US), gosiwon (low-cost single-room accommodation), lodging rooms, shacks, and plastic greenhouses. The provision of a minimum safety

net is essential to secure an adequate standard of living of the households living in the most substandard dwellings.

The priority policy tasks for reducing housing cost burdens were reviewed in the following four aspects: expanding housing benefits, reducing energy costs, providing employee housing for small and medium-sized enterprises (SMEs), and support for households living in non-conventional housing units.

2. Measures to reduce housing cost through expanding housing benefits and realizing standards

Status and issues of the housing benefits system

The housing benefits system supports tenants' rents and homeowners' house remodeling costs and plays a major role in reducing the housing cost burden for households in the bottom



20 percent of the income distribution.

However, since only 4% of general households get housing benefits and the amount of assistance is small, it is difficult to cover the actual rent.

Measures to reduce housing costs by expanding housing benefits

To increase the number of eligible recipients and to provide housing benefits close to the actual rent level, this study proposed to raise the income level which is the level for housing benefit provision and to gradually adjust the rent which sets the level. The expansion of the income recognition standard to the level of relative poverty (50 percent of the median income) has made it possible to reduce housing costs for near-poor households. In addition, it is anticipated that households will be able to secure at least the minimum living level by rationalizing the amount of private rent assistance.

3. Measure to reduce energy costs

Low-income households have a relatively high burden of energy costs and a high percentage of them live in worn-out single-family houses with high heating costs

Low-income households have a relatively high burden of energy costs and a relatively high percentage of them live in worn-out single-family houses with high heating costs. The

Ministry of Trade, Industry and Energy has been implementing the “Energy Efficiency Improvement Project for Low-Income Households” since 2007 to reduce energy costs for low-income families. By 2018, 460,000 households received supports such as construction and installation of insulation, windows, doors and floors, support for boilers, and energy diagnosis. However, issues are raised such as the necessity of estimating energy costs in consideration of the type of housing and occupancy, setting the amount of support, and the inadequacy of the supervision system.

It is necessary to integrate various housing improvement projects, differentiate the amount of support, strengthen energy diagnosis, and strengthen the management system.

When selecting the recipients of support, this study proposed that local governments should identify and recommend subjects in parallel as well as allow direct application, conduct precise diagnosis when performing energy diagnosis, and establish management and supervision system to prepare measures to strengthen public function in construction. This initiative is anticipated to efficiently reduce the energy costs of low-income households.

Table 1. Distribution of households living in non-conventional housing units

Type		No. of households	Composition
Total		369,501	100.0
Dwelling type	Gosiwon and gositel	151,553	41.0
	Lodging rooms	30,411	8.2
	Shacks and plastic greenhouses	6,601	1.8
	Some spaces in the workplace and publicly-used establishments	144,130	39.0
	Others	36,806	10.0

Source
Ministry of Land, Infrastructure and Transport. 2018. Major findings on housing conditions of non-conventional housing units. October 25. Press release.

Note

- The total number excludes ‘office-tel’ and ‘dormitory and social facilities’ from the 770,000 general households based on the 2016 Population and Housing Census
- ‘Others’ include warehouses, town centers, senior citizen centers, churches, and containers away from towns, etc.

4. Measures for job creation and housing cost reduction by providing employee rental housing for SMEs.

The welfare level of SMEs is lower than that of large companies, which causes frequent turnover and labor shortage.

While SMEs account for 82% of workers and 43% of sales in Korea, managers of SMEs face labor shortage and high turnover. The largest cause of this is "because the level of pay and welfare is low". It is important to prepare measures to reduce housing cost and secure jobs by improving the welfare level of SME workers.

Supply for employee rental housing for SMEs

It is necessary to consider using public housing (buy-to-rent housing) as rental housing for SME employees or establishing shared dormitories. The method of utilizing buy-to-rent housing managed by the Korea Land and Housing Corporation (LH) has the advantage of enabling SMEs to reduce their burden of constructing and supplying employee housing directly and to allow employees to live at low housing costs. This study suggested applying this initiative to SMEs with 30 or more employees to provide rental housing to employees with less than 70% of average monthly income. It also proposed to operate shared dormitories for employees by utilizing buy-to-rent housing. The supply of employee rental housing for SMEs

is expected to achieve two goals of securing stable jobs and reducing housing costs.

5. Measures to support households living in non-conventional housing units

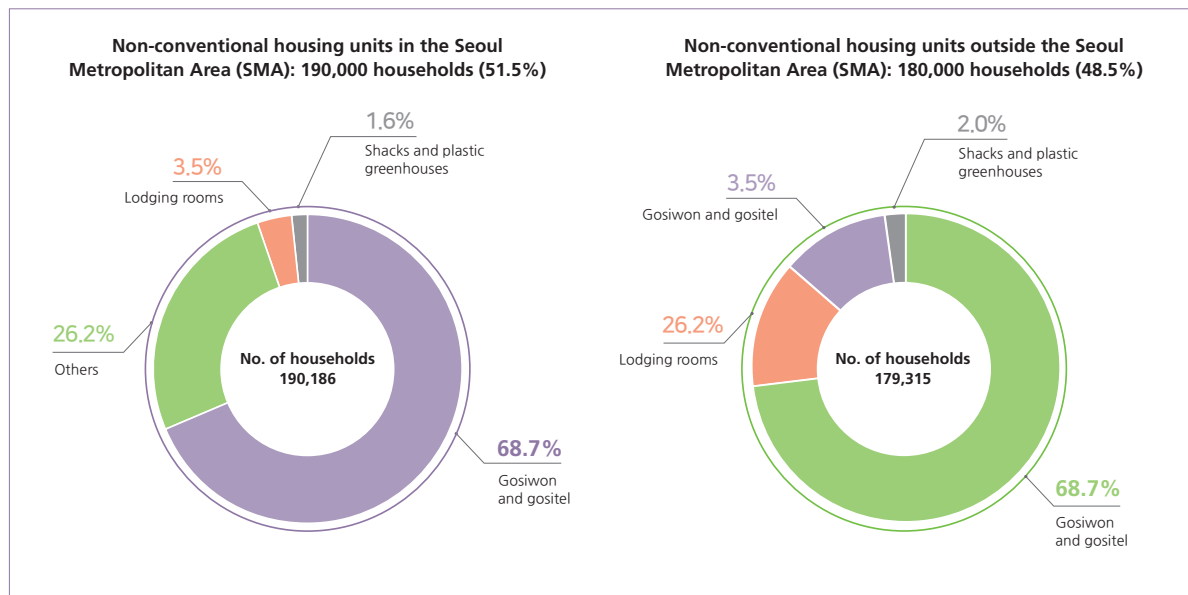
It is essential to prepare measures to provide housing stability for 370,000 households living in non-conventional housing units.

Among the households living in non-conventional housing units, about 150,000 live in gosiwon and gositel (low-cost single-room accommodation), 30,000 live in lodging rooms, 6,000 live in shacks and plastic greenhouses, and 14,000 live in some spaces in the workplace. [Table 1 Figure 1](#)

Sprinkler installation and remodeling projects in non-conventional housing units vulnerable to fire

It is necessary to install sprinklers in deteriorated gosiwons for protection against fire and review supply and management to remodel and renovate them at the same time so that they can serve as low-cost housing. First, it is necessary to perform surveys to identify actual conditions of non-conventional housing units such as slice rooms and gosiwons and enact a separate housing standard for these non-housing units. It is also necessary to implement remodeling, reconstruction and redevelopment projects in combination with various residential

Figure 1. Types of non-conventional housing units by area



Source
Ministry of Land, Infrastructure and Transport. 2018. Major findings on housing conditions of non-conventional housing units. October 25. Press release.

welfare programs at the local government level. These households require housing support with the highest priority and measures must be prepared to supply and manage safe and low-cost dwellings that secure an adequate standard of living for them.

6. Implications for developing countries

While the reliable provision of safe, sanitary and affordable housing is a challenge that most developing countries are faced with, priorities should be given according to the situations and circumstances of each country and solutions need to begin within the limits of the possible.

For example, to solve the housing problem of slum residents, rather than remodeling the units, it is important to establish a project plan in consideration of the available financial resources and places that current households can move to. In other words, considerations should first be given to the provision of minimum safety and housing conditions before proceeding with the project. In addition, as developing countries have a problem of households having low income, it may be advisable to seek project options to solve housing and employment issues.

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“Considerations should first be given to the provision of minimum safety and housing conditions before proceeding with the project”



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