Land Development and Management Laws in Korea
This work is a publication intended to share the knowledge and stream of Korea's laws related to land development and management from the early 20th century to the present. Please note that the English version of the laws in the Korean version of this book is not an official translation.

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Summary

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1. SIGNIFICANCE AND CHARACTERISTICS OF LAND OWNERSHIP

1) Significance of Land Ownership

The concept of land ownership reflects the unique history, customs and popular sentiments of each nation. There are two bodies of law that form the basis of this area: the Constitution – the general body of law governing property relations, and the Civil Code – the numerous public laws that define its contents and limitations. The Constitution of the Republic of Korea states that the “[r]ight of property shall be guaranteed for any citizen. Contents and limitations thereof shall be determined by Act” (Article 23, Paragraph 1) and stipulates the right to private property as a basic right. The Civil Code specifically stipulates the contents of ownership as by stating that “the owner has the right to use, profit from, or dispose of one’s possession within the scope of the law” (Article 211), and regulates the scope of land ownership by stating that “ownership of land is exerted over and under the land within reasonable profitable range” (Article 212).

The contextual evolution of the guarantee of and restrictions to land ownership in Korea has been largely influenced by France, Germany, and Japan. Following the French Revolution in 1789, modern land ownership came to be established as a sacred and inviolable right. Because of the evils of capitalism such as monopolization and the concentration of capital by the minority where class divisions give rise to the rich getting richer and the poor getting poorer, such absolute land ownership transformed into modern land ownership emphasizing the social and public nature from the end of 19th century. Modern land ownership originates from the Weimar Constitution of 1919 which states
that “ownership imposes a duty, and its exercise must be in the service of the common good” (Article 153, Paragraph 3), guaranteeing private interests while regulating or imposing an obligation regarding the public interest at the same time. The Constitution of the Republic of Korea has also included land ownership in property ownership since its establishment until now and stipulates the limitations of ownership by declaring “the right of property of all citizens shall be guaranteed. The contents and limitations thereof shall be determined by Act. The exercise of property rights shall conform to the public welfare” (Article 23, Paragraphs 1 and 2, Constitution)

More specifically, like all other forms of ownership, land ownership can be limited legally such as limitations by private law including limitations by the principle of good faith and principle of prohibition of the abuse of rights (Article 2, Civil Code), limitations by neighborhood relations (Articles 216 through 244, Civil Code), as well as limitations by public law for public welfare and social interest (Article 23, Paragraphs 2 and 3, Constitution). In particular, the Constitution maintains a special provision over land ownership so that stronger limitations can be applied to it unlike ownership of other objects (Articles 119 through 122, Constitution).

However, with regard to land ownership, there is a limit in which the essential aspects may not be violated (Article 37, Paragraph 2, Constitution). A loss of property basis such that a person cannot lead free development and a self-responsible life, the foundation for recognition of private property, would be an essential violation of land ownership. There has been much debate in Korea regarding the limitations of land ownership restriction such as the public concept of land ownership, the land trading license system, excessively increased valuable land tax, development restriction areas, long-delayed urban planning facilities, and maximum ownership of construction site systems.

2) Characteristics of Land Ownership

Land ownership in Korea consists of a unique system unlike other countries. Historically, ownership of land and buildings during the Chosun dynasty consisted of a land-oriented unitary ownership system, which is contrary to today's system. However, the dualistic system of land ownership and building ownership, introduced in 1912 during Japanese colonial rule, has continued to today even after the country's liberation in 1945. Such ownership system has caused complexities in real estate laws and problems unseen in other countries in areas such as real estate registration, real estate compensation, real estate taxation, and real estate valuation. Furthermore, these characteristics serve as the fundamental limitations in comparing or adopting the real estate systems of another country.
According to Article 99 of the Civil Code, land, which is the subject of land ownership in Korea, is divided into immovable (real estate) and movables, where immovable properties are defined as land and its fixtures. Real estate refers to things that are fixed such as land or buildings, or things that are almost impossible or difficult to move. The term “real estate” first appeared in 1898, and began to be used widely under Japanese colonial rule. General properties of real estate include being natural, spatial, environmental, locational, and related to assets, while characteristics of real estate are properties unseen in other goods and thus related closely to problems associated with real estate. Characteristics of land include being unproductive, fixed, irreplaceable, having permanence (indestructibility), and productivity; while characteristics of buildings include artificiality, productiveness, movability, no-permanence, and dependency. These characteristics of land continuously pose difficult challenges such as efficient utilization and distribution of limited resources, development and environmental preservation, and balancing between public and private good.

2. COMPOSITION OF LAND-RELATED LAWS

In Korea, limited resources were unable to satisfy the explosive growth in demand during the industrialization period after the 1960s. Consequently, land-related laws have advanced continuously by regulating the conflict between public and private good by taking into account the fact that land is both a subject of ownership and an object of public or social nature.

Real estate law is a collective term for the legal system related to real estate. That is, real estate law is the academic field dealing with real estate-related laws or the laws themselves. Since Korea defines
land and its fixtures as real estate, real estate law is defined as laws relating to land, buildings, and other fixed real estate on the land. Since Korean real estate law focuses mainly on land and building ownership, individual laws are categorized largely into two fields of public property law and private property law. Depending on the contents, public-private law is further divided into planning and usage regulation, real estate development, real estate acquisition and management, while private property law is divided into real estate ownership and management, and real estate lease.

Land-related laws refer to mandates applying public regulation regarding land. Land-related laws consist of laws on the ownership, usage, development, preservation, transaction, and management. These include various land-related regulations, and focus on the restriction of property rights for the public good. Land-related laws are composed of various regulatory mandates regarding land ownership such as mandates on planning and utilization of national territory. It is far from a simple task to tell which mandates belong to land-related laws and which are based on the characteristics of land ownership, since the properties and contents are intertwined with individual mandates.

Of the land-related laws closely related to national life, this report selects those related to the development and organizes them into the five categories of lot development, urban development, urban redevelopment, housing construction, and industrial complex development. Division was also made into the two areas of development support of land acquisition and land management. These laws were then also divided into two time periods of development: the period from 1960-2000 and the growth management period from 2000-present. Each individual land-related law is described, focusing on project procedure and contents, while excluding information about housing distribution and management. Many pieces of legislation in “Chapter 2: Development Period” have undergone many revisions and are no longer being enforced today. Therefore, the laws are organized based on legislation pieces prior to the growth management period. The pieces of legislation in “Chapter 3: Growth Management Period” deal with the contents of the laws current as of May 2012. “Chapter 4: Laws” includes the full text of laws discussed in Chapters 2 and 3.
Figure 1  Main Laws and System of Real Estate Law in Korea
Chapter I

Real Estate Ownership and Management

- Act on Ownership and Management of Aggregate Buildings
- Act on the Registration of Real Estate Under Actual Titleholder's Name
- Housing Lease Protection Act
- Commercial Building Lease Protection Act
- Rental Housing Act

Real Estate Leasing

- Private Law on Real Estate

Figure 2 Land Development and Management Laws in Korea

Land Development and Management

- Land Readjustment Project: Land Readjustment Project Act
- Residential Complex Preparation Project; Housing Construction Promotion Act, Urban Planning Act
- Urban District Creation Project; Urban Planning Act
- Industrial Lot Preparation Lot; Urban Planning Act
- Industrial Complex Development Project; Industrial Base Development Promotion Act, Local Industry Development Act, Rural Income Development Act
- Housing Redevelopment/Reconstruction/Dwelling Environment Improvement Project; Urban Planning Act, Urban Redevelopment Act, Housing Construction Promotion Act, Special Measures on Improvement of Residential Conditions for Urban Low-income Residents
- Acquisition of and Compensation for Public Lot; Land Expropriation Act, Act on Special Cases Concerning Acquisition of and Compensation for Public Lot
- Land Market Management; Act on Public Notice and Appraisal of Land Price

Growth Management

- Housing Site Development project; Housing Site Development Promotion Act
- Urban Development project; Urban Development Act
- Urban and Dwelling Environment Improvement Project (Redevelopment/Reconstruction/Dwelling Environment Improvement/Urban Environment Maintenance); Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents
- Industrial Complex Development Project; Act on Acquisition of and Compensation for Land, etc. for Public Works
- Real Estate Market Management; Act on Public Notice and Appraisal of Real Estate Price

Korea Land Development and Management

Development Period

Growth Management Period
Chapter II
Land Development and Management during Development Period

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1. LAND READJUSTMENT PROJECT (1934 - 2000)

1) Significance and Major Changes

The Land Readjustment Project refers to projects changing the boundaries of a land by exchange, division, or merger in order to increase efficiency and improve public facilities in building sites; changing lot category or land quality; or installing and changing a public facility (Urban Planning Act 26, Land Readjustment Project Act 2, Paragraph 1, Clause 1). The Land Readjustment Project exchanges, divides, or combines land of a land owner depending on location, area or usage situation. It may also be part of the land used as a public facility lot or sold to cover project cost. If there is an imbalance in the land price among the individual land owners, it is adjusted through a collection and disbursal, or settlement amount. The Land Readjustment Project began in 1934 by the Japanese through the “Chosun Urban District Planning Degree” which sought to exercise strict control over urban land to make colonial rule permanent and turn Chosun into a logistics base.

Initially, the Land Readjustment Project was included as part of urban planning measures under the Urban Planning Act of 1962. In 1966, however, land readjustment was separately enacted in the Land Readjustment Project Act in order to respond to the rapidly increasing lot demand due to rapid urbanization. This was to prevent confusion in the project procedure coming from the application of the Urban Planning Act and Land Improvement Project Act.

With the Land Readjustment Project Act enacted and made public on August 3rd, 1966, the Land Readjustment Project was expanded to include not only site utilities, but also maintenance of public
facilities. Also, the interests of land owners were able to be protected by promoting rationalization of loss indemnification from the project’s implementation. The Land Readjustment Project was used extensively during the urbanization under Japanese colonial rule and during the recovery period following the Korean War. The Urban Planning Project aspect of the Urban Planning Act prior to 2000 and the Land Readjustment Project Act were combined and supplemented to enact the Urban Development Act, which is basically the Act on which urban development continues to be guided to this day.

![Changes in Applicable Act for Land Readjustment Project](image)

**2) Project undertaker, Implementation Site, Implementation Period**

By principle, the land readjustment project within the urban development areas is to be executed by the land owner or union (Land Readjustment Project Act\(^1\) Article 6, Paragraph 1), but under particular circumstances with exception to the national or local government, the Korea National Housing Corporation or the Korea Land Corporation\(^2\) may also be the executor (Act, Article 7, Paragraph 1). However, the readjustment project in semi-urban regions as defined by the Act on Utilization and Management of National Territory is executed by the local government (Act, Article 7, Paragraph 3). The Land Readjustment Project is executed on land in urban development regions and some non-urban regions (semi-urban regions according to the Act on Utilization and Management of National Territory) (Act, Article 3). The executor of the Land Readjustment Project must execute the project within the designated project period, with consideration to the scale of construction expenses or the difficulty of the project (Act, Article 71, Paragraph 2).

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1) Land Readjustment Project Act (amended 1999. 2. 8, legislation 5911) is abbreviated as “Act” hereinafter.
2) The Korea National Housing Corporation and the Korea Land Corporation were merged into the Korea Land and Housing Corporation by the Korea Land and Housing Corporation Act (effective 2009. 10. 1, legislation 9706, enacted 2009. 5. 22), therefore they will be referred to as the Korea Land and Housing Corporation hereinafter.
3) Pre-Execution Procedure

(1) Execution by Land Owner

Land owners refer to those who have ownership or rights other than particular ownership such as surface rights over the Land Readjustment Project Execution Zone (Act, Article 2, Paragraph 1, Clause 3). If a land owner desires to execute the Land Readjustment Project, the said land owner attaches and submits an agreement (in case of joint execution) and associated business plan to the mayor or district governor in the relevant jurisdiction and must also receive the permission from the Minister of Construction and Transportation within the appropriate deadline (Act, Article 9, 10). When the land owner applies for execution approval, consent must be obtained from more than one-half of the total number of owners in the execution zone and from land owners accounting for more than two-thirds of the land area in the zone (Act, Article 11). The same process is followed if the person, who has obtained approval for project execution, wishes to change the agreement or project plan or suspend or abolish the readjustment project (Act, Article 14, Paragraph 1).

<<< Process for Application for Project Execution Approval by Land Owner

Land owner consent → Apply for project execution approval (attach agreement and business plan: land owner) → Go through local government body (major or district governor) → Make copies of related documents open (Minister of Construction and Transportation) → Submit opinion (land owner and interest parties) → Approval of project execution (Minister of Construction and Transportation) → Announce approval of project execution (Minister of Construction and Transportation)

(2) Execution by Union of Land Owners

The Land Readjustment Project within urban development regions may be executed not only by land owners but also by a land readjustment union established the respective land owners (Act, Article 6, Paragraph 1). If the land owners desire to establish a union to execute the readjustment project, more than 7 land owners inside the execution zone are required to set up an Articles of Association and associated business plan, as well as receive the approval of the Minister of Construction and Transportation for the establishment of the union and execution of readjustment project within the appropriate deadline (Act, Articles 16, 31, and 10). When applying for the approval of the union, an agreement from the respective land owners accounting for at least two-thirds of the land surface in the execution zone must be obtained beforehand (Act, Article 17).

The union is established as a corporate body by registering at a main location of business (Act,
Articles 18, 19), and union members must be comprised of the land owners within the union’s execution zone (Act, Article 21). In addition, the union will need to include a union representative, director, and auditor as determined by the Articles of Association (Act, Article 22, Paragraph 1). These executives shall be elected from and by the union members at the General Meeting as stipulated in the Articles of Association (Act, Article 22, Paragraph 2). Also, the term of office shall be stipulated in the Articles of Association, but not exceed a period of four years (Act, Article 22 Paragraph 3). The union shall hold general meetings with the union members (Act, Article 25), where changes in Articles of Association or business plan will be voted on (Act, Article 26). If union members number more than 100, the union may establish a meeting of representatives instead of a general meeting. The number of representatives at the meeting of representatives will be stipulated in the Articles of Association, provided it is more than one-tenth of the total number of union members (Act, Article 27).

As determined by the Articles of Association, the union may assess and collect public expenditures from members to cover expenses necessary for the Land Readjustment Project (Act, Article 28), and if deemed necessary, may also take out a loan (Act, Article 30).

(3) Execution by Local Government or Korea Land and Housing Corporation

If there are specific reasons or circumstances, for example if the land owner does not apply for project execution approval or union establishment within the set deadline or the application is found to be illegal or unreasonable, the Minister of Construction and Transportation may order the relevant local government or the Korea Land and Housing Corporation to execute the project (Act, Article 7, Paragraph 1). In this case, the Minister of Construction and Transportation shall designate the purpose of the project, project name, executor, executing region, executing land area, and permit application date, then announce said designations in the official gazette (Act, Article 7, Paragraph 2).

<<< Process for Application for Project Execution Approval by Local Government

Apply for project execution approval (attach agreement and project plan: local government, etc) → Make copies of related documents open (local government, etc) → Submit opinion (land owner and interest party concerned) → Approve project (Minister of Construction and Transportation) → Announce approval of project execution (Minister of Construction and Transportation)

If the local government or the Korea Land and Housing Corporation desires to execute the Land Readjustment Project, it must set the execution code and business plan, and receive approval from the Minister of Construction and Transportation regarding the execution (Act, Article 32, Paragraph 1). In the
(4) Execution by National Government

If the Land Readjustment Project needs to be executed together with a public facilities project or if there is a particular reason or circumstance as to why the readjustment project cannot be conducted by the land owner, union, or local government, then the Minister of Construction and Transportation may execute the project directly (Act, Article 8, Paragraph 1). In such case, the Minister of Construction and Transportation shall designate the purpose of project, project name, executor, executing region, executing land area, and permit application date, and then announce it in the official gazette (Act, Article 8, Paragraph 2).

If the Minister of Construction and Transportation desires to execute the Land Readjustment Project, the execution code and business plan should be set (Act, Article 25, Paragraph 1), and a copy of the code and business plan should be made public for 14 days. During this period, land owners and other interested parties may submit a written opinion to the Minister (Act, Article 35, Paragraph 3). Afterwards, the confirmed execution code and business plan must be made public (Act, Article 35, Paragraph 3). The business plan for the land readjustment project shall be in accordance with plans regarding other public facilities decided in the urban development of the area and should also ensure sufficient school sites needed for elementary and secondary education. (Act, Article 80).

(5) Other Pre-Execution Procedures

Receiving execution approval for the land readjustment project is considered as receiving approval for a public waters reclamation license, river conservation permit, or permit for private use of a river (Act, Article 80-2, Paragraph 1). When approving the execution, if such issues are included, the head of the relevant institution should be consulted in advance (Act, Article 80-2, Paragraph 2).

The executor of the land readjustment project, or those who have been ordered or delegated to execute it, may enter another’s land as needed for the execution or preparation of the readjustment project with the permission from the mayor or district governor (Act, Article 36). If any party suffers damage in the aforementioned process, the executor shall indemnify the damages (Act, Article 37). From the date that the land readjustment project execution approval is announced to the date that replotting is announced, any party wishing to change land form/quality, construct/reconstruct/extend building and other structures, or install/pile objects should receive permission from the mayor or district governor (Act, Article 39).

When designating land reserved for replotting, halting use of income for aforementioned land, or
executing construction for modification or discontinuation of public facilities, the executor may move or remove structures or obstacles in the construction zone if deemed necessary (Act, Article 40). If any party suffers damage in the process, the executor shall indemnify the damages (Act, Article 41).

The executor may split or merge land to change land ownerships if deemed necessary for the execution of the land readjustment project (Act, Article 43).

4) Project Execution

(1) Replotting Plan

In order to carry out replotting the disposal of land within the execution zone, the executor must establish the ① replotting design, ② replotting statement by lot, ③ statement for land to be settled by lot and by ownership, and ④ replotting plan stating secured or reserved land (Act, Article 46). When setting the replotting plan, the executor (except the Minister of Construction and Transportation) must receive approval from the mayor or governor (Act, Article 47, Paragraph 1). The approval procedure for replotting plan is the same as that of the project execution (Act, Article 47, Paragraph 2).

If the executor desires to evaluate the value of land in the execution zone to determine the optimum for replotting plan, the decision should be made with the review of Land Valuation Committee and shall have the land be evaluated by an authorized valuation institution (Act, Article 48-2).

In case of the application or agreement from the land owner, all or part of applicable land may not be subject to replotting (Act, Article 49). If the size of land area needs to be modified to prevent disaster or sanitation hazard, the executor may decide to replot so that the small piece of land does not become an area that is too small (Act, Article 50). To prevent land that is too small in the replotting plan, the executor may obtain the consent of the land owner to set a replotting plan. If needed in special circumstances, the replotting plan provides a part of a building that the executor or administrative agency is authorized to dispose of and provides the land that the building is located in, in replacement for the land that is the object of replotting (Act, Article 51).

When deciding replotting or excluding from replotting, the excess or shortage should be settled monetarily by taking into consideration location, purpose, area, soil quality, maintenance, usage status, environment, etc. of the aforementioned land or replotting (Act, Article 52, Paragraph 1). The settlement amount should be decided at the time of replotting land disposal (Act, Article 52, Paragraph 2).

The executor may exclude certain land from replotting or designate them as secured or reserved land
in order to cover necessary expenses for the readjustment project or achieve any purpose stipulated in the mandate, Articles of Agreement, execution code, or business plan (Act, Article 54, Paragraph 1). If recognized as necessary to promote national housing construction according to the Housing Construction Promotion Law, the Minister of Construction and Transportation may designate part of the reserved land as group (Act, Article 54, Paragraph 2).

(2) Designation of Land Reserved for Replotting

If deemed necessary for the execution of the land readjustment project, the executor may designate land inside the execution zone as land reserved for replotting (Act, Article 56). If designated as land reserved for replotting, the land owner or leaser may exercise the same rights as before from the effective date of designation to the announcement date of replotting disposal, and may not use or profit from aforementioned land (Act, Article 57).

For land decided as not being subject to replotting, the executor may set a deadline for land owners and leasers so that they may not use or profit from all or part of the said land (Act, Article 5). From the date that all or part of the land has no one to use or profit from because it is designated as land reserved for replotting or usage/profit has been suspended, the executor will manage such land until the date that disposal of replotting land is announced (Act, Article 59).

If land with purpose such as lease rights is designated as land reserved for replotting, an increase or decrease in lease may be claimed (Act, Article 69), or rights may be waived (Act, Article 69, 70, 57, Paragraph 5).

(3) Disposal of Replotting Land

The executor shall make public the entirety of the replotting plan area within 14 days of completion of readjustment construction, and all construction-related documents shall be made public for 14 days (Act, Article 61, Paragraph 1). Owners or interested parties of the land inside the execution zone may submit a written opinion during this period to the executor, and upon receiving said written opinion, the executor shall take appropriate action, based on the result of the readjustment construction and suitability with regard to the execution permit (Act, Article 61, Paragraph 2). Upon reporting the completion of construction, the executor must dispose of the replotting land without delay (Act, Article 61, Paragraph 4), and at this time, issues decided in the replotting plan should be notified to the land owner and made public (Act, Article 61, Paragraph 5). When the executor reports the completion of construction, it is deemed as receiving permission for the completion of public waters reclamation (Act, Article 80-2, Paragraph 3).
After the reploting land disposal is announced, the land designated for reploting by the reploting plan is considered to be as such from the day following the announcement of disposal, and any existing rights over the previous land not designated for reploting will be lapsed at the end of the day of the announcement of disposal (Act, Article 62, Paragraph 1). In order to prevent land that is too small, those receiving vertical land disposal according to the reploting plan will acquire part of the applicable structure and joint ownership of land where the structure is, as decided by the reploting plan, on the day after the announcement of reploting disposal. In this case, mortgage rights over the previous land are seen as existing over part of the aforementioned building or share of the land where the building is from the following day of the announcement of the said reploting disposal (Act, Article 62, Paragraph 4). When the secured land or reserved land is designated by the reploting plan, the ownership of said secured land is acquired by the executor and the ownership of the reserved land is acquired by the person designated in the reploting plan the following day of the announcement of reploting disposal (Act, Article 62, Paragraph 6).

The public facility lot created by the execution of the Land Readjustment Plan is reverted to the national or local government depending on the manager on the following day of the announcement of reploting disposal. However, regarding the public facility, school lots needed for elementary, middle and high schools or market lots are reverted with a cost (Act, Article 63). The public facility installed through the land readjustment project is managed by the mayor or district governor in their respective jurisdiction unless specified otherwise in the enforcement decree, and the agreement set forth in the Articles of Association of execution code (Act, Article 64). If there is an announcement of reploting disposal, the executor must notify the registration office in the relevant jurisdiction without delay (Act, Article 65), and the secured land or reserved land should be disposed or managed reasonably according to the purpose or methods set forth by the agreement set forth in the Articles of Agreement execution code, or project plan (Act, Article 66).

The settlement amount is confirmed the day after the announcement of the substitute lot disposal (Act, Article 62, Paragraph 5), and the executor must collect or distribute the settlement amount (Act, Article 68, Paragraph 1). When the person or party who is responsible to pay the settlement does not pay, the executor or appointed administrative agency may collect through the disposition for failure in national or local tax payments (Act, Article 68, Paragraph 3). The right to receive or collect the settlement expires if not exercised within 5 years (Act, Article 68-2).
2. HOUSING LOT PREPARATION PROJECT (1962 - 2003)

1) Significance and Major Changes

The Housing Lot Preparation Project is divided into multiple housing lot preparation projects, and housing construction and building site preparation projects. Multiple housing lot preparation projects refer to the urban planning project conducted in areas greater than 10,000 m² for mass construction of housing structures (Urban Planning Act, Article 2, Paragraph 1, Clause 8; Decree, Article 4, Paragraph 1). The housing construction business refers to projects building more than 20 single family homes or 20 units of multi-unit homes, and the building site preparation refers to projects building houses in areas greater than 10,000 m² (Housing Construction Promotion Act, Article 33, Paragraph 1; Decree, Article 32, Paragraph 1).

Multiple housing lot preparation projects were conducted under the Urban Planning Act from 1962 to 1999, but were developed into the Urban Development Act in 2000. Meanwhile, housing construction and building lot preparation projects are projects building multi-unit homes in connection with the comprehensive plan for housing construction, the national housing fund, and land readjustment project, in order to build homes with housing funding from the government and provide affordable housing to low-income working families. Concentration of populations and industries in cities caused a severe housing shortage in urban areas. In order to address this problem, the Public Housing Act of 1963 and the Housing Construction Promotion Act of 1972 were enacted to institutionalize the Housing Lot Preparation Project for housing construction. The Housing Construction Promotion Act was replaced by the Housing Act in 2003, and continues on today.

Figure 4  Changes in Applicable Acts for Housing Lot Preparation Project

- Multiple housing lot preparation project
  - (formerly) Urban Planning Act
  - (1962 - 1963)

- Housing construction/building lot preparation project
  - (formerly) Public Housing Act
  - (1963 - 1972)

- Apartment zone development project
  - (1973 - 1999)

- Urban development project
  - (Urban Development Act)

- Housing construction/building lot preparation project
  - (formerly) Housing Construction Promotion Act
  - (2003 - Present)
2) Multi-Housing Lot Preparation Project

The Multi-housing Lot Preparation Project is executed as an urban planning project to carry out urban planning development (Urban Planning Act 3), Paragraph 1, Clause 5). If deemed necessary for surveying, measuring, or execution of urban planning or urban planning projects, then executor of the Multi-housing Lot Preparation Project may enter land owned by another or temporarily use that land as a material yard or road and in case of special needs, may modify or remove obstacles including trees and soil (Act, Article 5, Paragraph 1). If any party suffers damage in the process, an affiliated administrative agency of the executor or the executor of the Multi-housing Lot Preparation Project shall indemnify the damages (Act, Article 6, Paragraph 1).

The executor of the Multi-housing Lot Preparation Project refers to the executor of urban planning project based on the Urban Planning Act or other legislative codes (Act, Article 2, Paragraph 1, Clause 11). In principle, the mayor or district governor of the administrative area is considered the executor but by exception, the executor may be designated through alternative agreement or by the Minister of Construction, mayor or district governor (Act, Article 23). If the executor is not the mayor or district governor, the person designating the executor must publically announce the designation as determined in the Construction Ministry decree (Act, Article 23, Paragraph 6).

The executor of the Multi-housing Lot Preparation Project must prepare an execution plan attaching or specifying design documents, planning of funds, and the work schedule necessary for project execution and receive permission from the Minister of Construction (Act, Article 25). When approving the execution plan, the Minister of Construction should announce in advance and make public copies of the related documents for 14 days (Act, Article 25-2). When approving the implementation plan for multi-housing lot preparation projects, the Minister of Construction must make public the contents of the permit (Act, Article 26).

The executor may exercise or use ownership and other rights over land, buildings, or fixtures on the land necessary for the Multi-housing Lot Preparation Project inside the urban development area.

3) Urban Planning Act (amended 1999. 5. 24, Act No. 5982) is abbreviated as “Act” hereinafter.
(Act, Article 29). Regarding land use or expropriation, the Land Expropriation Act is followed, except in special regulations in this Act. However, approval of the implementation plan for multi-housing lot preparation projects is considered as acknowledgement of the said project (Act, Article 30).

When the executor of the Multi-housing Lot Preparation Project completes the construction, he must submit construction completion report to the mayor/governor and undergo completion inspection (Act, Article 30-2, Paragraph 1). When the mayor/governor decides, based on the inspection results, that the construction has been completed according to plan, the certificate of inspection should be issued to the executor and completion of construction should be announced (Act, Article 30-2, Paragraph 3). By principle, expenses for multi-housing lot preparation projects should be borne by the National Treasury if the executor is of the national government, the local government if the head of local government is the executor, and self-borne if the executor is not an administrative agency (Act, Article 62). If an administrative agency installs or replaces a public facility based on the permit for the implementation plan for the Multi-housing Lot Preparation Project, then the existing public facilities are reverted to the person who has received approval or permission at no cost. The new public facilities are also reverted to the managing administrative agency at no cost, regardless of regulations such as the National Property Act and Local Finances Act (Act, Article 83).

3) Housing Construction and Building Lot Preparation Project

(1) Apartment Zone Development Project

When an apartment zone is designated, the mayor (including mayors of special metropolitan cities and other metropolitan cities) or district governor must establish a basic plan for the apartment zone development (zone development plan) and receive approval from the head of the central administrative agency, mayor, or governor (Housing Construction Promotion Act, Article 20, Paragraph 1). Upon receiving approval, the mayor or district governor should announce the zone development plan and make said announcement open to the public (Act, Article 20, Paragraph 2).

<<<< Procedure for Apartment Zone Development Project

Establish zone development plan (mayor·district governor) → Request approval of zone development plan (mayor·district governor) → Approve zone development plan (head of central administrative agency·mayor of special metropolitan city·mayor of the metropolitan city·governor) → Announce and open zone development plan (mayor·district governor) → Zone development project (national or local government·Korea Land and Housing Corporation·local corporation·land owner·land owner union)

4) Housing Construction Promotion Act (amended 2002. 12. 30, Act No. 6852) is abbreviated as “Act” hereinafter.
The Apartment Zone Development Project is executed by land owners or a union established by owners of land inside the apartment zone (Act, Article 21, Paragraph 1). The head of the central administrative agency, mayor of special metropolitan city, mayor of metropolitan city or governor may designate the national/local government, the Korea Land and Housing Corporation, or local corporation as the project executor if 1) there is no application for approval for the apartment zone development within a year from the announcement of the zone development plan, 2) development has not begun within six months of the approval for project implementation, 3) the Apartment Zone Development Project needs to be implemented urgently due to causes such as natural disasters, or 4) it is deemed necessary to promote national housing construction projects (Act, Article 21, Paragraph 2 former part). Also, the head of the central administrative agency, mayor of special metropolitan city, mayor of metropolitan city or governor may designate the project executor from a registered business if there are outstanding grounds which prevents the national/local government, the Korea Land and Housing Corporation, or local corporation from implementing the project and the delay of project implementation may incur major consequences in terms of public good (Act, Article 21, Paragraph 2 latter part). The head of the central administrative agency, mayor of special metropolitan city, mayor of metropolitan city or governor should announce or make public the designated project executor (Act, Article 21, Paragraph 3).

If the apartment zone development project is implemented by the land owner or their union, the Built Environment Renewal Development Act shall be followed regarding management and disposal of rights of land owners and other such factors (Act, Article 22, Paragraph 1). In this case, the project undertaking is a registered business that has ownership of over more than two-thirds of land in the zone may apply for the use or expropriation of the land if a significant need arises for the public good or if there is an emergency such as a natural disaster (Act, Article 22, Paragraph 2).

(2) Housing Construction and Building Lot Preparation Project

The project undertaking of the Housing Construction and Building Lot Preparation Project refers to executor of the project with approved housing construction or building lot preparation project plans by the national/local government, the Korea Land and Housing Corporation, registered housing construction company, or building lot preparation company (Housing Construction Promotion Act⁵ Article 3, Clause 5). Those who desiring to execute housing construction projects of more than 20 single family homes or 20 units of multi-unit housings annually or building lot preparation projects in more than 10,000m² of land annually must register with the Minister of Construction and Transportation (Act, Article 6; Decree, Article 9). However, the national/local government, the

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⁵ Housing Construction Promotion Act (amended 2002. 12. 30, Act No.6852) is abbreviated as “Act” hereinafter.
Korea Land and Housing Corporation, local related corporations, or housing union or employee project entities do not need to register (Act, Article 6 proviso). Housing unions refer to regional unions established by residents of the same or adjacent city (including special metropolitan city and other metropolitan cities) or province. The prepared housing or professional unions are established by employees of a company to arrange housing (Act, Article 3, Clause 9). If a registered contractor receives approval on the housing construction project plan and builds housing structures for the purpose of sales or lease, that contractor is seen as a building contractor (Act, Article 6-3, Paragraph 1). The land owner may build a house with a registered contractor. In that case, the land owner and registered contractor are seen as business co-entities (Act, Article 33-4).

In regard to selling or leasing possessed land, the national or local government may sell or lease the land preferentially to those who wish to buy or lease the land for the purpose of building more than a certain proportion of public housing or housing by a union (Act, Article 24, Paragraph 1). If the project undertaker demands sales of the secured land to use as a public housing lot, the readjustment project executor must sell up to one-half of the total area of the secured land to the project undertaker on a preferential basis (Act, Article 25, Paragraph 1).

The project undertaker must execute the housing construction project or building lot preparation project in accordance with separately determined construction standards, standards for additional or welfare facilities, the size of housing and construction proportion by size, and building lot preparation standards (Act, Article 31, Paragraph 2). If deemed necessary for surveying or measuring for a business plan or executing public housing projects, then the project undertaker such as the national/local government, the Korea Land and Housing Corporation, or local corporation may enter land owned by another and temporarily use that land as a material yard or interim road, or modify or remove obstacles including trees and soil (Act, Article 32-2, Paragraph 1). If any party suffers damage in the process, the affiliated administrative agency of the executor or the project undertaker shall indemnify the damages (Act, Article 32-2, Paragraph 2).

Those desiring to build more than 20 single family homes, 20 units of multi-unit housing, or 10,000㎡ of building lot should prepare a business plan and receive approval from the Minister...
of Construction and Transportation (Act, Article 33, Paragraph 1; Decree, Article 32). If a project
undertaker (with exception to the national government and the Korea Land and Housing
Corporation) seeks approval for a project plan, it must be submitted to the mayor, district governor,
or borough chief of the area where the housing structure is built (Act, Article 33, Paragraph 3). The
Minister of Construction and Transportation should consult with the head of the relevant institution
when approving the project plan (Act, Article 33, Paragraph 6). After approving the project plan,
the Minister of Construction and Transportation should make it public (Act, Article 33, Paragraph
11). When a project undertaker receives permission or designation for a project plan, it is seen as
receiving permission, approval, decision, designation, or report by other legislation. Approval notice
or announcement of a project plan is regarded as an announcement by a related legislation (Act,
Article 33, Paragraph 4).

If a project undertaker (with exception to registered contractors) is building public housing or
housing of equivalent scale, the project undertaker may exercise or expropriate ownership and other
rights over the land and objects on the land (Act, Article 34, Paragraph 1). In this case, approval of
the project plan is regarded as approval of the project (Act, Article 34, Paragraph 3). The project
undertaker of the national government or the Korea Land and Housing Corporation may delegate
tasks of land purchase or damage indemnification from the housing construction project or building
lot preparation project to the governor, mayor or district governor who has respective jurisdiction
over the land (Act, Article 35, Paragraph 1).

If the project undertaker is building more than 100 homes or preparing more than 16,500 m² of a
building lot, arterial facilities for road and water supply/sewage systems should be installed by the
local government; electric and gas supply and heating systems by electric, gas, and heating supplier
in the area, communication systems and post boxes should be installed by the national government
or the Korea Telecom Authority (Act, Article 36 Paragraph 1; Decree, Article 35, Paragraph 1).

When newly installing or replacing public facilities in land inside the project zone with an approved
project plan, the newly installed public facilities are reverted to the managing agency at no cost and
existing public facilities reverted to the project undertaker, regardless of the National Property Act or
Local Finances Act (Act, Article 33, Paragraph 8).

When the housing construction project or building lot project is complete, the project undertaker
must undergo an inspection by the mayor, district governor, or borough chief on the housing,
additional and welfare facilities, and the building lot (Act, Article 33-2, Paragraph 1). When the
project undertaker undergoes an inspection, it is regarded as a completion inspection or completion
approval under other laws (Act, Article 33-2, Paragraph 3).
3. URBAN DISTRICT CREATION PROJECT (1934 - 2000)

1) Significance and Major Changes

The Urban District Creation Project refers to urban planning projects conducted in areas larger than 30,000 m² to deliberately create urban districts that have a harmonious distribution of residential, commercial, and functional buildings (Urban Planning Act 6, Article 2, Paragraph 1, Clause 9; Decree, Article 4, Paragraph 2). The urban planning project refers to projects carrying out urban planning measures (Act, Article 2, Paragraph 1, Clause 5). The Urban District Creation Project began under Japanese colonial rule in 1934 through the Chosun Urban District Planning Decree which carried out planning for the importance of facilities in transportation, sanitation, security, and economy in urban district planning areas to create or improve urban districts.

The Urban District Creation Project was implemented through the Urban Planning Act from 1962 to 1999, but was developed into the Urban Development Act in 2000 and is still in effect today. However, new urban district developments generally occurred through the Land Readjustment Project Act and Industrial Base Development Promotion Act prior to 1980 and the Housing Site Development Promotion Act after 1980.

Figure 5 Changes in Applicable Acts for Urban District Creation Project

2) Urban District Creation Project

If deemed necessary for surveying, measuring for urban planning, or executing of an urban planning project, the executor of the Urban District Creation Project may enter land owned by another and use that land temporarily as a material yard or road. In addition if there is a need due to special circumstance, the executor may modify or remove obstacles such as trees and soil (Act, Article 5, Paragraph 1). If any party suffers damage in the process, the affiliated administrative agency of the executor or the executor of the Urban District Creation Project shall indemnify the damages (Act, Article 6, Paragraph 1).

6) Urban Planning Act (amended 1999. 5. 24, Act No.5982) is abbreviated as “Act” hereinafter.
<table>
<thead>
<tr>
<th>Procedure for Urban District Creation Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare execution plan (project executor) → Apply for project execution approval (project executor) → Open copies of related document and announce (Minister of Construction) → Approve project execution (Minister of Construction) → Announce project execution approval (Minister of Construction) → Execute project (project executor) → Completion inspection (mayor, governor) → Announce construction completion (mayor, governor)</td>
</tr>
</tbody>
</table>

The executor of the Urban District Creation Project refers to the executor of the urban planning project based on the Urban Planning Act or other legislative codes (Act, Article 2, Paragraph 1, Clause 11). In principle, the mayor or district governor of the administrative area is the executor but with exception, the executor may be designated through an alternative agreement or by the Minister of Construction, mayor or district governor (Act, Article 23). If the executor is not the mayor or district governor, the person designating the executor must publically announce the designation as determined in the Construction Ministry decree (Act, Article 23, Paragraph 6).

The executor of the Urban District Creation Project must prepare an execution plan attaching or specifying design documents, funds planning, and work schedule necessary for project execution and receive permission from the Minister of Construction (Act, Article 25). When approving the execution plan, the Minister of Construction should announce in advance and make public copies of the related documents for 14 days (Act, Article 25-2). When approving the implementation plan for the Urban District Creation Project, the Minister of Construction must make public the contents of the permit (Act, Article 26).

The executor may exercise or use ownership and other rights over land, buildings, or fixtures on the land necessary for the Urban District Creation Project inside the urban development area (Act, Article 29). Regarding the land use or expropriation, the Land Expropriation Act is followed, with exception to the special regulations in this Act. However, the approval of the implementation plan for the Urban District Creation Project is considered as an acknowledgement of the project (Act, Article 30).

When the executor of the Urban District Creation Project completes construction, he must submit the construction completion report to the mayor/governor and undergo completion inspection (Act, Article 30-2, Paragraph 1). When the mayor/governor decides, based on the inspection results, that the construction has been completed according to plan, the certificate of inspection should be issued to the executor and completion of construction should be announced (Act, Article 30-2, Paragraph 3). By principle, expenses for the urban district creation projects should be borne by the National Treasury if the executor is of the national government, local government if the head of local government is the executor, and self-borne if the executor is not an administrative agency (Act,
Article 62). If an administrative agency installs or replaces a public facility based on the permit for the implementation plan for urban district creation projects, the existing public facilities are reverted to the person who has received approval or permission at no cost and the new public facilities are reverted to the managing administrative agency at no cost, regardless of regulations such as the National Property Act and Local Finances Act (Act, Article 83).

4. FACTORY LOT AND INDUSTRIAL BASE DEVELOPMENT PROJECT (1962-2000)

1) Significance and Major Changes

The Factory Lot and Industrial Base Development Project is divided into multi-factory lot preparation projects, industry development promotion zone creation projects, industrial base development projects, and rural industry development promotion zone development projects through urban planning.

Multi-factory lot creation project refers to an urban planning project in an area greater than 30,000㎡ to install groups of factories (Urban Planning Act, Article 2, Paragraph 1, Clause 10; Decree, Article 4, Paragraph 3). Industry development promotion zone creation projects refer to projects developing designated zones in regions where it is easy to secure factories or housing lots (Local Industry Development Act, Article 2). The industrial base development project refers to projects preparing factory sites within the industrial base development region (Industrial Base Development Promotion Act, Article 2, Paragraph 2). The rural industry development promotion zone development project refers to projects developing designated rural industry zones to attract and nurture industries in rural regions (Rural Income Development Promotion Act, Article 8).

Multi-factory lot creation projects were implemented under the Urban Planning Act from 1962 to 1999, but were developed into the Urban Development Act in 2000. In 1970, the Local Industry Development Act was enacted to designate and develop industry development promotion zones in areas with inferior industrial development and that are an adequate distance from urban areas that have supply of labor as well as relevant market conditions. The Industrial Base Development Promotion Act was a special act created in 1973 in response to a need for a system to push ahead with large-scale industrial complex creation projects in perfect order, as the government’s industrialization policies began to focus on heavy chemical industries starting in the 1970s. The
enactment of the Industrial Base Development Promotion Act was an opportunity for the public to actively participate in urban planning. In 1983, the Rural Income Development Promotion Act was enacted to attract and nurture industries in the rural region. The Local Industry Development Act, Industrial Base Development Promotion Act, Rural Income Development Act were combined as part of the Act on Industrial Base and Development in 1990.

2) Multi-Factor Lot Preparation Project

Multi-factory lot preparation projects are executed as urban planning projects to carry out urban planning measures (Urban Planning Act\(^7\), Article 2, Paragraph 1, Clause 5). If deemed necessary for surveying, measuring for urban planning or executing of a urban planning project, the executor of the Urban District Creation Project may enter land owned by another and use that land temporarily as a material yard or road, and if there is a special need, may modify or remove obstacles such as trees and soil (Act, Article 5, Paragraph 1). If any party suffers damage in the process, the affiliated administrative agency of the executor or the executor of the multi-factory lot preparation project shall indemnify the damages (Act, Article 6, Paragraph 1).

\(^7\) Urban Planning Act(1999. 5. 24 개정, Act No.5982) is abbreviated as "Act" hereinafter.
The executor of the Multi-factory Lot Preparation Project refers to the executor of the urban planning project based on the Urban Planning Act or other legislative codes (Act, Article 2, Paragraph 1, Clause 11). In principle, the mayor or district governor of the administrative area is the executor but with exception, the executor may be designated through alternative agreement or by the Minister of Construction, mayor or district governor (Act, Article 23). If the executor is not the mayor or district governor, the person designating the executor must publicly announce the designation as determined in the Construction Ministry decree (Act, Article 23, Paragraph 6).

The executor of the Multi-factory Lot Preparation Project must prepare an execution plan attaching or specifying design documents, planning of funds, and work schedule necessary for project execution and receive permission from the Minister of Construction (Act, Article 25). Upon approval of the execution plan, the Minister of Construction should announce in advance and make public copies of the related documents for 14 days (Act, Article 25-2). When approving the implementation plan for the Multi-factory Lot Preparation Project, the Minister of Construction must make public the contents of the permit (Act, Article 26).

The executor may exercise or use ownership and other rights over land, buildings, or fixtures on the land necessary for the Multi-factory Lot Preparation Project inside the urban development area (Act, Article 29). Regarding use of land or expropriation, the Land Expropriation Act is followed, except in the special regulations in this Act. However, the approval of the implementation plan for multi-factory lot preparation projects are considered as acknowledgement of said project (Act, Article 30).

When the executor of the Multi-factory Lot Preparation Project completes construction, he must submit the construction completion report to the mayor/governor and undergo completion inspection (Act, Article 30-2, Paragraph 1). When the mayor/governor decides, based on the inspection results, that the construction has been completed according to plan, the certificate of inspection should be issued to the executor and completion of construction should be announced (Act, Article 30-2, Paragraph 3). By principle, expenses for multi-factory lot preparation projects
should be borne by the National Treasury if the executor is of the national government, local government if the head of local government is the executor, and self-borne if the executor is not an administrative agency (Act, Article 62). If an administrative agency installs or replaces a public facility based on the permit for the implementation plan for a Multi-factory Lot Preparation Project, the existing public facilities are reverted to the person who has received approval or permission at no cost and the new public facilities are reverted to the managing administrative agency at no cost, regardless of regulations such as the National Property Act and Local Finances Act (Act, Article 83).

3) Industry Development Promotion Zone Creation Project

By his own right or at the request of the governor, the Minister of Construction may designate industry development promotion zone regions which have underdeveloped industries that can easily secure factories or housing lots and are recognized as needing industry development promotion (Local Industry Development Act\(^8\), Article 2, Paragraph 1, Clause 3). When seeking designation of the development zone, the governor must submit a request to the Minister of Construction through the Minister of Interior (Act, Article 2, Paragraph 2). When designating the industry development promotion zone, the Minister of Construction should hear the opinion of the governor (in case of designation by the Minister’s own right) and the head of the relevant agency and undergo review of the Local Industry Development Committee (Act, Article 2, Paragraph 3). The Minister of Construction must announce the designation of the industry development promotion zone (Act, Article 2, Paragraph 5).

![Procedure for Industry Development Promotion Zone Creation Project](image)

For any party who wishes to create an industry development promotion zone shall prepare a basic plan on the project’s location in the said zone and scale of facilities and submit it for approval by the Minister of Construction through the governor and the Minister of Interior in the case of individuals and through the Minister of Interior in the case of governors (Act, Article 4, Paragraph 1).

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\(^8\) Local Industry Development Act (amended 1973. 2. 16, Act No.2526) is abbreviated as “Act” hereinafter.
When approving the basic plan, the Minister of Construction must notify the head of the relevant agency (Act, Article 4, Paragraph 2). When the industry development promotion zone is designated, the national and local government must provide necessary support such as site clean-up, an entrance road, and water supply (Act, Article 5, Paragraph 1).

Any party wishing to build a factory inside the industry development promotion zone must have the site designated by the governor (Act, Article 6). Land owned by the national or local government inside the industry development promotion zone may be leased or sold to persons with the designated site through a private contract, regardless of the National Property Law or related laws (Act, Article 7, Paragraph 1). Companies building and operating factories within the designated industry development promotion zone shall be exempt from taxation as stipulated by the Regulation Act on Tax Exemption and Reduction (Act, Article 8, Paragraph 1). If a company inside the industry development promotion zone installs or expands equipments, there may be a specially recognized depreciation of corporate taxes (Act, Article 8, Paragraph 2).

The project executor may use or expropriate land or fixtures in the land or ownership or other rights over the land or fixtures in the land necessary to create industry development promotion zones (Act, Article 9, Paragraph 1). In applying the Land Expropriation Act, the designation of industry development promotion zones is considered as project approval (Act, Article 9, Paragraph 3).

4) Industrial Base Development Project

Minister of Construction must conduct a basic survey necessary for preparing the basic plan for designation and the development of the industrial base development region (Industrial Base Development Promotion Act, Article 3). The project executor may enter land owned by another and temporarily use that land, or modify and remove obstacles such as trees and soils in order to carry out industrial base development projects (Act, Article 18). If any party suffers damage in the process, the affiliated administrative agency of the executor or the executor of the Industrial Base Development Project shall indemnify the damages (Act, Article 18; Urban Planning Act, Article 6).

9) Industrial Base Development Promotion Act (amended 1989. 12. 30, Act No.4175) is abbreviated as “Act” hereinafter.
Chapter II

The Minister of Construction designates regions needed to pursue heavy chemical industries for the industrial base development region after consulting the head of the relevant department, undergoing review by the Cabinet, and receiving approval from the President (Act, Article 5, Paragraph 1). The Minister of Construction must announce the designation of the industrial base development region (Act, Article 5, Paragraph 2). Any party wishing to change soil quality or build structures on the lands inside the designated industrial base development region must receive permission from the mayor or district governor (Act, Article 5, Paragraph 3; Urban Planning Act, Article 4).

When designating the industrial base development region, the Minister of Construction must establish a basic plan for the development of the industrial base (Act, Article 6, Paragraph 1). The Minister of Construction must announce establishment of the basic plan and make it available to the public by sending the established basic plan and associated blueprints to the mayor (including special metropolitan city and other metropolitan cities) or the district governor in respective jurisdiction (Act, Article 6, Paragraph 2).

The Industrial Base Development Project is executed by the national or local government (Act, Article 7, Paragraph 1). If recognized as necessary for the efficient execution of industrial base development projects, the Minister of Construction may delegate all or part of the project execution to another party (Act, Article 7, Paragraph 2). The executor of the Industrial Base Development Project must prepare an execution plan for the project and receive the approval of the Minister of Construction (Act, Article 8, Paragraph 1). The Minister of Construction must announce the approval (Act, Article 8, Paragraph 2). When the project executor receives approval of the execution plan for the Industrial Base Development Project, it is deemed as having received the decision, permission, license, agreement, or approval according to another legislation, and announcement of the approval of the execution plan by the Minister of Construction is considered as notification or announcement of approval/permission by a related act (Act, Article 21, Paragraph 1).
When the Industrial Base Development Project is complete, the project executor must undergo the Minister of Construction's completion inspection without delay (Act, Article 8-2, Paragraph 1). After receiving an application for completion inspection, the Minister of Construction should conduct the inspection and if the said Industrial Base Development Project is determined to be completed according to the execution plan, the Minister shall issue the certificate of inspection to the project executor and announce it in the official gazette (Act, Article 8-2, Paragraph 2). When the project executor receives completion approval, it is deemed as receiving the completion inspection or approval for the said project by the decision, license, permit, authorization, agreement, or approval proposed by the approval of the execution plan (Act, Article 8-2, Paragraph 3). The project executor may not use land or facilities prepared or installed as part of the Industrial Base Development Project prior to the completion approval (Act, Article 8-2, Paragraph 4).

In conducting the industrial base development project, if there is a need for land, the Land Readjustment Project Act is to be followed (Act, Article 8-3). The project executor may consign parts of the Industrial Base Development Project including construction of public facilities such as ports, industrial water supply systems, roads, or projects pertaining to public water reclamation to the Minister of Construction or related government-invested institutions (Act, Article 9, Paragraph 1). The project executor may consign tasks related to the industrial base development project such as land sales or loss indemnification to the governor in respective jurisdiction or the mayor/district governor (Act, Article 9, Paragraph 2). The project executor may use or expropriate land or fixtures in the land or ownership or other rights including claims, mining rights, fishing rights, or water usage rights, over the land or fixtures in the land necessary to create the industry development promotion zone (Act, Article 10, Paragraph 1). Approval of the execution plan is considered to be the recognition of the project (Act, Article 10, Paragraph 2).

The project executor may receive in advance all or part of the payment from those wishing to buy land or use the facilities prepared by the executor (Act, Article 11). The project executor may charge all or part of the construction costs for public facilities such as ports, industrial water supply systems, or road systems to the user (Act, Article 13). The project executor may transfer or hand over land prepared through the Industrial Base Development Project or public facilities such as ports, industrial water supply systems, or road systems to another party for management (Act, Article 16, Paragraph 1). The government may subsidize all or part of the expenses necessary for the Industrial Base Development Project to the project executor (Act, Article 24-2). The project executor must establish and execute migration plans for those who will be losing their residence as a result of the provision of land to industrial base development projects (Act, Article 25, Paragraph 1).
When the Industrial Base Development Project is complete, the project executor must undergo the Minister of Construction's completion inspection without delay (Act, Article 8-2, Paragraph 1). After receiving an application for the completion inspection, the Minister of Construction should conduct the inspection and if the said Industrial Base Development Project is determined to be completed according to the execution plan, the Minister shall issue the certificate of inspection to the project executor and announce it in the official gazette (Act, Article 8-2, Paragraph 2). When the project executor receives completion approval, it is deemed as receiving the completion inspection or approval by another body of law (Act, Article 8-2, Paragraph 3). If a project executor that is of an administrative agency installs newly or replaces an existing public facility as part of the execution of industrial base development projects, the existing public facility is reverted to the project executor at no cost and newly installed public facility is reverted to the national or local government that will manage the facility at no cost, regardless of regulations in the National Property Act or Local Finance Act (Act, Article 21-5, Paragraph 1). If the public facilities are newly installed as part of industrial base development project by a project executor that is not an administrative agency, the new public facilities are reverted to the national or local government that will manage the facilities at no cost. Property of the national or local government whose purpose has been nullified due to the replacement of the function of said public facility by the Industrial Base Development Project may be transferred to the project executor at no cost within the limits of the installation cost of the newly installed public facility, regardless of regulations in the National Property Act or Local Finance Act (Act, Article 21-5, Paragraph 2).

5) Rural Industry Development Promotion Zone Project

In order to increase rural income, a governor may establish and announce plans for the Basic Plan for Rural Income Development, including methods of designating rural industrial zones and selecting incoming industries, based on the Basic Policy (Rural Income Development Promotion Act\textsuperscript{10}, Article 4, Paragraph 1). After establishing the Basic Plan, the governor should report it to the Minister of Economic Planning Board and the head of the appropriate central administrative agency prior to announcing it, and if seen as necessary, the Minister of Economic Planning Board may request adjustment of the said Basic Plan to the governor (Act, Article 4, Paragraph 3).

\textsuperscript{10} Rural Income Development Promotion Act (enacted 1983. 12. 31, Act No.3689) is abbreviated as “Act” hereinafter.
In order to increase rural income levels, the mayor/district governor shall establish and announce the Execution Plan for Rural Income Development based on the Basic Plan, including matters on designation of rural industrial zones and the types and sizes of incoming industries (Act, Article 5, Paragraph 1). After establishing the Execution Plan, the mayor/district governor should report it to the governor for approval prior to announcing it, and after reviewing specific details, if seen as necessary, the governor may order modification or supplementation (Act, Article 5, Paragraph 3).

In order to attract and nurture industries in rural regions, the mayor/district governor may designate rural industrial zones according to the Execution Plan after a review by the Central Rural Income Development Committee (Act, Article 8, Paragraph 1). After designating rural industrial zones, the mayor/district governor should announce the designation without delay (Act, Article 8, Paragraph 2). Land owned by the national or local government inside rural industrial zone may be sold or leased to a project executor through a private contract, regardless of regulations in the National Property Act or Local Finance Act (Act, Article 9).

Any party wishing to move into the designated rural industrial zone and operate rural income development projects must prepare a business plan and receive approval by mayor/district governor (Act, Article 10, Paragraph 1). After receiving the application for approval, the mayor/district governor must review the validity of the business plan and make a decision (Act, Article 10, Paragraph 2). Approval of business plan loses its effectiveness if the project executor does not begin the project within two years of the approval (Act, Article 10, Paragraph 3). The national/local government or the government-invested institution which oversees public facilities such as roads, water supply systems and sewage, electrical, or telephone systems must provide support so that these facilities are installed preferentially to ensure smooth execution of the rural income development project (Act, Article 11). The national or local government must expand private contracts with the national/local government, public entity, and government-invested institutions in order to augment the sales channel for products manufactured by rural income development businesses in rural industrial zones and take necessary measures such as export support and expedition of affiliation (Act, Article 13).
The national and local government may exempt taxes for rural income development projects businesses in rural industrial zones as stipulated in the Regulation Law on Tax Exemption and Reduction or Local Tax Law (Act, Article 22), and may take necessary measures to ensure smooth supply of funding (Act, Article 23).

5. REDEVELOPMENT PROJECT (1962 - 2002)

1) Significance and Major Changes

The Redevelopment Project can be divided into urban redevelopment projects, housing redevelopment projects, plant redevelopment projects, residential environment improvement projects, and housing reconstruction projects.

The Urban Redevelopment Project refers to redevelopment projects done to recover or shift functions in urban districts with deteriorated downtown areas, subcenters, or roads (Urban Redevelopment Act, Article 2, Paragraph 2 A). The Housing Redevelopment Project refers to redevelopment projects done to improve residential environments in areas with a concentration of old or deteriorated housing structures or poor maintenance of public facilities (Urban Redevelopment Act, Article 2, Paragraph 2 B). The Plant Redevelopment Project refers to redevelopment projects done to recover the function of the industrial region with old or deteriorated plants (Urban Redevelopment Act, Article 2, Paragraph 2 C). The Residential Environment Improvement Project refers projects done according to the residential environment improvement plan to improve residential environments in the residential environment improvement zone including necessary housing construction, building improvements, public facilities maintenance, and income development (Special Measures on Improvement of Residential Conditions for Urban Low-income Residents Article 2, Paragraph 2). The Housing Reconstruction Project refers to projects which demolish old or deteriorated housing structures and constructing housing on that site (Housing Construction Promotion Act, Article, 3 Paragraph 9).

The institution regarding the urban redevelopment in Korea first began in 1962 under the Urban Planning Act which allowed for the project execution through the urban planning for improving multiple trouble zones. Since then, as demand for redevelopment increased and projects became more complex. In response the Urban Redevelopment Act was enacted as an independent law in 1976. The Urban Redevelopment Act divided urban developments into downtown area
redevelopment projects and housing improvement and redevelopment projects in 1983, renamed the projects to downtown redevelopments and housing redevelopments, and added factory plant redevelopment in 1996. Meanwhile, the Temporary Measure to Improve Residential Environments of Urban Low-income Residents was enacted in 1989 to enable housing construction and improvement of structures through standard relaxation, loan subsidy, or disposal of national and public land in areas with high concentration of old buildings, lack of water supply and sewage systems, roads or other essential city infrastructures, and have a high risk of accidents such as fire. The Housing Construction Promotion Act was revised in 1988 to allow for the demolition of old or deteriorated housing structures and construction of new housing on that site. In 2002, the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents was enacted to integrate in to one consistent and systematic law redevelopment, reconstruction, and dwelling improvement projects which were being regulated under separate laws. Consequently, the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents became a main applicable act on urban redevelopment projects, with the systematically and efficiently maintenance of old housing structures supplied in mass during the post 1970’s industrialization and urbanization period.

Figure 7  Changes in Applicable Law for Urban Redevelopment Project
2) Downtown, Housing or Factory Redevelopment Project

(1) Project Undertaker, Implementation Site, Implementation Period

By principle, redevelopment projects in the redevelopment region should be executed by the land owner or union (Urban Redevelopment Act\textsuperscript{11}, Article 8, Paragraph 1), and if there is a particular reason, such projects may be executed as an exception by the mayor, district governor, head of borough, the Korea Land and Housing Corporation or local corporation, or a third-party developer (Act, Article 9, Paragraph 1, Article 10, Paragraph 1). Redevelopment projects shall be executed in the redevelopment region designated and announced in the urban management plan for executing redevelopment projects (Act, Article 2, Paragraph 1).

If there is no application for the approval of the project execution (if he mayor, district governor or head of borough executes the redevelopment project directly, or preparation of the execution regulation and project execution plan) within 2 years of designation as redevelopment project zone (as the expected project execution period for Housing Redevelopment project), then the designation loses its effectiveness on the day after the period of 2 years (Act, Article 11, Paragraph 1). If deemed as necessary for efficient implementation of the redevelopment project, the executor of redevelopment project may divide the redevelopment region into two or more project execution zones in executing the redevelopment project (Act, Article 5).

(2) Pre-Execution Procedure

① Execution by Land Owner or Union

The redevelopment project is executed by owners or a redevelopment union established by owners of land or buildings in the redevelopment project region (Act, Article 8, Paragraph 1). Land owners or unions may execute the redevelopment project jointly with a construction company or housing construction company according to regulations in the agreement or Articles of Association (Act, Article 8, Paragraph 2). If the land owners wish to execute the redevelopment project through a union, five or more land owners must create an Articles of Association and receive the approval of the mayor, district governor or head of autonomous borough regarding the establishment of the union (Act, Article 12, Paragraph 1). When applying for the approval of a union establishment, there must be agreement from at least two-thirds of the land owners or building owners in the redevelopment region (Act, Article 12, Paragraph 2).

\textsuperscript{11} Urban Redevelopment Act\textsuperscript{(amended 2002. 2. 4, Act No.6656)} is abbreviated as “Act” hereinafter. Urban Redevelopment Act separates redevelopment project into Urban Redevelopment project, Housing Redevelopment project, Plant Redevelopment project, but they are explained together because they have almost identical project procedure and content.
The union is established as a corporate body by registering at a main location of business (Act, Article 13), land owners of the land within the union’s execution zone shall comprise the union members (Act, Article 14), and the union will include a union representative, director, and auditor as determined by the Articles of Association (Act, Article 15). These executives shall be elected from and by the union members at the General Meeting as stipulated in the Articles of Association (Act, Article 15, Paragraph 3). The union shall hold general meetings with the union members, where changes in Articles of Association or the business plan will be voted on (Act, Article 18 Paragraph 1). If union members number more than 100, the union may establish a meeting of representatives instead of a general meeting, and the number of representatives at the meeting of representatives shall be stipulated in the Articles of Association, provided it is more than one-tenth of the total number of union members (Act, Article 19). As determined by the Articles of Association, the union may assess and collect public expenditures from members to cover expenses necessary for the redevelopment project (Act, Article 28).

If land owners or a union wish to execute a redevelopment project, they must attach an agreement (in case of joint execution) and a business plan and then submit the project execution for approval by the mayor, district governor or head of autonomous borough (Act, Article 22, Paragraph 1). When the land owner or union submits an application for execution approval, they must receive consent from land owners of more than two-thirds of the total land area of the redevelopment region and more than two-thirds of the total number of land owners and building owners (Act, Article 22, Paragraph 2). When the mayor, district governor or head of borough approves execution of a redevelopment project, or modifies, stops, or discontinues the project, it should be announced in the official gazette or official notice (Act, Article 22, Paragraph 2).

<<< Procedure for Project Execution Approval by Land Owner
Consent from land owner, etc. → Apply for project execution approval (Attach agreement and project execution plan: land owner) → Open copies of related documents (mayor, district governor·head of autonomous borough) → Submit opinion (land owner and interest party concerned) → Approve project execution (mayor, district governor·head of autonomous borough) → Announce approval of project execution(mayor, district governor·head of autonomous borough)
② Execution by Local Government or Korea Land and Housing Corporation

If there is a certain cause such as a lack of application for project execution approval from the land owner or union within one year and six months if the announcement of the redevelopment region designation within one year of expected project execution period for housing redevelopment project or the application is found to illegal or unreasonable, the mayor, district governor, or head of borough may execute the redevelopment project directly or delegate the project execution to the Korea Land and Housing Corporation or other local corporation (Act, Article 9, Paragraph 1). In this case, the mayor, district governor, or head of borough must announce it in the official bulletin or official report (Act, Article 9, Paragraph 2).

If the mayor, district governor, or head of borough wishes to execute the redevelopment project, they must prepare the execution code and project execution plan. If the Korea Land and Housing Corporation or Local Corporation wishes to execute the redevelopment project, it must prepare the execution code and project execution plan and receive approval from the mayor, district governor, or head of borough (Act, Article 23).

③ Execution by a Third-Party Developer

The mayor, district governor, or head of autonomous borough may designate a qualified third-party developer to execute the redevelopment project if 1) the land owner, union, mayor, district governor, head of borough, the Korea Land and Housing Corporation, or local corporation has not executed the project or no executor has been designated within 30 days after one year and six months has passed since the announcement of the redevelopment region designation (within one year of expected project execution period for housing redevelopment projects), 2) there is a urgent cause for the execution of redevelopment projects such as in the case of natural disasters, or 3) it is acknowledged that a delay in execution of the redevelopment project significantly deters public interest (Act, Article 10, Paragraph 1). In this case, the mayor, district governor, or head of autonomous borough must announce it in the official bulletin or official report (Act, Article 10, Paragraph 2).
If a third-party developer wishes to execute the redevelopment project, he/she must prepare the execution code and project execution plan and receive approval from mayor, district governor, or head of autonomous borough (Act, Article 24, Paragraph 1). In approving the execution, the mayor, district governor, or head of autonomous borough may require the developer to deposit a portion of the project expenses or take other necessary measures, if deemed necessary (Act, Article 24, Paragraph 2).

### Procedure for Project Execution Approval by Third-Party Developer

- Apply for project execution approval (Attach agreement and project execution plan: 3rd party developer)
- Open copies of related documents (3rd party developer)
- Submit opinion (land owner and interest party concerned)
- Approve project execution (mayor, district governor · head of autonomous borough)
- Announce approval of project execution (mayor, district governor · head of autonomous borough)

### Other Pre-Execution Procedure

Heads of special metropolitan city, metropolitan cities, cities or districts must establish a basic plan for the urban redevelopment in the urban area including the basic direction and scheduled period of redevelopment and receive approval from the Minister of Construction and Transportation (Act, Article 3, Paragraph 1). The mayor of special metropolitan city and other metropolitan cities or province governors may designate or change the redevelopment region through urban management plans. This designation or change will be conducted within the appropriate scope of the redevelopment basic plan for the region with regard to concerns of the improvement of public facilities which lands will be unable to fulfill its effectiveness as a construction site or will significantly deteriorate the urban environment by making said lands too small, or regions with excessive concentration of old and deteriorated buildings that are unable to fully function and are difficult to promote reasonable use and value increases of the land in the regions, or regions where reasonable use of the land is requested in order to recover urban functions from the excessive concentration of population or industry, at the request of the mayor, district governor, or head of autonomous borough (Act, Article 4, Paragraph 1).

When the executor has obtained approval of the project execution (when the execution regulation and project execution plan is prepared in a situation where if the mayor, district governor, head of borough is executing the redevelopment project directly), it is seen as the approval, permit, license, registration, consultation, agreement or cancellation by another
law, and announcement of the project execution is seen as announcement by a related law (Act, Article 26, Paragraph 1).

The executor may not execute the redevelopment project until measures have been taken for residents of the redevelopment zone whose housing structures are torn down by the execution of the redevelopment project such as having them temporarily use appropriate facilities in or near the said redevelopment zone or arranging for housing financing (Act, Article 27, Paragraph 1). If any party suffers damages in the process, the executor will compensate for the damage (Act, Article 30, Paragraph 1). When the national or local government receives a request to use buildings or land needed as temporary accommodation, the request may not be denied unless there is justifiable reason. In this case, national or public lands may be used at no cost (Act, Article 27, Paragraph 2).

The executor may expropriate land, buildings, or other rights in the redevelopment zone needed for the redevelopment project with sales of the site or built structures as conditions for compensation (Act, Article 31, Paragraph 1). The executor may expropriate land, buildings, or other rights of those not applying for distribution, those withdrawing their application, or those excluded from the distribution by standards in the management disposal plan, by regulations of urban planning project (Act, Article 31, Paragraph 2). These individuals must be settled after the distribution deadline has passed (Act, Article 36). Unless specified otherwise, the Land Expropriation Act is the dominating law on the expropriation or use of land, but approval of the project execution is still seen as the project recognition (Act, Article 32).

(3) Project Execution

① Management Disposal Planning

The executor must notify land owners of the distribution application period and announce it in the daily newspaper within 14 days of announcement of the project execution. In this case, the distribution application period should be from 30 to 60 days from the announcement of the project execution (Act, Article 33, Paragraph 1). Land owners wishing to receive distribution of land or buildings should apply for the distribution of land or buildings to the executor within the application period (Act, Article 33, Paragraph 2). When the distribution application period has passed, the executor who is not the mayor, district governor, or head of autonomous borough must prepare a management disposal plan for the land and buildings including the ① distribution plan, ② name and address of those
to receive said distribution, and ③ estimated value of land or buildings to be distributed per individual, itemization of land and buildings; and the price as of the date of the project execution announcement, and then receive approval from the mayor, district governor, or head of borough (Act, Article 34, Paragraph 1 Clause 4). When approving the management disposal plan, the mayor, district governor, or head of autonomous borough must announce the plan in the official gazette or official report (Act, Article 34, Paragraph 5), and when there is an announcement, the executor must notify those applying for distribution of the approved management disposal plan without delay (Act, Article 34, Paragraph 6).

② Post-Construction Measures

After work on the redevelopment project is complete, the executor who is not the mayor, district governor, or head of autonomous borough must submit a construction completion report to the mayor, district governor, or head of autonomous borough and undergo completion inspection (Act, Article 38, Paragraph 1). When the completion inspection finds that the construction was complete according to the project execution plan, the mayor, district governor, or head of autonomous borough shall issue the inspection license to the executor and announce the completion of construction (Act, Article 38, Paragraph 2). When the completion is announced, the executor should conduct the conclusion survey without delay, go through land division procedures, and distribute the land according to the Management Disposal Plan (Act, Article 38, Paragraph 3). When disposing of land, the executor must notify of the contents stated in the Management Disposal Plan to those who will receive the land, announce the plan, and then report to the mayor, district governor, or head of autonomous borough (Act, Article 38, Paragraph 4).

Those who receive a distribution of land or buildings acquire ownership of that land or buildings on the day after the announcement of distribution (Act, Article 39, Paragraph...
1). When there is an announcement of distribution, the executor must entrust or request registration of land or buildings without delay (Act, Article 40, Paragraph 1).

If there is a difference in value between the land or buildings previously owned by the individual who received the distribution of land or buildings and distributed the land or buildings, the executor must withhold or pay the difference amount after announcement of the distribution disposal (Act, Article 42, Paragraph 1). If the party to pay the settlement amount does not pay, in the case where the executor is an administrative agency, the settlement may be withheld following the example of disposition for failure in tax payments (Act, Article 43, Paragraph 2). The right to receive or withhold settlement amount expires due to statute of limitation if not exercised within five years from the following day of the announcement of the distribution disposal (Act, Article 43, Paragraph 4).

Expenses associated with the redevelopment project execution shall be borne by the city, district, or autonomous borough if the project is executed by the mayor, district governor, or head of autonomous borough, or if the project is executed by any other party (Act, Article 46, Paragraph 1). Expenses of the basic survey or execution of the redevelopment project executed by the mayor, district governor, or head of borough may be partially subsidized by or borrowed from the national, city, or provincial government (Act, Article 48, Paragraph 1). The national or local government may subsidize, loan, or help finance part of the cost of redevelopment project executed by the mayor, district governor, or head of autonomous borough (Act, Article 48, Paragraph 2).

Public facilities inside the redevelopment region are installed by the executor (Act, Article 55, Paragraph 1). When the construction for the redevelopment project is complete, the executor must remove any temporary camps within 30 days, restore the land to its original condition, and hand over the land to the managing agency or owner (Act, Article 27, Paragraph 3). If the executor who is the mayor, district governor, head of autonomous borough, or public corporation installs new public facilities or replaces public facilities in the execution of the redevelopment project, the existing public facilities will belong to the executor at no cost and the newly installed public facilities belong to the managing national or local government at no cost, regardless of regulations in the National Property Act and Local Finance Act (Act, Article 56, Paragraph 1). Any public facilities installed by the land owner, union, or a third-party developer in the execution of the redevelopment project belongs to the managing national or local government at no cost, and any public facilities belonging to the national or local government which were dismantled in the execution
of redevelopment project shall be transferred to the executor within the amount of the installation cost of a new facility, regardless of regulations in the National Property Act and Local Finance Act (Act, Article 56, Paragraph 2).

3) Dwelling Environment Improvement Project

The Minister of Construction and Transportation may designate dwelling environment improvement regions with 1) a concentration of old or deteriorated buildings that do not function well or significantly deter the city’s appearance, 2) the redevelopment under regions of the Urban Redevelopment Act where execution of the redevelopment project is not possible or very difficult due to the high population concentration and more than a certain percentage of residents do not want the execution of redevelopment project, 3) urgent regional improvements due to poor maintenance of public facilities or the overconcentration of populations such as relocated residents (Special Measures on Improvement of Residential Conditions for Urban Low-income Residents12) Article 2, Paragraph 1, Clauses 3~4). Old or deteriorated buildings refer to buildings, such as residential buildings, living facilities, or public facilities built prior to June 30th, 1985, that are unfit to function as dwelling areas with sound physical status of structure, appearance, or additional facilities (same Act, Article 2, Paragraph 3). When designating the dwelling environment improvement region, the Minister of Construction and Transportation should consult the head of the relevant central administrative agency and undergo a vote by the Central Urban Planning Committee, at the request of the mayor (including mayors of special metropolitan city and other metropolitan cities) or district governor (same Act, Article 4, Paragraph 1).

**<< Dwelling Environment Improvement Project Procedure**

Request designation of dwelling environment improvement zone (mayor · district governor) → Consult head of related ministry (Minister of Construction and Transportation) → Vote (Central Urban Planning Committee) → Dwelling environment improvement region designation (Minister of Construction and Transportation) → Set and report dwelling environment improvement plan (mayor · district governor) → Announce dwelling environment improvement plan (mayor · district governor) → Execute dwelling environment improvement project (project executor)

The mayor or district governor must establish the dwelling environment improving plan, including the ① land usage plan, ② maintenance of public facilities such as roads, water supply and sewage systems, and ③ construction of housing structures and related additional/welfare facilities within

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12) Special Measures on Improvement of Residential Conditions for Urban Low-income Residents (2002. 2. 4 개정, Act No.6656) is abbreviated as “Act” hereinafter.
one year of the announcement of the dwelling environment improvement region designation and then report to the Minister of Construction and Transportation (same Act, Article 6, Paragraph 1). When the mayor or district governor wishes to establish or change the dwelling environment improvement plan, he/she must consult the related administrative agency and undergo a vote of the local urban planning committee, listen to the opinions of local residents, and if recognized as reasonable, such opinion should be reflected in the dwelling environment improvement plan (Act, Article 6, Paragraph 2). When the dwelling environment improving plan is established, the mayor or district governor must announce the plan, along with any decisions or changes in the urban planning (Act, Article 6, Paragraph 5).

When the dwelling environment improvement plan is announced, with regard to urban planning matters included in the plan, it is deemed as approval of urban planning decisions or modifications, the designation of the urban planning project executor, and the permission for farmland conversion (Act, Article 8).

By principle, the dwelling environment improvement project is executed by the mayor or district governor (Act, Article 7, Paragraph 1). However, project related to housing construction, retention, repair, extension, renovation, demolition of buildings may be executed by the residents (Act, Article 7, Paragraph 1 proviso). If the Minister of Construction and Transportation recognizes a need for construction of multi-unit housing structures or additional/welfare facilities for a dwelling environment improvement project, the Minister may have the Korea Housing Corporation or a public corporation create the urban development project for the business purpose to execute the dwelling environment improvement project (Act, Article 7, Paragraph 2).

Regardless of application of regulations of the Construction Act, Housing Construction Promotion Act, Parking Lot Act, Urban Planning Act in dwelling environment improvement regions, the executor may obtain approval from the Minister of Construction and Transportation and decide the standard based on the ordinances of the local government (Act, Article 9, Paragraph 1). The owner of the land or buildings in the dwelling environment improvement region may build housing structures or improve the structures as decided by the dwelling environment improvement plan (Act, Article 10, Paragraph 1). Land owned by the national or local government in the dwelling environment improvement region is considered having its former purpose disbanded starting on the date of the announcement of the dwelling environment improvement project, and its rights are transferred to the said project executor at no cost regardless of regulations in the National Property Act, Local Finance Act, and other relevant acts related to management and disposal of national property (Act, Article 11, Paragraph 1). Revenue or disposal income from the land transferred to the
project executor may not be used for purposes other than the dwelling environment improvement projects (Act, Article 12, Paragraph 1). The national and local government may subsidize or loan part of the cost incurred by the land acquisition, land preparation, housing construction, structure improvement, other dwelling environment improvement projects imposed on the land or building owner and the project executor from the national treasury, national housing fund, or local finances (Act, Article 13, Paragraph 1). If needed in special circumstances, for the execution of dwelling environment improvement projects in dwelling environment improvement regions, the project executor may expropriate or use land, objects, or rights (Act, Article 14, Paragraph 1). The mayor or district governor must report the progress of the dwelling environment improvement project within the jurisdiction region up to December 31st of the year to the Minister of Construction and Transportation by March 31st of the following the said year (Act, Article 16, Paragraph 1). If the dwelling environment improvement project has not begun within one year after the plan is announced, the Minister of Construction and Transportation may cancel designation of the dwelling environment improvement region or order modification of the project or other necessary measures to the mayor or district governor (Act, Article 16, Paragraph 2).

4) Housing Reconstruction Project

The project undertaker of the housing reconstruction project shall be the homeowner, union established by the owners, or registered housing construction contractor who obtains the approval of the housing construction project plan to remove old and deteriorated housing structures, build new homes in that land, and executes said project (Housing Construction Promotion Act\(^\text{13}\), Article 2 Paragraph 2, Clause 9; Article 44, Paragraph 3; Article 44-3, Paragraph 1). If there is a significant concern for safety such as the possible collapse of old and deteriorated homes, the mayor, district governor or head of autonomous borough may execute the reconstruction project directly or designate the Korea Land and Housing Corporation or local corporation as the project undertaker of the said reconstruction project (Act, Article 44-3, Paragraph 4). Any party wishing to execute the housing construction project of more than 20 single family homes or 20 units of multi-unit housing annually must register with the Minister of Construction and Transportation (Act, Article 33). Registered contractors who receive approval for the housing construction project plan and build homes for sales or lease purposes, and those meeting certain criteria such as adequate technical skills, housing construction experience, and housing scales are considered the construction contractor (Act, Article 6-3, Paragraph 1). The land owner may build housing structures jointly with

\(^{13}\) Housing Construction Promotion Act (amended 2002. 8. 26, Act No.6732) is abbreviated as “Act” hereinafter.
a registered contractor. In this case, land owner and registered contractor are seen as the project co-entity (Act, Article 33-4).

<<< Procedure for Housing Reconstruction Project
Request safety inspection (project undertaker) → Designate safety inspection conducting institution (mayor, district governor or head of autonomous borough) → Conduct safety inspection (conducting institution) → Set reconstruction project plan (project undertaker) → Request approval of reconstruction project plan (project undertaker) → Approve reconstruction project plan (Minister of Construction and Transportation) → Announce reconstruction project plan (Minister of Construction and Transportation) → Reconstruction project (project undertaker) → Usage inspection (mayor, district governor or head of autonomous borough)

The project undertaker must execute the housing construction project based on separately determined housing construction standards, additional/welfare facilities construction standards, scales of housing and the appropriate construction ratio per scale, and land preparation standards (Act, Article 31, Paragraph 2). The project undertaker is the national/local government, the Korea Land and Housing Corporation, or local corporation, then they may enter the land owned by another or use the land temporarily as a material yard or road to survey or measure the land for the project plan or to execute public housing project, modify or remove obstacles such as trees and soil (Act, Article 32-2, Paragraph 1). If any party suffers damage in the process, the affiliated administrative agency of the executor or the project undertaker shall indemnify the damages (Act, Article 32-2, Paragraph 2).

Any party who wishes to build more than 20 single family homes or 20 units of multi-unit housing must prepare a project plan and receive approval from the Minister of Construction and Transportation (Act, Article 33, Paragraph 1). When the project undertaker (except when the national government, the Korea Land and Housing Corporation) seeks approval of the project plan, the approval must be sought through the mayor, district governor, or head of autonomous borough of the region where the housing structures will be built (Act, Article 33, Paragraph 3). The Minister of Construction and Transportation must consult the head of the related institution prior to approving the project plan (Act, Article 33, Paragraph 6). After approving the project plan, the Minister of Construction and Transportation must announce or make public of the approval (Act, Article 33, Paragraph 11). When the project undertaker receives approval of the project plan or designation, it is considered as receiving the permission, license, decision, approval, designation, or report according to another law, and announcement or public notice of the project plan approval is
seen as the notice by a related law (Act, Article 33, Paragraph 4).

The project undertaker (not including the registered contractor) may expropriate or use lands or objects fixed in the land or ownership, or other rights over such land and objects, if needed to reconstruct old and deteriorated housing structures (Act, Article 34, Paragraph 1). In this case, approval of the project plan is considered recognition of the project (Act, Article 34, Paragraph 3). A project undertaker who is part of the national government or the Korea Land and Housing Corporation may delegate housing reconstruction-related tasks such as land sales or loss indemnification to the province governor, mayor, or district governor (Act, Article 35, Paragraph 1).

If owners of old and deteriorated housing structures wish to demolish said housing structure and build housing on that land, they must request a safety inspection from the mayor, district governor, or head of autonomous borough (Act, Article 44-3, Paragraph 1). When there is a request for a safety inspection, the mayor, district governor or head of autonomous borough must designate an institution to conduct the safety inspection (Act, Article 44-3, Paragraph 2). After approval of the housing construction project plan, any registered rights such as mortgages, provisionally registered security rights, provisional attachments, rights to lease on a deposit basis, surface rights over the old or deteriorated housing structures or the land subject to reconstruction is seen as applying to housing or site to be newly built (Act, Article 44-3 Paragraph 5). With regard to reconstruction union members, if in the case of one household possessing two houses or one house in the joint possession by two or more households, this shall be seen as one union member and therefore only one house will be supplied (Act, Article 44-3, Paragraph 6).

If a reconstruction project occurs due to this act in a region where the number of old or deteriorated houses is greater than 1,000 or the area of the reconstruction project execution region is greater than 50,000m², then the mayor, district governor, or head of autonomous borough must make efforts in order to quickly progress the reconstruction project (Act, Article 44-4: Decree, Article 42-7).

If the project undertaker builds new a public facility or replaces an existing public facility in the project lands with the approved project plan, then the newly installed public facility belongs to the managing administrative agency at no cost and the existing public facility belongs to the project undertaker at no cost, regardless of regulations in the National Property Act or Local Finance Act (Act, Article 33, Paragraph 8).

When the housing reconstruction project is complete, the project undertaker must undergo a usage inspection from the mayor, district governor, or head of borough of the housing, additional/ welfare facilities, or sites (Act, Article 33-2, Paragraph 1).
usage inspection, it is seen as the completion inspection or completion permit by another law (Act, Article 33-2, Paragraph 3).

6. ACQUISITION AND COMPENSATION OF PUBLIC LOT (1962 - 2002)

1) Significance and Major Changes

The expropriation of land refers to compensating the land owner and divesting him/her of property rights based on a set procedure when a certain land is needed for a public project and when it is appropriate to use the land for that project (Land Expropriation Act, Article 2, Paragraph 1). Compensation for damages refers to the compensation by the project executor for damages suffered by the land owner due to the acquisition or use of the land for the public project (Act on Special Cases Concerning Acquisition of and Compensation for Public Land, Article 3, Paragraph 1).

In Korea, land expropriation began in 1911 with the enactment of the Chosun Land Expropriation Decree by the Japanese during colonial rule with the purpose of establishing military facilities and other public facilities for the domination of the continent. With the pursuit of the 5-Year Economic Development Plan in 1961 and increased public projects such as the national territory development project, land expropriation increased, causing the government to enact the Land Expropriation Act in 1962. Meanwhile, at the end of the 1960s, active execution of public projects such as highway construction, creation of heavy chemical industrial complexes, and urban planning projects from the rapid city expansion posed a significant need for policy measures facilitating the acquisition of public lands and distribution of appropriate compensation. As a result, the government enacted the Act on Special Cases Concerning Acquisition of and Compensation for Public Land in 1975. By standardizing valuation standards, methods, and procedures for public land project, this act made it easier to agree on the compensation prior to land expropriation, contributing to the smooth execution of public projects and protection of the people's property rights. In 2002, institutions on acquisition and compensation for public land projects, which was split among the Land Expropriation Act and the Act on Special Cases Concerning Acquisition of and Compensation for Public Land, was integrated into the Act on Acquisition of and Compensation for Land, etc for Public Works. These systematized procedures, and standards regarding compensation, improved various unreasonable institutions and faithfully protected people's property rights and the efficient pursuit of public works.
2) Land Expropriation

(1) Applicable Project, Individuals, Object for Land Expropriation

Project expropriating or using land must involve one of the following conditions (Land Expropriation Act\(^{14}\), Article 3).

1. Projects related to national defense or military.
2. Projects related to railways, tramways, roads, bicycle parking lots, cableways, motorcar roads, bridges, rivers, embankments, dams, sand barricades, windproofing, fireproofing, waterproofing, breakwater structures, canals, irrigation and power channels, reservoirs, docks, harbors, wharfs, water supply systems, sewer systems, public toilets, dirt and trash treatment plants, electricity systems, telecommunications, broadcasting, gas systems, meteorological observatories, airport and route marker installed by orders from statutes or the delegation by statutes.
3. Projects related to public facilities built by the national or local government; including government buildings, factories, research institutes, laboratories, health or cultural facilities, parks, plazas, playgrounds, markets, cemeteries, crematoriums, or slaughterhouses.
4. Projects related to social education or school facilities built by orders from statutes or the delegation by statutes.
5. Projects related to housing construction or housing site creation executed by the national or local government or any party designated by the national or local government for the purpose of leasing or transfers.
6. Projects related to steel, fertilizer, and other important industries designated by the Presidential decree.
7. Projects related to walkways, bridges, electric lines, material yards, and other additional

\(^{14}\) Land Expropriation Act (amended 1999. 2. 8, Act No.5909) is abbreviated as “Act” hereinafter.
facilities needed for the execution of projects listed through clauses ① through ⑥.

⑧ Projects expropriating or using land based on any other statutes.

In land expropriation, the entrepreneur refers to someone who carries out public works requiring the expropriation or use of land (Act, Article 4, Paragraph 1), and the land owner refers to the owner of lands to be expropriated or used (Act, Article 4, Paragraph 2). The parties concerned refers to any party with surface rights, easement, the right to rent on a deposit basis, mortgage rights, rights for loans of use, rights relating to the hiring of services or objects, or other rights other than ownership over the land to be expropriated or used, or any party with rights other than ownership over objects in the land (Act, Article 4, Paragraph 3). The entrepreneur, land owner, or other parties concerned may choose to have an attorney or another representative regarding the project recognition application, application for arbitration, submission or opinion and other actions (Act, Article 8).

The objective of expropriation for public works encompasses ① lands, ② rights other than ownership over said lands, ③ rights other than ownership over timber, buildings, and other objects fixed in the land that are needed for public works along with the land, ④ mining rights, fishing rights, or rights over water usage, and ⑤ soil, rock, sand and gravel in the land (Act, Article 2).

Lands that are being expropriated or used by the project cannot be expropriated or used unless there is a special need (Act, Article 5).

(2) Land Expropriation Procedure

When the entrepreneur needs to enter someone else's land and take a survey or measurement to prepare for public works, he/she must decide the project type, area of land to enter, and time of entry, and then receive permission from the mayor, district governor or head of borough (Act, Article 9, Paragraph 1). In this case, the date and location must be notified to the mayor, district governor or head of autonomous borough five days prior to the date of entrance (Act, Article 10, Paragraph 1), and the land owner shall not interfere with the entrepreneur's entrance without reasonable cause (Act, Article 11). In entering another's land and taking a survey or measurement, if the entrepreneur needs to remove obstacles, drill or dig the land, or if there is an unavoidable cause requiring the removal of obstacles, the entrepreneur may remove said obstacles with the permission of the mayor, district governor or head of autonomous borough if consent was not obtained from the land owner or occupier (Act, Article 12, Paragraph 1). The entrepreneur must compensate damages from entering, surveying, measuring the land, removing obstacles, or drilling and digging...
Project recognition refers to the decision of the project expropriating or using land as a public works project (Act, Article 4, Paragraph 4). The entrepreneur wishing to expropriate or use the land must obtain project recognition from the Minister of Construction and Transportation (Act, Article 14). When giving project recognition, the Minister of Construction and Transportation should consult the relevant minister, mayor, governor and hear the opinion of the Central Land Expropriation Committee and interested parties of project recognition in advance (Act, Article 15). When the Minister of Construction and Transportation gives project recognition, it should be notified to the entrepreneur, land owner, party concerned, mayor, governor without delay and the name or title of the entrepreneur, project type, and business site and details of the land to be expropriated or used should be announced in the official gazette issued by the city or province (Act, Article 16, Paragraph 1). Project recognition is effective starting on the day it is announced (Act, Article 16, Paragraph 2). If the entrepreneur does not apply for a decision within one year of the announcement or project recognition, the project recognition loses its effectiveness on the following day of the expiration date (Act, Article 17). After the announcement of the project recognition, if the entrepreneur has no need to expropriate or use the land due to cancellation or changes in all or part of the project, he/she must report the business site to the appropriate mayor or governor without delay and notify the land owner or party concerned (Act, Article 18, Paragraph 1). When there is such a report, the mayor or governor must announce the cancellation or changes in all or part of the project (Act, Article 18, Paragraph 2), and the announcement should be reported to the Minister of Construction and Transportation without delay (Act, Article 18, Paragraph 4). Based on the announcement, all or part of the project recognition loses its effectiveness from the date of said announcement (Act, Article 18, Paragraph 5). After the project
recognition is announced, no one may take actions which may affect the project such as changing soil quality, destroying or collecting objects (Act, Article 18-2, Paragraph 1). Any land owner or party concerned who builds a structure or adds or extends an object against this will not be able to claim compensation for damages (Act, Article 52).

After the announcement of the project recognition, the entrepreneur or other party ordered or delegated individual may enter the land or structure for survey and measurement to prepare for the project or land/object report (Act, Article 22, Paragraph 1). After the announcement of the project recognition, entrepreneur should prepare a land and object report, sign, and seal said report, then have the land owner or party concerned in attending and have them sign and seal the report (Act, Article 23, Paragraph 1). If the land owner or party concerned cannot or refuses to sign, the entrepreneur may have the mayor, district governor or head of autonomous borough or a delegate public official be in attendance and sign the report (Act, Article 23, Paragraph 3). The entrepreneur, land owner, and party concerned may not raise an objection regarding the land or object report unless it is annexed (Act, Article 24).

After the announcement of the project recognition, the entrepreneur must consult the land owner and party concerned to acquire the expire rights regarding the land (Act, Article 25, Paragraph 1). If an agreement cannot be reached or consultation is not possible, the entrepreneur may apply for arbitration to the Land Expropriation Committee in the appropriate jurisdiction within one year from the announcement of project recognition (Act, Article 25, Paragraph 2). When an agreement has been reached among the entrepreneur, land owner, and party concerned, then the entrepreneur can apply for confirmation of the agreement to the Land Expropriation Committee in the aforementioned jurisdiction with the consent of the land owner and party concerned (Act, Article 25-2, Paragraph 1). If an agreement cannot be reached, the land owner and party concerned may make a claim to the entrepreneur by paper for prompt application for arbitration (Act, Article 25-3, Paragraph 1). After receiving the claim, the entrepreneur must submit a request for arbitration to the Land Expropriation Committee in the appropriate jurisdiction within 2 months of receiving the claim (Act, Article 25-3, Paragraph 2). If there is an urgent need to execute the public works in order to ensure public safety in face of natural disaster or other accident, the entrepreneur may use another’s land immediately with the permission of the mayor, district governor or head of borough (Act, Article 26, Paragraph 1). The period of the aforementioned land use may not exceed six months (Act, Article 26, Paragraph 3).

There shall be a Central Land Expropriation Committee in the Ministry of Construction and Transportation and local Land Expropriation Committees in each city and province for arbitration.
regarding land expropriation and use (Act, Article 28). The Land Expropriation Committee in the appropriate jurisdiction must arbitrate when there is a request for arbitration (Act, Article 29, Paragraph 1). The scope of the arbitration by the Land Expropriation Committee includes zoning and use of expropriated or used lands; compensation for loss, time and duration of expropriation or use, etc (Act, Article 29, Paragraph 2). The Land Expropriation Committee must make a decision within two weeks of the announcement of deliberation (Act, Article 38). The arbitration decision of the Land Expropriation Committee should be done in paper (Act, Article 43, Paragraph 1). The entrepreneur must pay the settlement decided by the Land Expropriation Committee in the appropriate jurisdiction until the expropriation or use period (Act, Article 61, Paragraph 1). In the case that the recipient of the settlement refuses or cannot receive the settlement, the entrepreneur may deposit the settlement in the depository of the land to be expropriated or used until the end of the expropriation or use period (Act, Article 61, Paragraph 2). If the entrepreneur does not pay or deposit the settlement decided by the Land Expropriation Committee in the appropriate jurisdiction by the expropriation or use period, then the arbitration of the said Land Expropriation Committee loses its effectiveness (Act, Article 65).

Any party who objects to the decision of the Central Land Expropriation Committee may submit an objection to the Central Land Expropriation Committee, and then the objection must be submitted within one month of receiving the original decision (Act, Article 73). Any party who wishes to appeal the decision of the local Land Expropriation Committee may submit an objection to the Central Land Expropriation Committee through the said local Land Expropriation Committee within one month of receiving the original decision (Act, Article 74). If the Central Land Expropriation Committee finds the original ruling to be illegal or unreasonable, it may cancel all or part of the decision or change the compensation amount (Act, Article 75, Paragraph 1). To appeal the second decision, an administrative litigation may be filed within one month of receipt of the decision. However, the entrepreneur must deposit the settlement decided by the second decision prior to filing the administrative litigation (Act, Article 75-2). An objection to the decision does not stop the progress of the project or expropriation and use of the land (Act, Article 76). If responsibilities from this Act or measures from this Act are not executed or do not seem to be completed within the deadline, or if execution by the obligator is seen as significantly harming the public good, then the mayor, district governor or head of borough may execute said project, instead, at the request of the entrepreneur according to the Administrative Vicarious Execution Act (Act, Article 77).
(3) Compensation for Loss and Expenses

In expropriating or using land, damages suffered by the land owner or party concerned must be compensated by the entrepreneur (Act, Article 45, Paragraph 1). Compensation should be given to the recipient individually in cash (Act, Article 45, Paragraphs 2 and 4). If the entrepreneur is of the national or local government, the Korea Land and Housing Corporation, other government-invested institutions or public entity, then the land owner and party concerned may be compensated with bonds issued by the entrepreneur, if the recipients desire such an alternative (Act, Article 45, Paragraph 5). Regarding bond issuance, the calculation method and standard for compensation amount, with the exception of what is stipulated in this Act, the Act on Special Cases Concerning Acquisition of and Compensation for Public Land should be followed (Act, Article 57-2).

Calculation of damages is based on the price as of the agreement in case of an agreement, and the price at the time of decision of expropriation or usage in case of arbitration (Act, Article 46, Paragraph 1). The compensation amount of land to be acquired in the agreement or expropriated should be based on official land prices according to the Act on Land Price Announcement and Appraisal of Land, etc. A reasonable price is calculated by considering the usage plan for the said land according to other laws from the base date for public notice until an agreement is reached or decision is made. Other factors that shall be considered in to the final agreement include the land price volatility rate for the region when no volatility in price is due to said public works, increase in wholesale prices, location and shape of the land, environment, and usage situation, etc. (Act, Article 46 Paragraph 2, Clause 1). The assessed land price is official having been assessed by the base date before the project recognition announcement. In addition, the officially assessed land price that was announced most recently to the announcement of recognition of the said project is to be selected as the officially assessed land price (Act, Article 46, Paragraph 3). If it is difficult to use the remaining land for its original purpose due to sales under consultation or expropriation of part of a group of land owned by the same land owner, then the said land owner may request the undertaker to purchase the entire group of land or request the Land Expropriation Committee to expropriate the entire group of land (Act, Article 48, Paragraph 1).

Trees, buildings or other objects fixed on the land to be expropriated or used, or the entrepreneur’s land used in the public works project should be moved using the compensated moving expense (Act, Article 49, Paragraph 1). If moving the object is markedly difficult or if the moving causes the object to be unable to be used for its original purpose, the owner may claim expropriation of that object (Act, Article 49, Paragraph 3). In this case, the appropriate amount considering the transaction value in the neighborhood of an equivalent object should be compensated (Act, Article
Any other losses from sales, losses suffered by the land owner or party concerned from the expropriation or use of other lands, loss from rent due to moving buildings must be compensated (Act, Article 51). When expropriating or using stage 1 of land belonging to the same owner, even if the execution of project expropriating or using the said lands causes the prices of the remaining land to increase or results in other income, this profit may not offset the losses suffered from expropriation or use (Act, Article 53).

(4) Effect of Expropriation

The land owner, party concerned, or any other party with rights over lands to be expropriated or used, or objects in the land must deliver or hand over the land or objects in the land to the entrepreneur by the expropriation or use period (Act, Article 63). If the person to deliver or move the land or object cannot fulfill that responsibility without intention or negligence, or the entrepreneur does not know a person to deliver or move the land or object without negligence, then the mayor, district governor or head of autonomous borough must execute the project instead handle the delivery or movement of land or object at the request of the entrepreneur (Act, Article 64). If the expenses for the execution are not paid, then the head of borough, city, district may withhold the amount according to the disposition for failure in the national tax payment (Act, Article 78).

The entrepreneur who acquired ownership of the lands or objects, then loses other rights over those lands or objects on the date of expropriation (Act, Article 67, Paragraph 1). When the usage period for the land has passed or if there is no need for usage due to cancellation, changes in the project or other reasons, then entrepreneur must return the land to the land owner or successor without delay (Act, Article 70, Paragraph 1). If all or part of the expropriated land is no longer needed due to cancellation or change in the project within 10 days of the agreement or expropriation, then the land owner at the time or his successor may repurchase the land by paying the amount equivalent to the compensation for lands or rights other than ownership over the land to the undertaker within 1 year of the land no longer being needed and within 10 years of the date of agreement or expropriation (Act, Article 71, Paragraph 1). When there is land that may be repurchased, the undertaker shall notify the repurchase right holder without delay (Act, Article 72, Paragraph 1).

3) Consensual Acquisition and Loss Compensation

Losses suffered by the owner or land, etc. from the acquisition or use of land, etc for public
works must be compensated by the project executor (Act on Special Cases concerning Acquisition of or Compensation for Public Lots\(^{15}\) Article 3, Paragraph 1). In this Act, the acquisition of land, etc. refers to the acquisition or discharge of land needed in public works by the project executor through the agreement, rather than by procedures stipulated in the Land Expropriation Act (Act, Article 2 Clause 4). The use of land, etc. refers to use or restriction of land needed in public works by the project executor through the agreement, rather than by procedures stipulated in the Land Expropriation Act (Act, Article 2, Clause 5). Compensation is to be paid in cash with the exception of cases specially stipulated in other acts (Act, Article 3, Paragraph 2). Compensation should be made individually to the owners of land, etc. (Act, Article 3, Paragraph 3).

If the project executor is of the national or local government, then the national or local government, the Korea Land and Housing Corporation, other government-invested institution or public entity, owner or land, etc. may choose to be paid in bonds issued by the said the project executor (Act, Article 3, Paragraph 2 proviso). When compensating with bonds, the project executor must decide the maturity date and yield for the bond so that the compensation is fair. In this case, the maturity period may not exceed five years and the bond yield must be equal or above the interest rate for a 1-year time deposit at the time of bond issuance (Act, Article 3, Paragraph 4).

The government may issue public land compensation bonds to compensate for losses suffered by owners of the land, etc.; from acquisition or use of land, etc.; for road construction by the Road Act; the industrial complex development project by the Industrial Site and Development Act; the public railway construction and improvement project by the Public Railway Construction Promotion Act; port construction by the Port Act or other public works at the cost of the general account; special accounts for transportation facilities; and special accounts for railway projects (Act, Article 3-2, Paragraph 1). Public land compensation bonds are issued by the Minister of Finance and Economy at the request of the head of the central government agency managing national accounts (Act, Article 3-2, Paragraph 2). When issuing bonds, the Minister of Finance and Economy must obtain the vote of the National Assembly for each account (Act, Article 3-2, Paragraph 4). Bonds are issued to the owner of the land, etc., and they may be transferred or provided as security (Act, Article 3-2, Paragraphs 5 and 6). With the exception of special regulations stipulated in this Act, the State Bond Act should be followed regarding the issuance of bonds (Act, Article 3-2, Paragraph 7).

Compensation amount is calculated based on the price at the time of the signing of the contract on acquisition or use of land, etc. (Act, Article 4, Paragraph 1). For the land to be acquired, compensation value shall be based on the official price according to the Act on Price Announcement and Valuation of Land, etc. Compensation is calculated by considering the usage plan for the said

\(^{15}\) Act on Special Cases concerning Acquisition of or Compensation for Public Lots(1999, 2, 8, Act No.5906) is abbreviated as “Act” hereinafter.
lands according to other laws from the base date of public notice until an agreement is reached or decision is made. Other factors to place under consideration include the land price volatility rate for the appropriate region with no volatility in price due to said public works; or increase in wholesale prices, location and shape of the land, environment, and usage situation, etc. (Act, Article 4, Paragraph 2, Clause 1). For the land to be used, a reasonable price that considers the rent fee of that land or similar nearby land is set as the compensation amount (Act, Article 4, Paragraph 2, Clause 2). With regard to buildings, trees, objects fixed in the land; and rights other than ownership including mining rights, fishing rights, water usage rights (also pertaining to the industrial water system) thereof; and soil, sand, gravel belonging to the land; the compensation amount shall be calculated at a reasonable price by considering the transaction price, cost price, profitability, etc (Act, Article 4, Paragraph 2, Clause 3). The officially assessed land price will be known as the officially assessed land price on the base date before project recognition announcement. The officially assessed land price that is announced most recently to the announcement of recognition of the said project shall be selected as the officially assessed land price. However, if the land price is recognized as having changed due to the announcement of the public works plan or its execution, or in the condition that the officially assessed land price has an announcement date or period before the announcement of its base date, then the officially assessed land price that is announced closer to the announcement date of the said public works is considered the officially assessed land price (Act, Article 4, Paragraph 3).

With regard to farming crops, nursery fields, sericulture, moving costs, etc, the related ordinances of the Ministry of Construction and Transportation will be decided by considering factors such as profitability, investment costs, necessary expenses, etc (Act, Article 4, Paragraph 5). If it becomes difficult for the remaining land to be used for its original purpose due to part of the land belonging to one owner, then the remaining lands may be acquired at the request of the land owner, and it shall follow the aforementioned compensation calculation method (Act, Article 4, Paragraph 6). A local Compensation Review Committee may be established to review matters regarding compensation for the acquisition or use of land, etc., and more than 3/10 of the committee should be owners of land, etc. (Act, Article 4, Paragraph 7).

When acquiring or using land, etc. for the execution of public works, if the project executor is paying the compensation and there is land, etc. with no preservation registration or transfer registration of ownership, then the compensation is paid to the head of borough or mayor (restricted to cities for urban-rural complex types) or to the legitimate right holder confirmed by the head of the respective town or township (Act, Article 5, Paragraph 1).
The necessary cost for division of lands, etc. used in the execution of public works is borne by the project executor (Act, Article 7). The project executor must establish and implement relocation measures for those losing their homes to public works (Act, Article 8, Paragraph 1). If all or part of the expropriated lands is no longer needed due to cancellation or changes in the project within 10 days of the agreement or expropriation, then the land owner at the time or his successor may repurchase the land by paying an amount that is equivalent to the compensation for said lands or rights other than the ownership over the land to the undertaker within 1 year of the land no longer being needed and within 10 years of the date of agreement or expropriation (Act, Article 9, Paragraph 1). This condition is applicable even after a period of 5 years has passed from the acquisition date if the entirety of acquired lands was not used in the public works, and in this case, the repurchasing right must be exercised within 6 years from the acquisition date (Act, Article 9, Paragraph 2). If the price of the land, etc. has changed significantly since the acquisition, the project executor or repurchase right holder must consult on the amount, and if an agreement is not reached, a decision by the Land Expropriation Committee in the location of the said lands, etc. may be requested (Act, Article 9, Paragraph 3).

The project executor may request from the national or local government issuance of documents necessary for the transfer registration to be completed of the lands, etc.; and subsequently the national or local government must comply with the aforementioned request (Act, Article 10, Paragraph 1). Also, charges related to the above situation are waived for documents issued by the national or local government at this time (Act, Article 10, Paragraph 2).

7. ANNOUNCEMENT AND VALUATION OF LAND PRICE (1973 - 2005)

1) Significance and Major Changes

Land valuation is essential when the national or local government buys or expropriates land in the process of various tax operations or public works execution. The officially assessed land price refers to the officially assessed price per surface unit of the standard land surveyed and valuated by the Minister of Construction and Transportation; according to a certain procedure to set an appropriate price which serves as a standard for land price calculation by valuating and announcing the appropriate price for said lands (Act, on Public Notice of Land Price and Appraisal of Land, etc.16) Article 1; Article 2, Paragraph 1). The officially assessed land price provides land price information of

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16) Act on Public Notice of Land Price and Appraisal of Land, etc. (amended 2002. 2. 4, Act No.6655) is abbreviated as “Act” hereinafter.
the land market and is a general index of land transaction. The land price is calculated by institution such as the national or local government or when an appraiser appraises the land individually, and therefore the calculation or appraisal becomes the basis for land price (Act, Article 3). The basic land price, which can be seen as the first public land price in Korea, was adopted with the enactment of the Act on Utilization and Management of National Territory in 1972 to efficiently promote the Comprehensive Plan on Construction on National Territory, and smoothly implement public development projects such as heavy chemical industries.

The Act on Utilization and Management of National Territory was amended in 1978 to expand the announcement of standard land prices nationwide, and use it as part of measures to control real estate speculation. The enactment of the Act on Public Notice of Land Price and Appraisal of Land, etc. in 1989 saw the adoption of officially assessed land prices, which lead to integration of public land prices. The officially assessed land prices adopted by this Act were an improvement of the standard land prices according to the Act on Utilization and Management of National Territory. The government sought to systematize the multiple land appraisal system by selecting annually standard land from land all over the country; and surveying, appraising, and announcing the appropriate price for said lands so that each relevant institute would be able to base their land appraisals on that standard price index. The Public Notice of Values and Appraisal of Real Estate Act was enacted in 2005, including public notice of real estate as part of the land appraisal system.

![Figure 9 Changes in Applicable Law for Officially Assessed Land Price](image)

**2) Survey, Appraisal, and Public Notice of Officially Assessed Land Price**

(1) Public Notice of Standard Land Price

The Minister of Construction and Transportation must survey and appraise current appropriate prices at the public notice date of every year for standard lands selected from multiple lands recognized as being generally similar to the land usage situation, surrounding environment, or other natural or social conditions, and then undergo the evaluation of the Central Land Appraisal
Committee, and announce said report (Act, Article 4, Paragraph 1).

<table>
<thead>
<tr>
<th>Procedure for Officially Announced Price of Reference Land</th>
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<tr>
<td>Commission survey and appraisal of reference land (Minister of Construction and Transportation) → Survey and appraise (appraisal contractor) → Review (Central Land Appraisal Commission) → Announce (Minister of Construction and Transportation) → Send public notice (Minister of Construction and Transportation) → Open and submit objection (land owner, etc)</td>
</tr>
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Public notice of the land price must include the ① lot number of the standard land, ② price per area unit of standard land, ③ area and shape of the standard land, and ④ usage status of the standard land and surrounding lands (Act, Article 6). When announcing the land price, the Minister of Construction and Transportation should send an appropriate public notice through the mayor of special metropolitan city or other metropolitan cities, or governor to mayor, district governor, or head of autonomous borough to make said public notice open to the general public; and then make a report or table which shall be distributed to relevant administrative agencies (Act, Article 7). Any party who has objections to the publically notified land price should submit a written objection to the Minister of Construction and Transportation within 30 days of the announcement of the officially assessed land price (Act, Article 8, Paragraph 1). The Minister of Construction and Transportation must review submitted objections and send the results of the review to the submitter in writing within 30 days of the end of the submission (Act, Article 8, Paragraph 2).

Every year, the government must submit a report on the major aspects of the public notice of land prices to the National Assembly prior to the first regular session (Act, Article 4, Paragraph 3). If deemed necessary for the selection of standard lands or survey/appraisal of appropriate prices, the Minister of Construction and Transportation may ask the relevant administrative agencies for a reading or submission of related material. In such a case, the relevant administrative agency must comply unless there is a special reason (Act, Article 4-2). Civil servants or the relevant appraising contractor may enter another’s land if needed for survey/appraisal for standard land price (Act, Article 11, Paragraph 1). If a public official or appraising contractor wishes to enter another’s land or land surrounded by walls or fences, then he/she must obtain permission from the mayor, district governor or head of borough (this condition only applies to the appraising contractor) (Act, Article 11, Paragraph 2). If the Minister of Construction and Transportation is conducting the survey/appraisal for the appropriate price of the standard lands, then the transaction or lease price of similar lands nearby, and the estimated cost needed to prepare lands seen as having similar usage
value as the said lands should be comprehensively taken into account (Act, Article 5, Paragraph 1). When the Minister of Construction and Transportation wishes to survey/appraise the appropriate value of the standard lands, he must commission two or more appraising contractors (Act, Article 5, Paragraph 2).

When the appraisal contractors individually appraises land at the request of another, then the appraisal should be based on the officially assessed land price of reference land recognized as having similar usage value as the said land (Act, Article 9, Paragraph 1). However, when appraising for setting up security rights or auction, the appraisal may take into consideration rent price or construction costs of the said land (Act, Article 9, Paragraph 1 proviso). The appraisal contract must appraise lands by comparing factors impacting the said land’s objective value such as location, topography, environment of the appraising land, and one or two or more reference lands seen as having similar usage value as the appraising land, while maintaining a balance between the price of the appraising land and the officially assessed land price of said reference land (Act, Article 9, Paragraph 2).

When calculating land price for the ① sales of public land and compensation for expropriation or use of land, ② acquisition or disposal of national or public land, ③ sales of land by the land trading license system, and ④ other various purposes; then the national or local government, government-invested institution according to the Basic Act on Managing Government-Invested Institutions, or other public entity should base their calculations on the officially assessed land price of one or two or more reference lands seen as having similar usage value as the appraising land, while maintaining a balance between the price of the appraising land and the officially assessed land price of reference land (Act, Article 10, Paragraph 1). However, when seen as necessary, the calculated land price may be adjusted and applied for the purposes of ①～④ listed above (Act, Article 10, Paragraph 1 proviso). If recognized as necessary for calculating land prices for the purposes of ①～④ listed above, the Minister of Construction and Transportation must prepare a standard comparison chart (land price table) on the land price factors of reference lands and the land price calculations, and then submit the appropriate documents to the related administrative agencies, etc. The aforementioned related administrative agencies should use said documents to calculate the land price (Act, Article 10, Paragraph 2).

(2) Officially Assessed Individual Land Price

In order to factor in the land price calculations of the development charge of the Restitution of Development Gains Act, or purposes determined in other statutes, the mayor, district governor or
head of autonomous borough must undergo review by each individual city/district/borough's land appraisal committee to make a decision and announce annually the current price per unit area of individual lands within the relevant jurisdiction (officially assessed individual land price) as of the date of public notice of the officially assessed land price, and provide this information to the related administrative agencies (Act, Article 10-2, Paragraph 1). However, individual officially assessed land prices may not be determined or announced for lands selected as reference land or lands that are not subject to taxation, charge, etc. (Act, 10-2 Paragraph 1 proviso). For lands that are divided or combined after the public notice, the mayor, district governor or head of autonomous borough must make a decision and announce the individual officially assessed land price based on a set date (Act, Article 10-2, Paragraph 2).

When deciding and announcing the individual officially assessed land price, the mayor, district governor or head of autonomous borough should calculate the price based on the officially assessed land price of one or two or more reference lands seen as having similar usage value as the appraising land; and then using land price table, maintain a balance between the price of the appraising land and the officially assessed land price of the reference land (Act, Article 10-2, Paragraph 3). Public officials or appraisal contractors may enter another’s land if needed to calculate the individual land price (Act, Article 11, Paragraph 1). When the public official or appraisal contractor wishes to enter another’s housing site or lot surrounded by walls or fences, then permission must be obtained from the mayor, district governor or head of borough (this conditions only applies to appraisal contractors) and the time and location of entrance should be notified to the occupant 3 days before said entry (Act, Article 11, Paragraph 2).

When calculating the price of individual lands to decide and announce individual officially assessed land prices, the mayor, district governor or head of autonomous borough must have verification from the appraisal contractor on its validity and hear opinions from other interest parties (Act, Article 10-2, Paragraph 4). When seen as necessary for the efficient pursuit of a decision and public notice of individual officially assessed land prices, the Minister of Construction and Transportation

<<<< Procedure for Individual Officially Assessed Land Price
Survey and appraise (mayor: district governor: head of autonomous borough) — Verify (appraisal contractor) — Review(city/district/borough land appraisal commission) — Confirm (Minister of Construction and Transportation) — Decide and announce (mayor: district governor: head of autonomous borough) — Peruse and submit objection (land owner)
may designate the appraiser who surveyed/appraised the officially assessed land price of the reference land in the said area, or designate an appraiser with an outstanding appraisal record as the appraising contractor to conduct the verification; and unless there is a special reason, the mayor, district governor or head of autonomous borough must request the respective verification to this appointed appraising contractor (Act, Article 10-2, Paragraph 5). To decide or announce the individual officially assessed land price, the mayor, district governor or head of autonomous borough should receive confirmation from the Minister of Construction and Transportation. Afterwards, the Minister of Construction and Transportation must undergo a review by the Central Land Appraisal Committee before confirming the individual officially assessed land price (Act, Article 10-2, Paragraph 6).

Any party with objections to the individual officially assessed land price must submit the objection in writing to the mayor, district governor or head of autonomous borough within 30 days of the decision and public notice of the individual officially assessed land price (Act, Article 10-3, Paragraph 1). The mayor, district governor or head of autonomous borough must review the submitted objection and notify the objector in writing of the results within 30 days of the end of the submission period (Act, Article 10-3, Paragraph 2). When a miscalculation or misentry of the individual officially assessed land price, or a mistake in the reference land is discovered, then the mayor, district governor or head of autonomous borough must rectify the error without delay (Act, Article 10-4, Paragraph 1). When rectifying individual officially assessed land price, the mayor, district governor or head of borough must notify the Minister of Construction and Transportation (Act, Article 10-4, Paragraph 2).

The National Treasury may subsidize in part the expenses required in the decision and announcement of the individual officially assessed land price (Act, Article 12-3).

(3) Land Appraisal Committee, etc.

The Central Land Appraisal Committee must be established under the jurisdiction of the Minister of Construction and Transportation to review ① matters on drafting laws on land appraisal, ② guidelines on reference land selection and management, ③ prices of reference lands, and ④ matters on objections to reference land prices, etc. (Act, Article 12, Paragraph 1). The Committee shall consist of 15 or less members, including the chairperson (Act, Article 12, Paragraph 2). The Minister of Construction and Transportation shall serve as the chair of aforementioned committee (Act, Article 12, Paragraph 3). Committee members shall consist of five or less public officials nominated by the head of the central administrative agency, with professors or lawyers appointed
by the Minister of Construction and Transportation (Act, Article 12, Paragraph 4).

The city/district/borough land appraisal committee should be established under the jurisdiction of the mayor, district governor or head of borough to review matters on ① deciding individual officially assessed land prices, and ② the submission for objections to individual officially assessed land prices (Act, Article 12-2, Paragraph 1).

The Minister of Construction and Transportation may set up and operate an appraisal information system to efficiently and systematically manage land appraisal and related data (Act, Article 23-2, Paragraph 1). The Minister of Construction and Transportation may request materials from related institutions if needed for the set up of aforementioned appraisal information system (Act, Article 23-2, Paragraph 2).
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## Land Development and Management in the Growth Management Period

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Chapter 3

Land Development and Management in the Growth Management Period

1. HOUSING SITE DEVELOPMENT PROJECT (1981 - PRESENT)

1) Significance and Major Changes

Housing sites refer to housing construction sites or public facility sites that are developed and supplied under the Housing Site Development Promotion Act\(^{(17)}\) (Act, Article 2, Clause 1). The housing site development project refers to a project using a group of land to construct housing structures or create housing sites where residential life is possible (Act, Article 2, Clause 4). Until the early 1980s, the most universal type of urban district development project was the land readjustment project. However, as this project focused on standardizing land forms and preparing minimum infrastructure such as roads or water systems, it became unsuitable for large-scale development or self-sufficient, new urban development. To supplement these weaknesses, the Housing Site Development Promotion Act was enacted in 1980 to eliminate various agreements or review processes lengthening the development project and having the public lead the development directly, which enabled short-term, planned development projects. Through this, the public sector's role increased significantly from that of just supplying the land, while land owners and private developers were completely excluded from the development process.

Despite these advances, there still remained some problems with housing site development projects, but at the time it was evaluated as the most useful way to promptly execute large-scale housing site development since securing lots, such as through land purchase or expropriation, became relatively easier and setting up various infrastructure systems became more convenient. In

\(^{(17)}\) Housing Site Development Promotion Act (amended 2011. 4. 14, Act No.10599) is abbreviated as “Act” hereinafter.
particular, housing site development projects contributed greatly to the building of new cities with self-sufficient living infrastructure to alleviate the urgent housing shortage in urban areas.

The purpose of the Housing Site Development Promotion Act is to contribute to the stability of the national residential living and welfare enhancement by prescribing special cases on the acquisition, development, distribution, and management of housing sites needed for housing construction to alleviate the pressing housing shortage in urban areas (Act, Article 1).

2) Housing Site Development Zone

The housing site development zone refers to zones in urban or surrounding areas that have been designated and announced by the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or other metropolitan cities or governor of provinces or special autonomous province (Act, Article 3, Paragraph 1). As determined by the housing site supply and demand plan according to the Housing Act, mayor of special metropolitan city or other metropolitan cities or governor of provinces or special autonomous province may designate zones needed for mass development of housing sites as the housing site development zone (Act, Article 3, Paragraph 1). If the zone seen as necessary for the housing site development project encompasses two or more special metropolitan city, other metropolitan cities, provinces or special autonomous province, then the related mayors and/or governors shall consult and designate an appointor (Act, Article 3, Paragraph 1 proviso). If the designating zone goes beyond the planned amount for the said city or province based on the housing site supply and demand plan, then the respective mayors or governors must consult the Minister of Land, Transport and Maritime Affairs in advance; and if the area of the planned zone exceeds a set scale, then the designation must be approved by the Minister of Land, Transport and Maritime Affairs (Act, Article 3, Paragraph 2). The approval of the designation of housing site development zone by the Minister of Land, Transport and Maritime Affairs must be reviewed by the Housing Policy Review Committee. The Minister of Land, Transport and Maritime Affairs may designate zones needed for mass development of housing sites as the housing site development zone if ① the government needs to execute housing site development projects, ② there is a request from the head of the related central administrative agency, ③ the Korea Land and Housing Corporation suggests the designation of the housing site development zone exceeds a set scale for the supplying housing site according to the housing site supply/demand plan, and ④ the zone recognized as needing the housing site development project extends across two or more cities, provinces, or islands and has not reached an agreement (Act, Article 3, Paragraph 3).
The national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations may propose the designation of a housing site development zone to the Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city or other metropolitan cities or governor of provinces or special autonomous province (Act, Article 3-2, Paragraph 1). When designating a housing site development zone, the Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city or other metropolitan cities or governor of provinces or special autonomous province must survey in advance the land to be designated as the housing site development zone, buildings, and other matters necessary for the housing site development zone designation (Act, Article 4, Paragraph 1). If deemed necessary, the Minister of Land, Transport and Maritime Affairs, mayor or governor may order the mayor, district governor, head of autonomous borough or the housing site development project executor to conduct the survey (Act, Article 4, Paragraph 2). The national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations may conduct the survey when proposing the designation of the housing site development zone (Act, Article 4, Paragraph 3). If deemed necessary for the completion of the survey or measuring for housing site development zone designation, the national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations may enter another’s land and use that land temporarily as material yard or road, or modify/change obstacles such as trees and soil (Act, Article 10, Paragraph 1). If any party suffers damages in the process, the executor must indemnify the damages (Act, Article 10, Paragraph 3). When designating the housing
site development zone, the Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must announce the intention and hear opinions from residents and related experts (Act, Article 3-3, Paragraph 1).

When designating the housing site development zone, the Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must consult in advance with the head of the central administrative agency, hear the opinions from the relevant mayor, district governor or head of autonomous borough, and be reviewed by the Housing Policy Review Committee according to the Housing Act (Act, Article 3, Paragraph 4). When the Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province designates or withdraws designation of the housing site development zone, then the name and location of the housing site development zone along with the designated area and housing site development plan must be published in the official gazette, and the appropriate content should be sent to the mayor, district governor or head of autonomous borough so that the information can be made open to the public (Act, Article 3, Paragraph 6).

Any party wishing to construct a building, install a structure, change the soil quality, extract soil/rock, divide the land, or store objects in areas with a notice for residents’ opinion regarding the housing site development zone designation or housing site development zone must have the approval of governor of special autonomous province, mayor, district governor or head of autonomous borough (Act, Article 6, Paragraph 1). The approval of the housing site development zone is seen as receiving permission for development according to the National Land Planning and Utilization Act (Act, Article 6, Paragraph 6). With regard to actions requiring a permit which have already been approved according to the relevant statutes at the time of designation and the announcement of housing site development zone or actions not requiring a permit, individuals who have started construction or the project may report to the governor of special autonomous province, mayor, district governor or head of autonomous borough and continue (Act, Article 6, Paragraph 3). Actions taken as emergency measures for disaster recovery in housing site development zones may be done without permission from the governor of special autonomous province, mayor or district governor (Act, Article 6, Paragraph 2). The governor of special autonomous province, mayor, district governor or head of autonomous borough may order those violating permit regulations to restore the land to its original state. In this case, if the ordered party does not fulfill its duties, the governor of special autonomous province, mayor, district governor or head of autonomous borough may
execute the aforementioned plan or project instead by the Administrative Vicarious Execution Act (Act, Article 6, Paragraph 4).

3) Housing Site Development Project

Housing site development projects are executed by a respective party from the national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations designated by the Minister of Land, Transport and Maritime Affairs (Act, Article 7, Paragraph 1). Certain registered housing contractors refer to registered contractors according to the Housing Act who own or have signed ownership transfer contracts for more than a set proportion of the land area inside the to be designated housing site development zone and will execute the development project jointly with the national or local government, the Korea Land and Housing Corporation, or local corporation (public executor) in accordance with terms and procedures that uphold the principles of securing the public interest to resolve housing shortages in urban areas (Act, Article 7, Paragraph 1, Clause 4). In this case, the set proportion should be between 20/100 and 50/100 if project execution is being requested to the housing construction contractor jointly due to urgent need for bogeumjari housing and between 50/100 and 70/100 when the project execution is requested jointly to the public executor to alleviate difficulties such as land acquisition or project plan approval (Act, Article 7, Paragraph 1, Clause 4 A, B). Joint investment corporations refer to housing construction companies executing the development project jointly with a public executor through an agreement or a corporation established through the joint investment from a public executor and contractor for housing construction, etc. In this case, the proportion of investment shares of the contractor for housing construction, etc. should be less than 50 out of 100; and the method of selection for the contractor for housing construction, etc. by the public executor, the content of agreement, the rate of return for the contractor for said housing construction, etc. shall be determined by the Presidential decree (Act, Article 7, Paragraph 1, Clause 5).
If deemed necessary to efficiently execute the housing site development project, the public executor may delegate part of housing site development project, such as the design or distribution, to housing contractor (Act, Article 7, Paragraph 2). With regard to housing site development projects in housing site development zone designated by the respective proposal, the Minister of Land, Transport and Maritime Affairs may preferentially designate the party suggesting the designation as the executor (Act, Article 7, Paragraph 3).

When designating housing site development zones, the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must prepare a housing site development plan which includes ① a summary of the development plan, ② the development period, ③ the plan for land usage and installation of major infrastructure, and ④ the location, lot number, land category, and area of expropriating land, as well as details of ownership and other rights including the name and address of the owner and other rights holders (Act, Article 8, Paragraph 1). If deemed necessary for survey/measurement in preparing the housing site development plan, the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province may enter land in another's possession or use that land temporarily.

<<< Procedure for Housing Site Development Project

Propose designation of housing site development zone (national or local government, Korea Land and Housing Corporation, local corporation, joint investment corporation between public executor and registered housing construction contractor) → Set Housing Site Development plan (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city/governor of province or special autonomous province) → Designate and announce housing site development zone (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city/governor of province or special autonomous province) → Prepare Housing Site Development execution plan (Korea Land and Housing Corporation, local corporation, joint investment corporation between public executor and registered housing construction contractor) → Approve (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city/governor of province or special autonomous province) → Announce (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city/governor of province or special autonomous province) → Housing site development project (national or local government, Korea Land and Housing Corporation, local corporation, joint investment corporation between public executor and registered housing construction contractor) → Completion inspection (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city/governor of province or special autonomous province) → Supply housing site (national or local government, Korea Land and Housing Corporation, local corporation, joint investment corporation between public executor and registered housing construction contractor)
as a material yard or road, and modify or change obstacles such as trees and soil (Act, Article 10, Paragraph 1). If any party suffers damages in the process, the administrative agency must compensate for the said damages (Act, Article 10, Paragraph 3).

The national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations (executor) must prepare an execution plan for the housing site development project. In addition the Korea Land and Housing Corporation, local corporation, certain registered housing contractors, or joint investment corporations must submit the housing site development project execution plan to the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province for approval (Act, Article 9, Paragraph 1). If deemed necessary for survey/measurement in preparing the execution plan, the national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations may enter the relevant land in another’s possession or use that land temporarily as a material yard or road, and modify or change obstacles such as trees and soil (Act, Article 10, Paragraph 1). If any party suffers damages in the process, the executor must compensate for the said damages (Act, Article 10, Paragraph 3).

If the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporation does not prepare or request approval of a housing site development project execution plan within three years of the date of public notice of the housing site development zone, then the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must withdraw the designation (Act, Article 3, Paragraph 5). The execution plan must include plans on the first-rate unit plan zones and supply of housing sites in the National Land Planning and Utilization Act (Act, Article 9, Paragraph 2).

When preparing or approving the execution plan, the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must make a public notice of said plan and notify the Korea Land and Housing Corporation, local corporation, certain registered housing contractor, joint investment corporation, mayor, district governor or head of borough (Act, Article 9, Paragraph 3). After approving the execution plan which demands expropriation of land, etc., the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities or governor of provinces/special autonomous province must announce the details such as the name of the executor, project type, and land to be expropriated in the official gazette and notify the owner.
and rights holder of said land, etc. However, if the executor has consulted with the owner and
rights holder of the aforementioned lands, etc. in advance prior to the submission of the execution
plan for approval, then it is not necessary (Act, Article 9, Paragraph 4).

When the national or local government, the Korea Land and Housing Corporation, local
corporations, certain registered housing contractors, joint investment corporations (executor) have
obtained approval of the execution plan, then it is considered as receiving the decision, permission,
agreement, consent, license, approval, disposal, cancellation, order, or designation by another
statute; and when the Minister of Land, Transport and Maritime Affairs announces approval of the
execution plan, it is deemed as the announcement or public notice of licensing by a related statute
(Act, Article 11, Paragraph 1). In this case, when there is content related to the execution plan, the
head of the related agency must be consulted in advance (Act, Article 11, Paragraph 2).

If deemed necessary for the execution of the housing site development project, the national or
local government, the Korea Land and Housing Corporation, local corporation, certain registered
housing contractor, or joint investment corporation may enter the relevant land in another’s
possession or use said land temporarily as material a yard or road, and modify or change obstacles
such as trees and soil (Act, Article 10, Paragraph 1). If any party suffers damages in the process, the
executor must compensate for the damages (Act, Article 10, Paragraph 3). If deemed necessary
for the execution of the housing site development project, the national or local government, the
Korea Land and Housing Corporation, local corporations, certain registered housing contractors,
or joint investment corporations may expropriate or use lands, objects, or rights in the housing site
development zone (Act, Article 12, Paragraph 1). The Korea Land and Housing Corporation, local
corporations, certain registered housing contractors, joint investment corporations may commission
the housing site development project tasks such as land purchase or compensation to the mayor,
governor, or district governor in the relevant jurisdiction (Act, Article 17, Paragraph 1). In such cases,
a commission fee with in 3/100 of the land purchase amount or compensation amount should be
paid (Act, Article 17, Paragraph 2).

The designation and announcement of the housing site development zone is seen as the project
recognition and announcement of that recognition by the Act on Acquisition of and Compensation
for Land, etc for Public Works. In addition, request for arbitration must be done within the project
execution period set by the execution plan (Act, Article 17, Paragraph 2). When the project is
executed jointly, if the public executor is expropriating the land, etc., then more than 30/100 of
the entire land in the planned zone, including the share of land that is expropriated from the entire
land in the housing site development zone, should be used as the housing site by the expropriating
public executor (Act, Article 17, Paragraph 5).

The national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, joint investment corporations may retain the existing structure or outside facilities inside the housing site development zone if they meet the set condition that they do not affect the housing site development project even if they are not moved or removed (Act, Article 12-2, Paragraph 1). In this case, the owner of the retained equipment may be made to pay in part for the expenses necessary for the belonging public facilities at no cost to the managing agency, that deal with areas such as roads, parks, or water supply and sewage systems (Act, Article 12-2, Paragraph 2).

If part or all of expropriated lands are no longer needed as a result of cancellation or changes in the housing site development zone designation, cancellation or changes in the approval of development plan or execution plan, or other reasons, then the land owner at the time of expropriation or the general successor (repurchase right holder) may repurchase the land within a year of the date that the land is inutile by paying the executor the compensation amount received at the time of expropriation and adding the legal interest from compensation date to the repurchase date (Act, Article 13, Paragraph 1).

When the housing site development project is complete, the national or local government, the Korea Land and Housing Corporation, local corporation, certain registered housing contractor, or joint investment corporation must undergo a completion inspection by the Minister of Land, Transport and Maritime Affairs, mayor or governor without delay (Act, Article 16, Paragraph 1).

Those wishing to distribute the housing site must do so according to the execution plan (Act, Article 18, Paragraph 1). When supplying the housing site to be used as a building site for public housing in the Housing Act, the national or local government, the Korea Land and Housing Corporation, local corporation, certain registered housing contractor, or joint investment corporation may set the price below the housing site preparation cost price (Act, Article 18, Paragraph 2). The housing site supplier must announce the housing site preparation cost price including the land cost, preparation cost, direct labor cost, moving cost, sales cost, general administrative cost, and other related costs (Act, Article 18-2, Paragraph 1). In this case, the housing site preparation cost price shall compose of each of the following items. The housing site recipient (except in cases of the national or local government, the Korea Land and Housing Corporation) or any party who acquires the respective housing site must build housing structures, etc. according to purposes set forth in the execution plan (Act, Article 19). Any party receiving the prepared housing site may not re-sell (title transfer, sales or all actions including changes in rights, except inheritance) said site without having
used it for the distributed purpose until the ownership transfer registration is complete. However, the housing site distributed as means of compensation for moving or as determined by Presidential decree are exempt from the application of this clause (Act, Article 19-2, Paragraph 1). When a recipient of the housing site re-sells the site, the said legal action is seen as invalid, and the executor of housing site development project (original housing site supplier) may repurchase the said site by paying the price at the time of site distribution and the amount of average yield for a 1-year period deposit at banks according to the Banking Act (Act, Article 19-2, Paragraph 2).

The national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, joint investment corporations may receive part or all of the payment in advance from the party to receive the housing site (Act, Article 20, Paragraph 1) and issue bonds which can be redeemed in land (land redemption bond) (Act, Article 20, Paragraph 2). If needed for the execution of the housing site development project, the national or local government, the Korea Land and Housing Corporation, local corporation, certain registered housing contractor, or joint investment corporation may view, mimeograph, issue aforementioned documents at no cost (Act, Article 21, Paragraph 1), issue public notice in substitution for sending said document (Act, Article 21, Paragraph 2), or request related materials (Act, Article 22).

The Minister of Land, Transport and Maritime Affairs set up and operates a housing site information system for efficient support of housing site development tasks and systematic management of housing site information (Act, Article 22-2, Paragraph 1). If in the execution of the housing site development project, the national or local government, the Korea Land and Housing Corporation, local corporations, certain registered housing contractors, or joint investment corporations may install new public facilities (except parking lots, sports grounds, etc.) or facilities replacing existing public facilities. In addition the newly installed public facilities belong to the managing administrative agency at no cost and existing public facilities belong to the project undertake at no cost, regardless of the National Property Act or Local Finance Act (Act, Article 25, Paragraph 1). The national or local government may subsidize or loan all or part of the required funding to the Korea Land and Housing Corporation, local corporation, certain registered housing contractor, or joint investment corporation (Act, Article 28).
2. URBAN DEVELOPMENT PROJECT (2000 - PROJECT)

1) Significance and Major Changes

Urban development projects refer to projects executed to create complexes with residential, commercial, industrial, distribution, information communication, ecological, cultural, health, or welfare purposes or urban districts (Urban Development Act\(^{18}\), Article 2).

Before 2000, urban development projects were operated separately. Multi-housing site preparation projects, multi-industrial lots, urban district creation projects were operated under the Urban Planning Act and land readjustment project under the Land Readjustment Project Act. Meanwhile, urban development during that time was pursued for single-purpose development such as housing complex development or industrial complex development, having limited ability in developing a new city or comprehensively and systematically developing a complex functional city. Consequently, the Urban Development Act was enacted in 2000 to integrate and supplement urban planning projects as part of the Urban Planning Act and Land Readjustment Project Act, and serve as the basic act on urban development. The enactment of the Urban Development Act prepared the legal foundation for comprehensive and systematic urban development and increased participation from the private sector in urban development which has made possible various types of urban development.

The purpose of Urban Development Act is to regulate necessary matters regarding urban development to promote planned and systematic urban development, while contributing to the creation of pleasant urban environments and increased public welfare (Act, Article 1).

2) The urban development area

If deemed necessary for planned urban development, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with a population greater than 500,000 may designate the urban development areas (Act, Article 3, Paragraph 1). If the area seen as necessary for urban development project extends over two or more special metropolitan city, metropolitan cities, provinces, special autonomous province or metropolitan areas with a population greater than 500,000, then the appropriate mayors or governors shall consult and decide who will designate the urban development area (Act, Article 3, Paragraph 2).

\(^{18}\) Urban Development Act (amended 2011. 4. 14, Act No.10599) is abbreviated as “Act” hereinafter.
The Minister of Land, Transport and Maritime Affairs may designate the urban development region directly if (1) there is a need for the government to execute an urban development project, (2) the head of the related central administrative agency requests the designation, (3) the head of the public institution or government-invested institution proposes designation of the urban development area which is greater than a certain scale and closely related to the national program, (4) an agreement is not reached between the two or more cities or provinces, or (5) there is any other reason (Act, Article 3, Paragraph 3). The mayor (excluding those of large cities), district governor or head of borough may request designation of the urban development area to the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with a population greater than 500,000 (Act, Article 3 Paragraph 4).

### Procedure for Urban Development Area Designation

Propose designation of the urban development area (public institutions, government-invested institutions, local corporation, land owner in the urban development area, corporations moving from overpopulation control area, certain registered housing construction contractor, certain registered engineering contractor, certain self-managing or consigned real estate investment trusts, joint investment corporation) → Basic survey (executor or those wishing to become executor) → Hear opinions from residents and related experts (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with population greater than 500,000) → Consult with head of related central administrative agency (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with population greater than 500,000) → Review by urban planning committee (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with population greater than 500,000) → Designate and announce the urban development area (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of cities with population greater than 500,000)

Public institutions, government-invested institutions, local corporation, land owners in the urban development region, corporations moving from overpopulation control areas to non-capital areas satisfying certain conditions such as business duration in overpopulation control areas, etc, registered housing contractors deemed capable of executing the urban development project and satisfying certain conditions, those deemed capable of executing the urban development project based on the development plan such as having a civil or construction engineering license and satisfying certain conditions, self-managing or consigned real estate investment trusts satisfying certain conditions (only when executed jointly), a corporation established with investment from two
or more proposers of the region designation with the purpose of executing the urban development project may propose designation of the urban development region to the governor of special autonomous province, mayor, district governor or head of autonomous borough (Act, Article 11, Paragraph 5). However, if the head of the public institution or government-invested institution is closely related to the national program at more than a certain scale, then they may directly propose the designation of the urban development area to the Minister of Land, Transport and Maritime Affairs (Act, Article 11, Paragraph 5 proviso).

The size of land able to be designated as the urban development area should be more than 10,000㎡ for residential or commercial areas, 30,000㎡ for industrial areas, 10,000㎡ for natural green spaces, 10,000㎡ for productive green spaces (only when production green space is less than 30/100 of area designated as the urban development area), and 30,000㎡ for non-urban regions (Act, Article 3, Paragraph 5; Decree, Article 2, Paragraph 1). If deemed necessary for efficient promotion of the urban development project or protection of the urban landscape, the party designating the urban development area (hereinafter “designator”) may split the urban development area into two or more project execution zones or combine two or more separate regions into one the urban development area (Act, Article 3-2, Paragraph 1).

When designating the urban development area or requesting or proposing designation of the urban development area, the executor or those wishing to execute the urban development project may survey or measure land, structures, buildings, the residential or living status, housing demand, and other necessary information for the region to be designated as an urban development region (Act, Article 6, Paragraph 1). Concerned parties conducting the survey or measurement may request submission of the necessary information from related administrative agencies, local governments, public institutions according to the Act on Operation of Public Institutions (hereinafter “public institutions”), government-invested institutions, and heads of other related institutions (Act, Article 6, Paragraph 2). When the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large cities seeks to designate the urban development area or the mayor (excluding large cities), district governor or head of borough requests designation of the urban development area, they must hear the opinion of residents or related experts through a public inspection or hearing, and if the opinion proposed at the public inspection or hearing is deemed as reasonable, it must be reflected (Act, Article 7, Paragraph 1). In designating the urban development area, the designator must consult with the head of related administrative agency and undergo review of the Urban Planning Committee in the National Land Planning and Utilization Act (Act, Article 8, Paragraph 1).
When consulting the head of the related administrative agency, in certain circumstances such as if the urban development area to be designated is related to the national program to a certain degree, the designator must consult the Minister of Land, Transport and Maritime Affairs (Act, Article 8, Paragraph 3). After designating the urban development area, the designator must make public notice of the designation in the official gazette or report. If the designator is a mayor of a large city, then he/she must open the related documents to the public while designators who are not a mayor of a large city should send copies of related documents to the mayor, district governor or head of borough in charge of the said urban development region, and designators who are a provincial governor or mayor, district governor, head of borough who has received the related documents must make the said documents available to the public (Act, Article 9, Paragraph 1). When the urban development area is designated and announced, the said the urban development area is seen as being decided and announced as the urban area and district unit planning area according to the National Land Planning and Utilization Act (Act, Article 9 Paragraph 2). When the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city designates and announces the urban development area, the Minister of Land, Transport and Maritime Affairs must be notified (Act, Article 9, Paragraph 3).

Any party wishing to construct a building, install a structure, change the soil quality, extract soil/rock, divide the land, store objects, cut down or plant trees in areas with a notice for residents’ opinion regarding the urban development area designation or the urban development area must have the approval of the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large cities, mayor or district governor (Act, Article 9, Paragraph 5). Approval for such action is seen as approval for development according to the National Land Planning and Utilization Act (Act, Article 9, Paragraph 10). Actions taken as emergency measures for disaster recovery in housing site development zones may be done without permission (Act, Article 9, Paragraph 6). With regard to actions requiring a permit which have already been approved according to the relevant statutes at the time of designation and the announcement of the housing site development zone, or actions not requiring permit, or individuals who have started construction or the project may report to the governor, mayor, or district governor and continue (Act, Article 9, Paragraph 7). The governor, mayor, or district governor may order those violating permit regulations to restore the land to its original state. In this case, if the ordered party does not fulfill its duties, the governor, mayor, or district governor may execute the project or action instead by the Administrative Vicarious Execution Act (Act, Article 9, Paragraph 8).

The designation of the urban development area is deemed as expired three years after the
public notice if no approval for the execution plan is submitted for three years after the designation and announcement of the urban development area, or the day after the announcement of the urban development project completion (substitution lot disposal for projects following the lot substitution method) (Act, Article 10, Paragraph 1). When designation of the urban development area is lifted, then the purpose area or district unit planning area for the urban development area according to the National Land Planning and Utilization Act is seen as reverting to the purpose area or district unit planning area prior to the said designation or abolishment (Act, Article 10, Paragraph 3). When designation of the urban development area is lifted, the designator must make a public notice of it in the official gazette or report; and if the designator is a mayor of a large city, he/she must notify the head of the related administrative agency and make the related documents open to the public while the designator who is not a mayor of a large city should notify the mayor, district governor or head of borough in charge of the said urban development region. In this case, the governor of special autonomous province, who is the designator, and mayor, district governor, head of borough, who has already been notified, must make the related documents available to the public (Act, Article 10, Paragraph 4).

3) Urban Development Plan

When designating the urban development region, the party designating the urban development area (designator) must establish an urban development project plan for the said the urban development area (Act, Article 4, Paragraph 1).

<<< Procedure for Setting Urban Development Plan

(Consent from land owner for urban development project in reploting method (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city)) → Consult with head of related central administrative agency (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city) → Review by urban planning committee (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city) → Announce Urban Development plan (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city)
The designator may change the plan (1) directly, (2) with the head of the related central administrative agency, (3) with the mayor/district governor/head of borough, or (4) at the request of a corporation established with investment from two or more proposers of the region designation with the purpose of executing the urban development project including: public institutions, government-invested institutions, local corporations, land owners in the urban development region, corporations moving from overpopulation control areas to non-capital areas satisfying certain conditions such as business duration in overpopulation control areas, etc, registered housing contractors deemed capable of executing urban development projects and satisfying certain conditions, those deemed capable of executing urban development projects based on the development plan such as having a civil or construction engineering license and satisfying certain conditions, and self-managing or consigned real estate investment trusts satisfying certain conditions (only when executed jointly) (Act, Article 4, Paragraph 2).

If setting the urban development project plan is based on lot substitution, then the designator must have consent from the land owners of more than two-thirds of the land area in which the lot substitution is applied and more than one-half of the total number of land owners in that region (Act, Article 4, Paragraph 3). When the designator establishes or changes the development plan to execute the urban development project with the lot substitution method, there is no need to obtain consent from the land owner if the executor of urban development project is of the national or local government (Act, Article 4, Paragraph 4). When the designator establishes or changes the development plan to execute the urban development project with the lot substitution method, and if the executor of urban development project is a union, the submission of a development plan that is established or changed with a vote from members accounting for more than two-thirds of the land area of the urban development area and more than one-half of the total number of members in that area is seen as having obtained consent from said land owners (Act, Article 4, Paragraph 5).

The urban development plan must include the (1) name, location, and area of the urban development area, (2) purpose of the urban development area designation and execution period for said urban development project, (3) matters on split/combination if the urban development area is split into two or more project execution zones or if the urban development project is executed by integrating two or more separate regions into one area, (4) information about the urban development project executor, (5) execution method of the urban development project, (6) population accommodation plan, (7) land utilization plan, (8) information on the land to go under distributed undeveloped and development direction, (9) traffic handling plan, (10) environment preservation plan, (11) plans for building health, medicals, and welfare facilities, (12) plans for building
major infrastructure such as roads and water supply/sewage systems, financing plan, cost planning for installation expenses if said infrastructure is needed in regions outside the urban development area, detailed list of lands, structures, or fixed objects to be expropriated or used, and any rights other than ownership such as mining rights, fishing rights, and water usage rights, residential and living stabilization measures for tenants detailed in the rental house construction plan, and matters on project plans if said project requires to pursued in rotational development or in phases. However, items ⑭ ~ ⑰ may be included in the development after the designation of the urban development area (Act, Article 5, Paragraph 1).

If setting the development plan for regions with existing metropolitan city planning or basic city planning measures according to the National Land Planning and Utilization Act, the contents of the development plan must fit with the said metropolitan city planning or basic city planning measures (Act, Article 5, Paragraph 2). If the setting development is after the designation of the urban development area, the set plan must be about the designation purpose, execution method, and population accommodation plan stated at the time of the urban development area designation (Act, Article 5 Paragraph 3). When setting development for an urban development area greater than 3,300,000㎡, the residential, production, education, distribution, recreation functions must be in harmony with each other (Act, Article 5, Paragraph 4).

If setting the urban development plan is after the designation of the urban development area, the designator must consult the head of the relevant administrative agency and undergo review by the Urban Planning Committee in the National Land Planning and Utilization Act (Act, Article 8, Paragraph 1). After setting the urban development plan, the designator must announce said action in the official gazette or report, and then must make the related documents open to the public; and for designators who are not mayors of a large city, he/she must send copies of the related documents to the mayor, district governor or head of borough in charge of the said the urban development area; and governor of special autonomous province, who is a designator, and mayor, district governor or head of borough receiving the related documents must make the related documents open to the public (Act, Article 9, Paragraph 1).

If the urban development area is designated and the development plan is established, the designation of the urban development area is seen as being cancelled if ① the development plan is not established and announced within two years of the designation and announcement of the urban development area, or ② execution plan is not submitted for approval within three years of the establishment and announcement of the development plan (Act, Article 10, Paragraph 2).
4) Urban Development Project

(1) Pre-Execution Procedure

① Designation of Project The executor

The executor of the urban development project may be designated by ① the national or local government, ② the Korea Land and Housing Corporation or other certain public institutions, ③ certain government-invested institutions, ④ local corporations, ⑤ land owners in the urban development area, ⑥ unions established by land owners in the urban development area for urban development (only if the entire urban development project is executed in lot substitution method), ⑦ certain corporations moving from moving from overpopulation control areas to non-capital areas by the special metropolitan city Metropolitan Area Readjustment Planning Act, ⑧ certain registered housing contractors, ⑨ certain civil/construction engineering licensed contractors, ⑩ certain self-managing or consigned real estate investment trusts, and ⑪ designators of corporations established by two or more members of ① ~ ⑤ or ⑦ ~ ⑩ with the purpose of executing the urban development project (Act, Article 11, Paragraph 1).

If the entire the urban development area is executed in lot substitution method, the land owner, in above or union with, is designated as the executor (Act, Article 11, Paragraph 1 proviso). However, the local government, the Korea Land and Housing Corporation, local corporations, or trust companies may be designated as the executor if ① the land owners or union does not request the executor designation by a set deadline or the request is found to be illegal or unreasonable, ② the project is seen as having to be executed in tandem with a project on public facilities executed by the head of the local government, or ③ owners of more than one-half of the land area in the urban development area (excluding national and public lands) and more than one-half of the total number of land owners agree to execution by the local government, etc. In this case, if the executor of the urban development project is the Minister of Land, Transport and Maritime Affairs, governor or the mayor of a large city, the Minister of Land, Transport and Maritime Affairs designates the executor (Act, Article 11, Paragraph 2; Decree, Article 20, Paragraphs 1 and 2).

If two or land owners wish to execute the urban development project or land owner wishes to execute the urban development project jointly with a certain party, the designator may require setting a bylaw regarding the urban development project (Act, Article 11, Paragraph 3). If the local government, the Korea Land and Housing Corporation, local corporation, or
trust company wishes to execute the urban development project using a lot substitution method and if said corporation is established through a joint investment from the national or local government, public institutions, government-invested institutions, then the said concerned party with the purpose of executing the urban development project wishes to execute part of the urban development project using lot substitution method, then the execution code should be prepared by said concerned party (Act, Article 11, Paragraph 4).

The designator may change the executor if the ① urban development project is not initiated within two years of the approval of project execution plan, ② designation of the executor or approval of execution plan is cancelled due to administrative process, ③ purposes of the urban development project is seen as difficult to achieve due to reasons such as the executor’s bankruptcy or insolvency, or ④ party designated as the executor does not apply for approval of the execution plan for the urban development project within one year of the announcement of the urban development area designation (Act, Article 11, Paragraph 8).

The executor may consign tasks related to the construction of public facilities such as ports or railways and reclamation of public waters to the national or local government, public institutions, government-invested institutions or local corporation (Act, Article 12, Paragraph 1). The executor may consign tasks such as basic surveys for the urban development project, land purchases, damage compensation, resident migration measures, etc. to the local government in relevant jurisdiction, public institutions, government-invested institutions, government-contributed institutions or local corporations (Act, Article 12, Paragraph 2).

When consigning resident migration plans to government-contributed institutions, only business tasks related to the establishment and execution of the migration measures, payment of migration settlement fees, and other compensation may be consigned (Act, Article 12, Paragraph 2 proviso).

② Execution by Union of Land Owners

In order to establish a union, seven or more owners of lands in the urban development area must prepare an Articles of Association and obtain approval for the establishment of a union from the designator (Act, Article 13, Paragraph 1). When applying for approval of union establishment, consent must be obtained from the land owners accounting for more than two-thirds of the land in the urban development area and more than one-half of the total number of land owners in the area (Act, Article 13, Paragraph 3).

Members of the union shall be owners of land in the urban development area (Act,
Chapter III

Article 14, Paragraph 1). To collect funds needed for the project, the union may assess and collect expenses from the members as stated in the Articles of Association (Act, Article 16, Paragraph 1). The amount of the charge must be determined by comprehensively considering various factors such as location of the urban development area, land category, area, usage status, environment, etc. (Act, Article 16, Paragraph 2). The union may charge a late fee as set forth in the Articles of Association if the members are negligent in paying the charges (Act, Article 16, Paragraph 3). If there is any party who does not pay the charge or the late fee, the union may delegate its collection to the governor of special autonomous province, mayor, district governor or head of borough (Act, Article 16, Paragraph 4). When the governor of special autonomous province, mayor, district governor or head of borough is delegated the task of collecting aforementioned charge or late fee, the collection may be done as a disposition for failure in local tax payments. In this case, the union must pay 4/100 of the amount collected by the governor, mayor, district governor or head of borough to the city, district, or borough (Act, Article 16, Paragraph 5).

Board members of the union may not serve double duty as another board member or employee of the union (Act, Article 14, Paragraph 2). The union shall be a corporation (Act, Article 15, Paragraph 1), and has established a corporation when it is registered to its primary location of business (Act, Article 15, Paragraph 2).

3 Execution Plan

The executor must prepare an execution plan for the urban development project. In this case, the execution plan must include a district unit plan (Act, Article 17, Paragraph 1). The executor (except when the designator is the executor) must obtain the designator’s approval of the prepared execution plan (Act, Article 17, Paragraph 2). If the designator is the Minister of Land, Transport and Maritime Affairs, then the opinion of the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city, and if the designator is mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city, then the opinion of the mayor, district governor or head of borough should be heard beforehand (Act, Article 17, Paragraph 3). Regulations regarding the designator’s approval and opinion hearing are applicable when the approved execution plan is modified or abolished (Act, Article 17, Paragraph 4). The execution plan must state or have the attached documents necessary for the project execution such as design documents, funding
plans, execution schedules, etc (Act, Article 17, Paragraph 5).

When the designator prepares or approves the execution plan, it must be announced in the official gazette or report and copies of the related documents should be sent to the executor; and if the designator is the mayor of a large city, then the related documents should be made open to the public; and if the designator is not a mayor of a large city, then copies of the related documents should be sent to the mayor, district governor or head of borough in the relevant jurisdiction. In this case, the designator who is the governor or mayor, district governor or head of borough receiving the related documents should make the documents open to the public (Act, Article 18, Paragraph 1). In preparing or approving the execution plan, matters related to the designator should be consulted with the head of the related administrative agency for approval, permit, review, reporting, license, registration, agreement, designation, cancellation or disposal; and by another law is seen as having received said approval or permission, and announcement of the execution plan; and is as seen as the announcement of the approval or permission, etc. by that related law (Act, Article 19, Paragraph 1). Those wishing to obtain approval or permission in such a way must submit the related documents set forth in the said law when applying for approval of the execution plan (Act, Article 19, Paragraph 2). When preparing or approving of the execution plan, the designator must consult the head of the related administrative agency in advance regarding any agenda to be discussed (Act, Article 19, Paragraph 3). If the party suggesting designation of the urban development area is seeking both designation of the urban development area and permission for farmland conversion, then the documents stipulated in the Agricultural Land Act should be submitted to the mayor, district governor, head of borough or the Minister of Land, Transport and Maritime Affairs at the time of the urban development area designation proposal (Act, Article 19, Paragraph 4). In designating the urban development area, if the designator consults the head of the related administrative agency regarding the permit for farmland conversion, and when the proposer is designated as the executor, it is seen as obtaining permission for the said action (Act, Article 19, Paragraph 5).

When approving the execution plan, the designator must designate a construction supervising company according to the Construction Technology Management Act as the chief supervisor or construction supervisor for the construction in the urban development project and is responsible to direct or supervise them (Act, Article 20, Paragraph 1).
 Execution Method, etc. of Urban Development Project

The executor may execute the urban development project by expropriating or using land in the urban development area, by lot substitution or a combination of the two (Act, Article 21, Paragraph 1). After designation of the urban development area, the designator may change the execution method of the urban development project in case of one of the following cases (Act, Article 21, Paragraph 2). First, if the project executor that is of ① the national or local government, ② the Korea Land and Housing Corporation or certain public institutions, ③ certain government-invested institutions, or ④ local corporations who change the execution method of the urban development project from expropriation and utilization method to the total lot substitution method according to a certain standard. Second, if the project executor that is of ① the national or local government, ② certain public institutions such as the Korea Land and Housing Corporation, ③ certain government-invested institutions, or ④ local corporations who change the execution method of the urban development project from hybrid method to the total lot substitution method according to a certain standard. Third, if the project executor that is of ① the national or local government, ② the Korea Land and Housing Corporation or certain public institutions, ③ certain government-invested institutions, ④ local corporations, ⑤ owners of land in the urban development area, ⑥ certain corporations moving from overpopulated regions to non-capital areas according to the special metropolitan city Metropolitan Area Readjustment Planning Act, ⑦ certain registered housing contractors, ⑧ certain licensed engineering contractors, ⑨ certain self-managing or consigned real estate investment trusts, or ⑩ corporations established by two or more ① ~ ⑤ or ⑥ ~ ⑨ with the purpose of executing the urban development project or changing the execution method of the urban development project from the expropriation or utilization method to the hybrid method according to a certain standard.

For smooth execution of the urban development project, the executor may develop the urban development area gradually by having tenants or owners (restricted to those physically residing in the housing in the urban development area before the announcement date of the public hearing or meeting for listening to the residents’ opinions. hereinafter “tenants, etc.”) of housing structures being demolished for the execution of the urban development project move into newly constructing or previously constructed housing in and out of the urban development area (Act, Article 21-2 Paragraph 1). When executing the urban development project, the executor may use or rent housing for temporary residence (circulating housing)
as temporary housing (Act, Article 21-2, Paragraph 2). If those residing in circulating housing wish to continue residing in the circulating housing after the completion of the urban development project, they may purchase or continue to lease the housing. In this case, if the individual continuing to reside in said circulating housing is a recipient of the substitution lot or relocation measure, then they are excluded as a recipient of said substitution lot or are seen as having received relocation measures as determined by Presidential decree (Act, Article 21-2, Paragraph 3).

To ensure housing stability for tenants, etc. in light of the urban development project, the executor must prepare or supply a construction site for rental housing or build and supply rental housing in consideration of the residential and living status survey and housing demand survey (Act, Article 21-3, Paragraph 1). At the request of the executor, any parties including ① the national or local government, ② the Korea Land and Housing Corporation or certain public institutions, ③ certain government-invested institutions, or ④ local corporations that can build, supply, or lease housing and must take over the construction site for rental housing or rental housing supplied by the execution of the urban development project (Act, 21-3 Paragraph 2).

In order to mediate conflicts caused by the urban development project, an urban development project mediation committee may be established in provinces, cities, districts, or boroughs with the designated urban development areas (Act, Article 21-4, Paragraph 1).

(2) Execution by Expropriation or Utilization Method

The executor may expropriate or use land, etc. needed for the urban development project. However, the executor that is one of the following must obtain consent from the owners accounting for more than two-thirds of the project area and more than one-half of the total number of land owners: ① land owners in the urban development area, ② certain corporations moving from moving from overpopulation control areas to non-capital areas by the special metropolitan city Metropolitan Area Readjustment Planning Act, ③ certain registered housing contractors, ④ certain civil/construction engineering licensed contractors, ⑤ certain self-managing or consigned real estate investment trusts, or ⑥ corporations established by two or more of ① or ②~⑤. In this case, the base date for calculating terms of consent by land owners is based on the announcement of the urban development area designation, and the land acquired by the executor after the base date is included as part of the total number of land owners needing consent and counts as a consenting land owner (Act, Article 22, Paragraph 1). Regarding expropriation or use of
land, etc., aside from the special provisions in this Act, the Act on Acquisition of and Compensation for Land, etc. for Public Works is followed (Act, Article 22, Paragraph 2). In this case, announcement of details of the aforementioned lands to be expropriated or used is seen as the project recognition and announcement of that recognition (Act, Article 22, Paragraph 3).

If so desired by the land owners, the executor may issue bonds paid with land or buildings created through the project (land bonds) in order to pay for part of the purchase payment for land, etc. (Act, Article 23, Paragraph 1). To issue land bonds, the executor must prepare a land bond issue plan and obtain approval of the designator beforehand (Act, Article 23, Paragraph 2).

As provided in the Act on Acquisition of and Compensation for Land, etc. for Public Works, the executor must establish and implement relocation measures for those losing their residence due to the execution of the urban development project in their land (Act, Article 24).

The executor may receive in advance all or part of the payment from those wishing to receive or use lands, buildings or structures, etc. prepared by the urban development project (prepared land, etc.) (Act, Article 25, Paragraph 1). To receive all or part of the payment in advance, the executor must obtain the approval of the designator (Act, Article 25, Paragraph 2).

If deemed necessary for environmental-friendly or complex and round development of the city, the executor may request approval from the designator to supply raw lands for development to (1) the national or local government, (2) public institutions, (3) local corporations, (4) those selected in a contest held by the national or local government for complex development, or (5) those using the raw lands directly as sites for schools or factories, etc. In this case, the area of supplied raw land must be less than one-third of the total area of the urban development area (Act, Article 25-2, Paragraph 1). To request approval for distribution from the designator, the executor must prepare and submit a raw land distribution plan (Act, Article 25-2, Paragraph 2). The raw land distribution plan should include information about those receiving and developing the raw land (raw land developer) and details of the raw land distribution (Act, Article 25-2, Paragraph 3). Based on the land to be distributed as raw land, development direction, approved items, and distribution plan, the executor must sign a distribution contract with a raw land developer, then
afterwards receive detailed plans from said raw land developer and reflect it in the execution plan (Act, Article 25-2, Paragraph 4). When approving, the designator may attach terms of execution such as floor area ratio and development density, area and arrangement for each land usage, traffic control plan, and infrastructure system, etc (Act, Article 25-2, Paragraph 5). The raw land developer (excluding the national and local government) may not sell the raw land for 10 years (Act, Article 25-2, Paragraph 6). If the land is not being used according to the raw land distribution plan, the designator may cancel approval of the raw land distribution or order the necessary measures from the executor such as urging implementation, restoration to the land’s original state or claim for damage compensation, and cancellation of the raw land distribution contract, etc (Act, Article 25-2, Paragraph 7). The executor may cancel raw land distribution contracts in case of violation of the distribution contract in such cases as ① raw land developers who do not begin construction within the deadline set in the detailed plan, ② where after construction has begun, the raw land developer delays the project implementation past the project period set in the detailed plan, ③ all or part of the land received is sold to a third-party without consent of the executor, and ④ any other instances in which the distributed land is not used for the purpose set in the detailed plan (Act, Article 25-2, Paragraph 8).

When distributing prepared land, the executor (except when the designator is the executor) must prepare or modify the distribution plan for the prepared lands, etc. and submit it to the designator (Act, Article 26, Paragraph 1). When supplying land for the prepared land to install facilities such as schools or waste treatment facilities or land for preparation of relocation complexes, the price of the said land can be set below the price appraised by the appraisal contractor (Act, Article 27, Paragraph 1).

(3) Execution by Lot Substitution Method

When executing all or part of the urban development project using the lot substitution method, the executor must prepare a lot substitution plan including ① a lot substitution layout, ② details of lot substitution by lot, ③ details of land to be settled by lot and by rights, ④ details of secured land or reserved land, ⑤ details of buildings for vertical land disposal and matters on method and scale of housing distribution by vertical land disposal if planning vertical land disposal, and ⑥ other relevant matters (Act, Article 28, Paragraph 1). Lot substitution plans should be decided by comprehensively taking into account matters such as location of the previous land and substitution lot, lot category, area, soil quality, irrigation, usage status, and the environment (Act, Article 28, Paragraph 2). When appraising the price of prepared land, etc. inside the urban development
area where lot substitution is applied, the executor must decide through the review by the Land Appraisal Meeting, but must still have the land be appraised by an appraising contractor beforehand (Act, Article 28, Paragraph 3).

When the executor that is not an administrative agency prepares the lot substitution plan, it must be approved by the governor, mayor, district governor or head of borough (Act, Article 29, Paragraph 1). When the executor that is not an administrative agency requests approval of the lot substitution plan or the executor that is an administrative agency sets a lot substitution plan, it must be notified to the land owner or any party with rights to profit from or use of the said land such in the cases of lease rights or surface rights; and copies of related documents should be made open to the public (Act, Article 29, Paragraph 3).

With the land owner’s request or consent, all or part of the land may be excluded from lot substitution (Act, Article 30, Paragraph 1). The executor may exclude from the land not set as a substitution lot according to the methods and procedures set forth in the agreement, Articles of Association or execution code: ① land used before the designation of substitution lot, ② land decided as substitution lot according to be approved in the lot substitution plan, ③ land planning substitution lot for the same purpose as before in the same location as before, ④ land deemed as making the project execution difficult because sum of the area or appraised value of land requested by the land owner to be excluded from lot substitution is greater than 15/100 of the total area or appraised value of the entire area, or ⑤ lands for which the transfer contract is signed after the announcement or public notice of the urban development area designation (Act, Article 30, Paragraph 2).

If there is a special need to adjust the size of land area, for small plots, the executor may make the area bigger to prevent it from being land that is too small and designate substitution lot methods or exclude from lot substitution; and for large plots, the executor may reduce the area and designate substitution lot methods (Act, Article 31, Paragraph 1).

For smooth execution of the urban development project, the executor may, with consent of the land owner, distribute part of the building which the executor has authority to dispose and

<<< Urban Development Project by Replotting Method
Prepare replotting plan → Approve replotting plan → (if necessary) designate planned substitute lot → Replotting disposal → Registration → Collect or disburse settlement → Completion inspection → Announce construction completion
share of the land where the building is located instead of the land whose purpose is for reploting (Act, Article 32, Paragraph 1). For vertical lot disposal, the executor must notify the land owner of the execution, the criteria for reploting plan, details of lot and buildings to be substituted, the reploting application period, etc. before preparing the reploting plan and announcing it in the daily newspaper of the area (Act, Article 32, Paragraph 3). Application period for vertical lot disposals must be between 30 to 60 days from the day of notification (Act, Article 32, Paragraph 4). Land owners wishing to receive vertical lots must submit a request to the executor by the deadline (Act, Article 32, Paragraph 5).

From the announcement date of information about the public hearing or meeting for listening to the opinions of residents regarding the urban development area designation or a date set by the designator at the request of the planned executor to prevent speculation, the executor may settle monetarily (compensate for buildings) or restrict designation of the substitute lot for the following lands or buildings as provided by the ordinance of Ministry of Land, Transport, and Maritime Affairs: 
① when 1 lot of land is split into several lots, ② when a single-family housing or multi-family housing is converted to an apartment building, ③ one land and housing or other building at one site and owned by a single owner is divided and owned separately, or ④ when a building is newly constructed in bare lands or existing buildings are demolished and apartment buildings or other buildings are subject to shared ownership according to the Act on Ownership and Management of Aggregate Building is built, increasing the number of land or building owners (Act, Article 32-2, Paragraph 1).

The executor must supply housing or buildings built through to the substitute lot applicants according to the approved reploting plan (Act, Article 32-3, Paragraph 1). When supplying housing through vertical lot disposal, the reploting plan must follow standards of supplying only one housing when ① one household or individual owns one or more housing structures or land, or when ② two or more individuals not of the same household share one housing structures or land (Act, Article 32-3, Paragraph 2). The executor may supply as many housing structures as owned by the ① land owner in the urban development areas not located in overpopulation control areas, ② land owner possessing housing structures used as worker housing or dormitories, or ③ land owner that is of the national or local government, certain public institutions, certain government-invested institutions, or local corporations (Act, Article 32-3, Paragraph 3).

For the supply of buildings remaining after distributing buildings that are building on lands subject to the vertical lot disposal, the executor may set it as secured land (including buildings) for the purpose set by the agreement, Articles of Association, or the execution code; or distribute to said
persons other than the land owners. (Act, Article 32-3, Paragraph 5).

When setting the reploting plan, location, area, etc., public facility lots may be exempt from the application of the reploting plan criteria (Act, Article 33, Paragraph 1). When the executor installs a public facility replacing that which was owned by the national or local government in execution of the urban development project, the land may not be used because all or part of the purpose of the previous public facilities are discontinued or changed, the land is not designated as a substitute lot, regardless of regulations on reversion of the public facility, and it must be subject to the substitute lot for another land (Act, Article 33, Paragraph 2).

To cover costs necessary for the urban development project or to achieve the purpose decided in the regulation, Articles of Association, the execution code or execution plan, the executor may not designate certain lands as a substitute lot but designate it as secured lands or reserved lands, and some may be set as secured lands to cover expenses needed for the urban development project (Act, Article 34, Paragraph 1). If seen as necessary for promoting construction of apartment buildings, the governor-mayor, district governor or head of borough may designate some secured land as aggregate in the same area (Act, Article 34, Paragraph 2).

If deemed necessary for the execution of the urban development project, the executor may designate land in the urban development area as a planned substitute lot. In this case, if there is a lease right holder for that land, then the land or the part that is subject to the said right should be included in the designation as the planned substitute lot (Act, Article 35, Paragraph 1). To designate the planned substitute lot, the executor must inform the related land owner, lease right holder, etc. of the location and area of the planned substitute lot and within effective period of the planned substitute lot designation (Act, Article 35 Paragraph 3). When the planned substitute lot is designated, the land owner, lease right holder, etc. of the previous land may exercise the same rights previously mentioned for the planned substitute lot or the applicable part from the date effective of the planned substitute lot designation until the day the lot disposal is announced, and may not use or profit from the previously mentioned land (Act, Article 36, Paragraph 1). After designating the planned substitute lot, the executor may set another starting date for using or profiting from the land if there are objects that hinder the use or profit from the land or if there are other special circumstances (Act, Article 36, Paragraph 2). After the planned substitute lot designation has become effective or the use or profit from the land has commenced, the previous land owner, lease right holder, etc. of the said planned substitute lot may not use or profit from the land for a certain period and may not interfere with the exercising of authority (Act, Article 36, Paragraph 3). When the planned substitute lot is designated as secured land, the executor may use
or profit from the land or dispose the land to cover expenses used in the urban development project (Act, Article 36, Paragraph 4).

The executor that is of the national or local government, certain public institutions, certain government-invested institutions, local corporation may allow land use within the approved scope of the execution plan prior to the designation of planned substitute lot if ① building circulating housing is for circulated development, ② installing defense or military facilities, ③ the registered housing construction contractor owns land for the purpose of the housing construction prior to the announcement date of a hearing to listen to the opinions of residents regarding the urban development area designation, and in ④ other circumstances where construction of the infrastructure of the promotion of the development project is needed (Act, Article 36-2 Paragraph 1). In this case, individuals using the land may not distribute or supply newly prepared land or constructed buildings until the planned substitute lot is designated (Act, Article 36-2, Paragraph 3), and the land owner must follow the replotting plan (Act, Article 36-2, Paragraph 4). The executor that is of certain government-invested institutions or local corporations may use the land before the planned substitute lot is designated if all of the following conditions are met: ① area of land to be used must be more than 5/100 of the zone (at least 10,000㎡) and have the same owner, ② land to be used must encompass the boundaries or one or more lot or household decided by the approval of the execution plan, ③ area or appraised value of the land to be used must be less than 60/100 of the total area or appraised value of land owned by the same owner or a deposit should be made, and ④ if there is a lease right holder, etc. for the land to be used, there must be consent from the lease right holder, etc. (Act, Article 36-2, Paragraph 2).

The executor may set a date after which use or profit from the said land or part is stopped for the owner of the land decided as not being designated as the substitute lot (Act, Article 37, Paragraph 1). When stopping use or profit, the executor must notify the appropriate land owner or lease right holder, etc at least 30 days in advance (Act, Article 37, Paragraph 2). When designating the planned substitute lot, stopping the use or profit from the said land, or executing construction to change or tear down infrastructure, the executor may move or eliminate obstacles such as buildings and other structures, objects, trees, soil and rock, fences, etc. in the urban development area, if needed. In this case, the executor must obtain approval from the governor of special autonomous province, mayor, district governor or head of borough in advance (Act, Article 38, Paragraph 1). When approval for moving or the elimination of obstacles, the governor of special autonomous province, mayor, district governor or head of borough may give approval conditionally so that measures are taken to protect tenants such as restricting the period so that residential buildings in which the
occupant has not moved out cannot be torn down or provide temporary residential housing (Act, Article 38, Paragraph 2). If the executor wishes to move or eliminate buildings and other obstacles, etc, the executor must inform the land or occupant in advance (Act, Article 38, Paragraph 3). If the executor wishes to move or tear down building that is used residentially, notification must be given at least 2 months before the moving or demolition day (Act, Article 38, Paragraph 4). If the executor wishes to move or eliminate building and other obstacles, etc, and compensation has been decided by the Land Expropriation Committee, executor may deposit the compensation amount at the local deposit office for the land before the moving or elimination if the ① concerned party to receive the compensation refuses or is unable to receive the compensation, ② executor cannot find out the compensation recipient without intent, or ③ executor objects to the amount decided by the local Land Expropriation Committee (Act, Article 38, Paragraph 5). If executor objects to the amount decided by the local Land Expropriation Committee, executor must pay the amount calculated by the executor to the compensation recipient and the difference between that amount and the amount decided by the Land Expropriation Committee must be deposited. In this case, compensation recipient may not collect the deposited compensation until the procedure for objection is completed (Act, Article 38, Paragraph 6).

Land or part which has no one to use or profit from it due to designation as planned substitute lot or halting of use or profit is to be managed by the executor from the date of the planned substitute lot designation or announcement of halting of use or profit until the disposal of substitute lot is announced (Act, Article 39, Paragraph 1). The executor may set up signs to indicate location or planned substitute lot or substitute lot (Act, Article 39, Paragraph 2). Until disposal of substitute lot is announced, no one may move or damage the installed signs without permission of the executor (Act, Article 39, Paragraph 3).

When construction for the urban development project by replotting method is finished, executor must announce it in the official gazette or report without delay and construction-related documents should be made open to the public (Act, Article 40, Paragraph 1). Land owner or interest parties of the urban development area may submit written opinion to the executor during the open period, and executor receiving the written opinion must review whether construction result and execution plan match up and take necessary measures (Act, Article 40, Paragraph 2). If no written opinion was submitted within the open period or necessary measure has been taken according to the submitted opinion, executor must request completion inspection by the designator or end the construction for the urban development project (Act, Article 40, Paragraph 3). The executor must complete substitute lot disposal within 60 days of receiving completion inspection by the designator (Act,
Article 40, Paragraph 4; Decree, Article 65). When disposing substitute lot, executor must inform the land owner and make public matters decided in the replotting plan (Act, Article 40, Paragraph 5).

When set as substitute lot or excluded from replotting, the excess or shortage must be settled monetarily by comprehensively considering the location of the land or substitute lot, land purpose, area, soil quality, irrigation, usage status, environment, and other factors (Act, Article 41, Paragraph 1). Settlement amount should be decided by the time substitute lot is disposed. However, settlement amount may be determined at time of settlement for land, etc. excluded from replotting (Act, Article 41, Paragraph 2). The executor must collect or give confirmed settlement amount after substitute lot disposal is announced. However, settlement amount may be given before the disposal for land that has no set substitute lot (Act, Article 46, Paragraph 1). Settlement amount may be collected or given in installments with interest (Act, Article 46, Paragraph 2). If party to pay the settlement does not pay, executor that is an administrative agency may collect it through disposition for failure in national or local tax payments, and executor that is not an administrative agency may delegate collection of settlement amount to governor of special self-governing provinc, mayor, district governor or head of borough (Act, Article 46, Paragraph 3). If party to receive settlement is unable to receive the settlement due to unknown address or refuses to receive it, settlement may be deposited (Act, Article 46, Paragraph 4). The right to receive or collect settlement expires if not exercised within five years (Act, Article 47).

The substitute lot designated by replotting plan is seen as previous land from the day after the announcement of disposal, and rights over previous land not set as substitute lot by the replotting plan expires at the end of the day of the announcement of disposal (Act, Article 42, Paragraph 1). Disposal of replotting is administrative or judicial disposal, therefore it has no effect on exclusivity of past land (Act, Article 42, Paragraph 2). Easement for land in the urban development area are retained regardless of the above regulation. However, easement which has no exercise benefits due to execution of the urban development project expires at the end of the day of announcement of disposal of replotting (Act, Article 42, Paragraph 3). Based on the replotting plan, on the day after the announcement of disposal of replotting, any party receiving disposal of replotting, any party receiving disposal of replotting acquires part of the building or share of the land where the building is located as determined by the replotting plan. In this case, security rights over the previous land is seen as existing over part of the building or share of the land where the building is located from the day after the announcement of disposal of replotting (Act, Article 42, Paragraph 4). Ownership of secured land and reserved land is acquired by the executor and person stated in the replotting plan, respectively, on the day after the announcement of disposal of replotting. However, for secured land already disposed, ownership
is acquired by the party purchasing the said secured land when registration of ownership transfer is complete (Act, Article 42, Paragraph 5). Settlement amount is confirmed on the day after the announcement of disposal of replotting (Act, Article 42, Paragraph 6).

When disposal of replotting is announced, executor must notify the registration office in the respective jurisdiction within 14 days of the announcement and delegate or request registration of the land and building (Act, Article 43, Paragraph 1). From the date of the announcement of disposal of replotting, not registration may be done until the substitute lot is registered (Act, Article 43, Paragraph 3).

The executor must dispose or manage secured land or reserved land reasonably according to purpose and method stated in agreement, Articles of Association, execution code or implementation plan (Act, Article 44, Paragraph 1). When executor that is an administrative agency manages or disposes secured land or reserved land, regulations on disposal of national or local government property does not apply (Act, Article 44, Paragraph 2). For regulations on supply price of school site, etc., school, waste treatment facility and other public office building, social welfare facility, plants and other infrastructure which supply prepared land, etc. to install facilities decided by ordinances of Ministry of Land, Transport and Maritime Affairs must follow regulations on supply value for the said prepared land, etc. (Act, Article 44, Paragraph 3).

If total land value after execution of the urban development project is lower than total land value before the project, executor that is an administrative agency must compensate the difference in value to the land owner or lease right holder, etc. of the previous land according to regulations on compensation for depreciation (Act, Article 45). If the urban development project causes use of land subject to lease rights, etc or servient estate with easement to increase or be interfered and previous rental income, rent, or other usage fee, etc. becomes unreasonable, parties may claim the increase or decrease in the future regardless of terms of agreement (Act, Article 48, Paragraph 1). If set purposes such as easement or lease rights cannot be achieved due to the urban development project, parties may forfeit the said right or cancel the contract. Same applies when purpose of lease cannot be achieved because the building is moved by the urban development project (Act, Article 49, Paragraph 1). When a party forfeits a right or cancels the contract, he/she may claim compensation for damages from the executor (Act, Article 49, Paragraph 2). The executor compensating for damages may claim settlement from the owner of the said land or building or any party profiting from it (Act, Article 49, Paragraph 3). Rights may not be forfeited or contracts cancelled once 60 days has passed since announcement of disposal of replotting (Act, Article 49, Paragraph 4).
After construction for the urban development project is finished, executor must prepare a construction completion report and receive completion inspection from the designator (Act, Article 50, Paragraph 1). Upon receiving the construction completion report, the designator must conduct the completion inspection without delay. In this case, if deemed necessary for efficient completion inspection, the designator may ask a related administrative agency, public institution, research institution or other professional institution conduct the completion inspection (Act, Article 50, Paragraph 2). The designator may request that head of the national agency, local government or public institutions that will be taking over or managing public facilities in the construction completion report to participate in the completion inspection, and those receiving such a request must accept unless there is a special circumstance (Act, Article 50, Paragraph 3). If deemed necessary for efficient execution of the urban development project, executor may receive completion inspection on parts with completed construction, even before the construction on the said urban development project is not completely finished (Act, Article 50, Paragraph 4). After the completion inspection, if the urban development project is found to be completed according to the execution plan, certificate of completion inspection is issued to the executor, construction completion announced, and if the project is not completed according to the execution plan, executor should be ordered to take necessary measures such as supplementary construction without delay (Act, Article 51, Paragraph 1). If the designator is the executor, the executor must announce construction completion when the construction on the urban development project is complete (Act, Article 51, Paragraph 2). When conducting completion inspection or announcing construction completion, completion inspection, authorization of completion consulted with the head of related administrative agency regarding permit or approval included in the execution plan announced by the designator is seen as having obtained said completion inspection or authorization of completion (Act, Article 52, Paragraph 1). To receive deemed completion inspection or authorization of completion, executor must attach related documents as stated in relevant statutes when requesting completion inspection (Act, Article 52 Paragraph 2). When conducting completion inspection or announcing construction completion, the designator must consult in advance with the heads of related administrative agency regarding completion inspection, authorization of completion, etc. from permit or approval included in the announced execution plan (Act, Article 52, Paragraph 3). Prepared land (excluding secured land) may not be used prior to completion inspection or announcement of construction completion. However, this does not apply in case of permission from the designator, such as confirming whether it may affect project execution (Act, Article 53).

Expenses needed for the urban development project is borne by the executor except for special
stipulations in this Act or other statutes (Act, Article 54). In terms of installation of facilities in the urban development area, ① roads and water supply and sewage systems are installed by the local government, ② electrical, gas or local heating systems are installed by the electricity, gas or heating supplier for the area, and ③ communications systems are installed by communications service provider for the area, (Act, Article 55, Paragraph 1), and the cost of installation is borne by the party responsible for the installation (Act, Article 55, Paragraph 2). Unless there is a special reason, installation of facilities should be completed before the day of completion inspection request (Act, Article 55, Paragraph 3). If the designator is the executor, the executor may charge part of the expenses spent on the urban development project to city, province, district or borough if that city, province, district or borough profits from the executed urban development project (Act, Article 56, Paragraph 1). If the executor is an administrative agency, executor may charge part of the expenses spent on the urban development project to manager of public facilities, with their agreement, if the said public facilities, installed and managed by someone other than the executor, profits from the urban development project (Act, Article 57, Paragraph 1). If infrastructure decided through Presidential decree to provide for use in the urban development area is set up in areas beyond the urban development area, the designator may have the executor install it or bear the installation cost based on the development plan with the cost plan as provided in Article 5 Paragraph 1 Clause 13 (Act, Article 58, Paragraph 1).

National treasury may subsidize or loan all or part of the expenses needed for the execution of the urban development project. However, if the executor is an administrative agency, the entire cost may be subsidized or loaned (Act, Article 59). A mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city with population greater than 500,000, mayor or district governor may establish a special account for urban development in the local government to promote the urban development project and support installation of the city or district development facilities project (Act, Article 60, Paragraph 1). The head of local government may issue urban development bond to finance funds necessary for the urban development project or city or district development facilities project (Act, Article 62, Paragraph 1).
3. PROJECT FOR MAINTENANCE AND IMPROVEMENT OF URBAN AREAS AND DWELLING CONDITIONS FOR RESIDENTS (2003 - PRESENT)

1) Significance and Major Changes

The urban area and dwelling conditions maintenance project refers to projects following certain procedures to recover urban functions such as maintaining maintenance infrastructure in the maintenance zone and improving or building housing and other buildings (Act, on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, Article 2, Paragraph 2). The maintenance project can be divided into the following. Dwelling environment improvement project refers to projects done to improve dwelling environment in areas with large number of low-income urban residents with poor maintenance infrastructure and high density of old or deteriorated building (Act, Article 2, Paragraph 2, A). Housing redevelopment project refers to projects done to improve dwelling environment in areas with poor maintenance infrastructure and high density of old or deteriorated building (Act, Article 2, Paragraph 2, B). Housing reconstruction project refers to projects done to improve dwelling environment in areas with poor maintenance infrastructure and high density of old or deteriorated building, and in this case, housing reconstruction projects executed in areas other than the maintenance zone are included (Act, Article 2 Paragraph 2, C). The urban environment maintenance project refers to projects executed to improve urban environment in commercial or industrial region with a need to raise land usage efficiency and urban or suburban areas need to recover urban function or see vitalized business (Act, Article 2, Paragraph 2, D). Old or deteriorated building refers to ① buildings with safety concern for accidents such as collapse because building is damaged or partly destroyed, ② buildings located in poor dwelling environment compared to usage status of surrounding land, with high expected increase in efficiency to cost ratio if building is torn down and new building is built, and, determined by city or province ordinances, and ③ buildings determined by city or province ordinances as needing inevitable demolition due to damage to the city’s appearance, building’s functional defect, poor construction, or structural defects due to old age, etc (Act, Article 2, Paragraph 3). Maintenance infrastructure refers to roads, water supply and sewage system, parks, public parking lot, utility pipes, and gas and other supply systems needed for residential life (Act, Article 2, Paragraph 4).

Prior to 2003, system for maintaining old and deteriorated dwelling environment included different projects such as housing redevelopment, housing reconstruction, and dwelling environment improvement project and each was operated by a separate statute, namely Urban Planning Act.

19) Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents(amended on 2011. 4. 14, Act No.10599) is abbreviated as “Act” hereinafter.
Urban Redevelopment Act, Special Measures on Improvement of Residential Conditions for Urban Low-income Residents, Housing Construction Promotion Act, etc. However, the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents was enforced on July 1st, 2003 to comprehensively manage urban redevelopment, reconstruction, and dwelling environment maintenance projects, previously pursued indiscriminately, under one act and enacted with the goal of minimizing thoughtless development.

The purpose of the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents is to contribute to the improvement of urban environments and the elevation of quality of residential life by prescribing matters necessary for the planned rearrangement of areas which are in need of restoring urban functions or who residential functions are inferior, and for the efficient improvement of worn-out and inferior structures (Act, Article 1).

2) Basic Plan for Maintenance and Improvement of Urban Areas and Dwelling Conditions, Maintenance Plan and Maintenance Zone

(1) Basic Plan for Maintenance and Improvement of Urban Areas and Dwelling Conditions

Every ten years, mayor of special metropolitan city, metropolitan city, or other city must set a basic plan for maintenance and improvement of urban areas and dwelling conditions which should include the ① basic direction of maintenance project, ② planned period for maintenance project, ③ current status of population, building, land usage, maintenance infrastructure, topology, environment, etc, ④ management plan for residential area, ⑤ land usage plan, maintenance infrastructure plan, public facilities installation plan, and transportation plan, ⑥ environmental plan for green space, landscaping, energy supply, waste treatment, etc, ⑦ installation plans for social welfare facilities and community cultural centers, ⑧ basic direction for metropolitan remaintenance of the city, ⑩ general boundaries of area to be designated as maintenance zone (including area with scheduled maintenance), ⑫ step-by-step plan for the maintenance project, ⑫ density plan for buildings including building coverage ratio, floor area ratio, ⑯ housing stability measure for the tenants, and ⑯ other matters necessary to improve dwelling environment, etc (Act, Article 3, Paragraph 1). However, cities that are not special metropolitan city, metropolitan cities or large cities with population greater than 500,000 (large cities) do not have to set a basic plan except for cities seen by the governor as needing the establishment of such a plan (Act, Article 3, Paragraph 1 proviso).
Every five years, mayor of special metropolitan city, metropolitan city, or other city must review the validity of the basic plan and reflect the result of the review in the basic plan (Act, Article 3, Paragraph 2). To establish or change the basic plan, mayor of special metropolitan city, metropolitan city, or other city should make the plan public to the residents for more than 14 days, hear the opinion of the local council, and be reviewed by the local Urban Development Committee as stipulated in the National Land Planning and Utilization Act (Act, Article 3, Paragraph 3).

The mayor who is not a mayor of a large city must obtain permission from the governor when establishing or changing basic plan, and the governor must be reviewed by the local Urban Development Committee in approving the plan (Act, Article 3, Paragraph 4). The mayor of special metropolitan city, metropolitan city, governor, or mayor of large city must consult the head of the related administrative agency prior to the review by the local Urban Development Committee (Act, Article 3, Paragraph 5). After setting or changing the basic plan, mayor of special metropolitan city, metropolitan city, or other city must announce it in the official gazette of the local government without delay (Act, Article 3, Paragraph 6). After setting or changing the basic plan, mayor of special metropolitan city, metropolitan city, or other city must report to the Minister of Land, Transport and Maritime Affairs (Act, Article 3, Paragraph 7).

(2) Maintenance Plan and Maintenance Zone

The mayor, district governor, head of autonomous borough must set a maintenance plan for areas satisfying certain conditions such as a concentration of old or deteriorated buildings within the appropriate scope of the basic plan. The maintenance plan should include the ① name of the maintenance project, ② maintenance zone and its area, ③ installation plan for city or district development facilities project, ④ installation plan for public facilities, ⑤ plan about main purpose.
of the building, building coverage ratio, floor area ratio, and height, § plan on environment preservation and disaster prevention, ¶ plan for protecting educational environment near the maintenance zone, © housing measures for tenants, © expected scheduled period of maintenance project, © plan on district unit plan in the National Land Planning and Utilization Act, and © other matters necessary to execute maintenance project (Act, Article 4, Paragraph 1). For housing built as part of maintenance project to increase stability of housing supply and demand and move-in opportunities for low-income residents, the Minister of Land, Transport and Maritime Affairs may announce the maximum and minimum size, the proportion of area by scale in the total floor area, size of rental housing and construction proportion for each size for housing supplied as part of maintenance project, and the project executor must built the housing according to the announcement (Act, Article 4-2, Paragraph 1). The mayor, district governor, or head of autonomous borough must reflect the Minister of Land, Transport and Maritime Affairs’s announcement in the maintenance plan (Act, Article 4-2, Paragraph 2).

The mayor, district governor, or head of autonomous borough should notify the residents of maintenance plan in writing, hold a meeting to explain the plan to the residents, make the plan public for more than 30 days, hear the opinion of the local council, and send it to the mayor of special metropolitan city or metropolitan city, or governor to request designation of maintenance zone, and if the maintenance plan needs to be changed, the changed designation must be requested through the same process (Act, Article 4, Paragraph 1). However, if making a slight change, notification to the residents in writing, residents meeting, public showing of the plan, and meeting with local council may be omitted (Act, Article 4, Paragraph 1 proviso). The mayor of the large city is able to designate the maintenance zone directly without requesting designation to the mayor special metropolitan city or other metropolitan cities or, governor (Act, Article 4, Paragraph 2).

<<< Procedure for Establishing Maintenance Plan and Designating Maintenance Zone

<Propose draft> (owner of land, etc.) → Prepare maintenance plan draft (mayor, district governor, head of autonomous borough) → Meeting for residents → Announce and open maintenance plan draft (mayor, district governor, head of autonomous borough) → Hear opinions of local council (mayor, district governor, head of autonomous borough) → Review by local Urban Development Committee (mayor of special metropolitan city, metropolitan city or large city, governor) → Approve (mayor of special metropolitan city, metropolitan city or large city, governor) → Announce, public notice (mayor of special metropolitan city, metropolitan city or large city, governor)
Owner of land, etc. may propose making a maintenance plan to the mayor, district governor, head of autonomous borough if the maintenance plan has not been established even though more than one year has passed since the establishment period for maintenance plan according to the step-by-step maintenance project plan, owner of land, etc. requests the Korea Land and Housing Corporation or local corporation as the project executor, or city that is not a large city or district decides by city or district ordinance (Act, Article 4, Paragraph 3). To designate or change the designation of maintenance zone, mayor of special metropolitan city, metropolitan city, other city or large city must undergo review of local Urban Development Committee and designate or change designation (Act, Article 4, Paragraph 4). After designating or changing the designation of maintenance zone, mayor of special metropolitan city, metropolitan city, other city or large city must announce the designation or change in designation including the said maintenance plan in the official gazette of the local government and report the designation or change in designation to the Minister of Land, Transport and Maritime Affairs, and have the related documents open to the general public (Act, Article 4, Paragraph 5). When setting maintenance plan including matters affiliation and disposal of maintenance infrastructure and national/public property, mayor, district governor, head of autonomous borough must hear the opinion of the managing agency of the maintenance infrastructure and national/public property (Act, Article 4, Paragraph 11).

If recognized as necessary for the efficient promotion of maintenance project or protection of the city's landscape, mayor, district governor, or head of autonomous borough may request to divide the maintenance zone into two or more zones or designate two or more separate areas or maintenance zone as one maintenance zone (Act, Article 34, Paragraph 1).

The mayor, district governor, or head of autonomous borough must request cancellation of the planned maintenance zone or maintenance zone (maintenance zone, etc.) to the mayor of special metropolitan city, metropolitan city, other city or large city of if the mayor, district governor, or head of autonomous borough does not request designation of the maintenance zone for the planned maintenance zone within three years from the planned date for designation of maintenance zone as set in the basic plan, housing redevelopment project or housing reconstruction project is delayed because owner of land, etc. does not request approval of the union establishment committee within two years from the designation and announcement as maintenance zone, owner of land, etc. does not request project execution approval for urban environmental maintenance project within five years of designation and announcement as maintenance zone, or for dwelling environment improvement projects, more than 15 years have passed since designation and announcement as maintenance zone and more than two-thirds of
the owner of land, etc. agree to the cancellation of maintenance zone, and when the approval of union establishment committee or approval for establishment of union is cancelled (Act, Article 4-3, Paragraph 1). In this case, the mayor, district governor or head of autonomous borough should make information about the cancellation of maintenance zone, etc. open to residents for more than 30 days, hear the opinion of the local council, and attach it (Act, Article 4-3, Paragraph 2). After receiving the request for cancellation of maintenance zone, etc., mayor of special metropolitan city, metropolitan city, other city or large city must cancel the maintenance zone, etc. with the review by the local Urban Development Committee (Act, Article 4-3, Paragraph 3). The mayor of special metropolitan city, metropolitan city, other city or large city may cancel designation of maintenance zone, etc. with the review of the local Urban Development Committee if: ① excessive burden is expected to be borne by the owners of land, etc. for the execution of maintenance project, ② the progress of planned maintenance zone or maintenance zone shows that the designation objective is unlikely to be reached, or ③ when more than 30/100 of the owners of land, etc. request the cancellation of maintenance zone, etc. (Act, Article 4-3, Paragraph 4). After cancelling maintenance zone, etc. mayor of special metropolitan city, metropolitan city, other city or large city must announce that fact in the official gazette of the local government, notify the Minister of Land, Transport and Maritime Affairs, and make related documents open to the general public (Act, Article 4-3, Paragraph 7).

Those wishing to construct buildings, install structures, change the forms and quality of the lands, extract soil or rock, divide the land, or pile objects in maintenance zone must obtain permission from the mayor, district governor, or head of autonomous borough (Act, Article 5, Paragraph 1). Receiving permission is seen as receiving approval for development activities according to the National Land Planning and Utilization Act (Act, Article 5, Paragraph 6). Emergency actions taken to recover from disaster or accidents may be done without permission (Act, Article 5, Paragraph 2). If at the time of designation and announcement of maintenance zone permission was obtained through other related statutes for actions requiring permission or construction or project has been initiated for activities not requiring permission, activity may be continued after reporting to mayor, district governor, or head of autonomous borough (Act, Article 5, Paragraph 3). The mayor, district governor or head of autonomous borough may order restoration to original status for those violating regulations on required permission. If those receiving such orders do not fulfill that duty, then the mayor, district governor or head of autonomous borough may execute the order by provisions of the Administrative Vicarious Execution Act (Act, Article 5, Paragraph 4).

To prevent uneconomic construction or influx of speculative demand, the Minister of Land,
Transport and Maritime Affairs, mayor of special metropolitan city, metropolitan city, other city or
large city may set a period less than 3 years during which construction of building and land division
may be restricted in planned maintenance zone with a public basic plan or area with a maintenance
plan being established (Act, Article 5, Paragraph 7).

3) Maintenance Project

(1) Pre-Execution Procedure

(1) Execution Method of Maintenance Project

Dwelling environment improvement projects take many forms such as: (1) the executor of
dwelling environment improvement project installs or expands maintenance infrastructure
in the maintenance zone and owners of land, etc. improve the housing themselves, (2) the
executor of dwelling environment improvement project expropriates all of part of the
maintenance zone, builds housing, and supplies the housing preferentially to owners of land,
etc., or (3) the executor of dwelling environment improvement project supplies substitute lot,
and any mixture of the above (Act, Article 6, Paragraph 1).

Housing redevelopment projects may be done by building and distributing housing,
additional and welfare facilities in the maintenance zone according to the approved
management disposal plan or distributing substitute lot (Act, Article 6, Paragraph 2).

Housing reconstruction projects may be done by building and distributing housing,
additional and welfare facilities according to the approved management disposal plan in the
maintenance zone or area not part of the maintenance zone (Act, Article 6, Paragraph 3).

The urban environment maintenance project may be done by constructing and distributing
buildings according to the approved management disposal plan in the maintenance zone
maintenance zone or supplying substitute lot (Act, Article 6, Paragraph 4).

In order to smoothly execute maintenance project, the project executor must establish
migration plans for owner or tenant of housing such as having owners or tenants of
housing being torn down by the maintenance project reside temporary in newly or already
constructed housing in or around maintenance zone or improving the maintenance zone
in phases (Act, Article 35, Paragraph 1). In this case, the project executor may use or
lease temporary housing (circulating housing) as temporary accommodation, and may
request public rental housing owned by the Korea Land and Housing Corporation or, local
corporation be distributed preferentially as circulating housing (Act, Article 35, Paragraph 2).
If those residing in circulating housing wish to continue residing in the circulating housing even after the maintenance project is completed, then they may purchase or continue to reside there (Act, Article 35, Paragraph 3).

The mayor, district governor, or head of borough may designate business agent or approve change of execution method for all or part of the maintenance zone within a certain boundary even before the completion of maintenance project if there is a request from more than four-fifths of the owners of land, etc. and the need for a change in the execution method of housing redevelopment project is recognized (Act, Article 80, Paragraph 1). To change the management disposal plan to change the execution method, the project executor must obtain consent from owners of more than two-thirds of the land area and more than four-fifths of the owners of land, etc. (Act, Article 80, Paragraph 2). To change the execution method for part of maintenance zone, the project executor must obtain authorization of completion for parts where housing redevelopment project is complete and announce the completion in the official gazette of the local government (Act, Article 80, Paragraph 3). When the completion of construction is announced, it is seen as transfer according to the management disposal plan (Act, Article 80, Paragraph 4).

**Project Executor**

Mayor, district governor or head of autonomous borough may execute the dwelling environment improvement projects directly or designate the Korea Land and Housing Corporation or local corporation as the project executor by obtaining consent from more than two-thirds of the owners or surface rights holder of land or building in the planned maintenance zone as of the date of announcement of maintenance plan and more than half of the tenant households (Act, Article 7, Paragraph 1). If there is a recognized need to execute the maintenance project urgently because of concerns about building collapse due to natural disaster or other unavoidable circumstances, the mayor, district governor or head of autonomous borough may execute the project directly or by designating the Korea Land and Housing Corporation or local corporation as the project executor without the consent from owner or tenant of land, etc. (Act, Article 7, Paragraph 2).

Housing redevelopment projects may be executed by a union or jointly between the union and mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation, local corporation, registered construction contractor, registered housing construction contractor or other party meeting certain requirements with the consent from
majority of the union members (Act, Article 8, Paragraph 1).

Housing reconstruction projects may be executed by a union or jointly between the union and mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation with the consent from majority of the union members (Act, Article 8, Paragraph 2).

Urban environmental maintenance projects may be executed by a union or owners of land, etc., jointly between the union or owners of land, etc. and mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation, local corporation, registered construction contractor, registered housing construction contractor or other party meeting certain requirements with the consent from majority of the union members or owners of land, etc. (Act, Article 8, Paragraph 3).

The mayor, district governor, or head of autonomous borough may execute the maintenance project (except dwelling environment improvement project) directly if ① there is a recognized need to execute maintenance project urgently due to natural disaster or other unavoidable circumstances, ② approval for project execution is not requested within two years of the scheduled project execution date in the announced maintenance plan or the received request for project execution approval is found to be illegal or unreasonable, ③ union establishment committee does not request approval of union establishment within three years of approval of the committee by mayor, district governor, or head of autonomous borough, or the union does not request approval for project execution within three years of receiving approval for establishment of union, ④ maintenance project is recognized as needing to be executed in conjunction with the city or district planning project being executed by the head of local government, ⑤ there is a need to execute the maintenance project by circulation maintenance method, ⑥ project execution approval is cancelled, ⑦ area of national or public land or the sum of national or public lands and lands owned by the Korea Land and Housing Corporation or local corporation in the maintenance zone is more than half of the total land area and more than half of the owners of land, etc. consent to designating mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation as the project executor, or ⑧ the land owners of more than half of the land area in the maintenance zone and more than two-thirds of the owners of land, etc. request designating mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation as the project executor (Act, Article 8, Paragraph 4 former part). In this case, mayor, district governor,
or head of autonomous borough may designate owners of land, etc., private and public
joint corporation or trust companies meeting certain conditions (designated developer), the
Korea Land and Housing Corporation or local corporation as the project executor and have
them execute maintenance project (Act, Article 8, Paragraph 4 latter part). If the mayor,
district governor, or head of autonomous borough executes the maintenance project directly
or designates designated developer, the Korea Land and Housing Corporation or local
corporation as the project executor, matters that the owners of land, etc. should be notified
such as maintenance project execution area should be announced in the official gazette of
the local government (Act, Article 8, Paragraph 5).

If the mayor, district governor or head of autonomous borough decides that it will be
difficult to continue the maintenance project executed by union or owners of land, etc.
because of prolonged delay in maintenance project or conflict over rights, then they may
execute the maintenance project directly instead of the said union or owners of land,
etc. or have the designated developer, the Korea Land and Housing Corporation or local
corporation execute the maintenance project instead of the said union or owners of land,
etc. (Act, Article 9, Paragraph 1). The mayor, district governor, head of autonomous borough,
designated developer or the Korea Land and Housing Corporation, local corporation that
executes the maintenance project instead may seize lands or buildings that belong to the
project executor as the right to claim recompense or recover expenses from the project
executor (Act, Article 9, Paragraph 2).

If there is a change in authority holder in terms of the project executor and maintenance
project, the rights and responsibilities of the previous project executor and authority holder is
succeeded by the new project executor and authority holder (Act, Article 10).

After obtaining approval for establishment, union must select a construction contractor
or registered contractor as the builder through an open bid in the general assembly (Act,
Article 11, Paragraph 1). When the urban environment maintenance project is executed by
owners of land, etc., after obtaining approval for project execution, registered construction
contractor or registered housing construction contractor must be selected as the builder
according to autonomously decided and operated agreement (Act, Article 11, Paragraph 2).
If the mayor, district governor or head of autonomous borough executes the maintenance
project directly or the Korea Land and Housing Corporation or local corporation is designated
as the project executor, after announcement of the project executor designation, the project
executor must select registered construction contractor or registered housing construction
contractor as the builder (Act, Article 11, Paragraph 3). When the project executor (including project proxy agent) signs the construction contract with the selected builder, matters about the teardown of existing buildings should be included (Act, Article 11, Paragraph 4). No one may engage in the following action regarding the selection of builder, architect, or professional management organization (PMO) for the maintenance project: ① providing, expressing desire to provide, or promising provision of money and valuables, treat, or other material profit, ② receiving or actions accepting the expression of provision of money and valuables, treat, or other material profit, or ③ acting or behaving in a manner seen as ① or ② through a third-party (Act, Article 11, Paragraph 5).

The maintenance project PMO refers to registered undertaker with certain criteria such as capital, technical manpower that is delegated by the committee or project executor to conduct and provide advice on the following tasks for the execution of maintenance project as an agent: ① tasks related to consent for establishment of union or consent for maintenance project, ② tasks related to request for approval of union establishment, ③ reviewing profitability and preparing the maintenance project’s execution plan, ④ supporting tasks related to the selection of architect or builder, ⑤ tasks related to application for approval of project execution, or ⑥ tasks related to establishment of the management disposal plan (Act, Article 69, Paragraph 1). The maintenance project PMO may not conduct participate in the following for the same maintenance project: ① tearing down of building, ② maintenance project’s design, ③ maintenance project's building, ④ maintenance project's auditing, or ⑥ other tasks seen as needed for maintaining fair order of the maintenance project (Act, Article 70, Paragraph 1).

③ Deciding and Executing Safety Inspection for Housing Reconstruction Project

To decide on establishment of the maintenance plan or execution of housing reconstruction project, the mayor, district governor or head of autonomous borough must conduct a safety inspection when ① it is time to establish maintenance plan for each planned maintenance zone of the housing reconstruction project, ② party wishing to suggest making maintenance plan obtains consent from more than one-tenth of the owners of building or other land in the said planned maintenance zone prior to the suggestion and requests a safety inspection, or ③ the party wishing to execute housing reconstruction project in area that is not maintenance zone obtains consent from more than one-tenth of the owners of building or other land in the said planned maintenance zone prior to request approval of making a
committee and requests a safety inspection (Act, Article 12, Paragraph 1).

**<<< Procedure for Deciding Project Execution and Safety Inspection and Housing Reconstruction Project**

Request safety inspection to mayor, district governor, head of autonomous borough (project executor) → Site inspection, gather opinion from construction safety expert (mayor, district governor, head of borough) → Decide to conduct safety inspection (mayor, district governor, head of autonomous borough) → Notify requesting party (mayor, district governor, head of autonomous borough) → Conduct safety inspection (safety inspection institute) → Submit inspection report (safety inspection institute) → Decide to execute housing reconstruction project (mayor, district governor, head of autonomous borough) → Submit safety inspection result and report to mayor of special metropolitan city or metropolitan city or governor (mayor, district governor, head of autonomous borough) → If needed, commission expert to inspect validity of safety inspection results (mayor of special metropolitan city, mayor of the metropolitan city or governor) → Request cancellation of decision to execute reconstruction project (mayor of special metropolitan city, mayor of the metropolitan city or governor) → Cancel decision to execute reconstruction project (mayor, district governor, head of autonomous borough)>

Safety inspections in housing reconstruction projects are done in buildings within the residential complex (Act, Article 12, Paragraph 2). The mayor, district governor or head of autonomous borough must conduct a site inspection to evaluate the structural safety, construction finish, age of equipment, adequacy as dwelling environment and decide whether to conduct safety inspection, and if a safety inspection is seen as needed, safety inspection agency should be commissioned to conduct the safety inspection (Act, Article 12, Paragraph 3). Safety inspection agency commissioned by the mayor, district governor, or head of autonomous borough should conduct the safety inspection following a certain guideline, prepare a results report for safety inspection and submit the report to mayor, district governor, head of autonomous borough and party that requested the safety inspection (Act, Article 12, Paragraph 4). The mayor, district governor or head of autonomous borough must review the results of the safety inspection with the urban planning and regional conditions and decide whether to establish maintenance plan or execute housing reconstruction project (Act, Article 12, Paragraph 5). When establishment of maintenance plan or execution of housing reconstruction project is decided, the mayor, district governor or head of autonomous borough must submit the decision and the said safety inspection report to the mayor of special metropolitan city or metropolitan city or governor without delay (Act, Article 12, Paragraph 6). If needed, mayor of special metropolitan city or metropolitan city or governor without delay receiving the safety inspection report may commission Korea
Infrastructure Safety Corporation or Korea Institution of Construction Technology to review appropriateness of the safety inspection results (Act, Article 12, Paragraph 7). The Minister of Land, Transport and Maritime Affairs may request mayor of special metropolitan city or metropolitan city or governor to submit the material they received, and, if needed, request mayor of special metropolitan city or metropolitan city or governor to review the appropriateness of the safety inspection results (Act, Article 12, Paragraph 8). Depending on the appropriateness of the safety inspection results, mayor of special metropolitan city or metropolitan city or governor may request the mayor, district governor or head of borough to take necessary measures such as cancel decision to establish maintenance plan or execute housing reconstruction project, and the mayor, district governor or head of autonomous borough must follow unless there is a special reason (Act, Article 12, Paragraph 9).

④ Establishment of Union

If any party that is not a mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation wishes to execute maintenance project, he/she must establish a union composed of owners of land, etc. (Act, Article 13, Paragraph 1). To establish a union, after the designation of maintenance zone is announced, a committee for union establishment should be created with 5 committee members including the chair and consent from majority of the owners of land, etc. on the operating regulations and approved by the mayor, district governor or head of autonomous borough (Act, Article 13, Paragraph 2). In this case, owners of land, etc. consenting to the creating of the committee are seen as consenting to the establishment of the union (Act, Article 13, Paragraph 3).

The committee may carry out ① selection of maintenance project PMO, ② selection and change of architect, ③ preparation of a rough maintenance project execution plan, or ④ tasks for obtaining approval of union establishment, ⑤ other tasks needed for union establishment (Act, Article 14, Paragraph 1). When selecting maintenance project PMO, committee must obtain approval from the mayor, district governor or head of borough on the establishment of the committee and select through an open bid (Act, Article 14, Paragraph 2). Before applying for approval of union establishment, committee must hold an organization meeting for the union establishment (Act, Article 14, Paragraph 3). The tasks carried out by the committee goes with sharing the cost of the owners of land, however if a task causes a change in rights and responsibilities, consent from a certain proportion
of owners of land, etc. must be obtained before carrying out that task (Act, Article 14, Paragraph 4).

The committee must have on chair that represents the committee and an auditor (Act, Article 15, Paragraph 1). For the fair operation of the committee, the Minister of Land, Transport and Maritime Affairs must announce the following regulations on committee operation in the official gazette: ① matters on selection method and changes in the committee members, ② matters on the rights and responsibilities of the committee members, ③ matters on the scope of the committee’s responsibilities ④ matters on the operation of the committee, ⑤ matters on payment of operation expenses by owners of land, etc., ⑥ matters on borrowing committee’s operation fund, or ⑦ other matters necessary for committee operation (Act, Article 15, Paragraph 2). Committee should be operated according to the guideline and owners of land, etc. must pay the expenses necessary for operation as stated in the operation guideline (Act, Article 15, Paragraph 3). Committee must report the work it has done at the general meeting, and the rights and responsibilities regarding the committee’s tasks is generally succeeded by the union (Act, Article 15, Paragraph 4). The committee must hand over ledger indicating used expenses and related documents to the union within 30 day of the approval of the union establishment (Act, Article 15, Paragraph 5). Owners of land, etc. may request change or dismissal of committee member to the committee as stated in the operation guideline of the committee (Act, Article 15, Paragraph 6).

When the committee for the housing redevelopment project or the urban environment maintenance project seeks to establish a union, it must obtain consent from more than three-quarters of the owners of land, etc. and from land owners of more than half of the land area, attach the Articles of Association, etc. and obtain approval from the mayor, district governor or head of autonomous borough (Act, Article 16, Paragraph 1). When the committee for housing reconstruction project seeks to establish a union, it must obtain consent from more than two-thirds of the individual owners in each apartment building in the residential complex and from land owners of more than half of the land area, consent from more than three-quarters of the total number of individual owners in the residential land and from land owners of more than three-quarters of the land area, attach the Articles of Association, etc. and obtain approval from the mayor, district governor or head of autonomous borough (Act, Article 16, Paragraph 2).

The mayor, district governor or head of autonomous borough must cancel approval of
committee or union establishment if (1) dissolution of the committee is requested with the consent from a certain proportion set by city or province ordinance, between one-half and two-thirds, of owners of land, etc. who agreed to the creation of the committee or majority of owners of land, etc., (2) dissolution of the union is requested with the consent from a certain proportion set by city or province ordinance, between one-half and two-thirds, of members who agreed to the creation of the union or majority of members, or (3) if the designation of planned maintenance zone or maintenance zone is cancelled (Act, Article 16-2, Paragraph 1). When approval of union establishment, etc. is cancelled, the mayor, district governor or head of autonomous borough must announce it in the official gazette of the local government without delay (Act, Article 16-2, Paragraph 5). If requested by a certain proportion set by city or province ordinance, between 10/100 and 25/100, of owners of land, etc., the mayor, district governor or head of autonomous borough may investigate roughly expenses for maintenance project and estimated share charge to provide information necessary for decision making to the owners of land, etc. In this case, mayor of special metropolitan city or metropolitan city or governor may subsidize all or part of the cost of investigation (Act, Article 16-2, Paragraph 2).

Consent from owners of land, etc. (including retraction of consent or expression of opposition) should be done through paper using a seal, and the certificate of seal verification must be attached. In this case, previously submitted certificate of seal verification does not need to be attached, but if attachment of certificate of seal verification is seen as necessary due to reasons such as change in seal, it should be attached (Act, Article 17, Paragraph 1).

Unions are corporations and are established as thus by registering a main location of business within 30 days of the approval of union establishment (Act, Article 18, Paragraphs 1-2). Union members for maintenance project are owners of land, etc., but one person is considered the representative union member if (1) ownership or surface rights of land or building is shared by multiple people, (2) multiple owners of land, etc. belong to one household, or (3) after approval of union establishment, ownership or surface rights of land or building of one person was taken over and possessed by multiple persons (Act, Article 19, Paragraph 1). For those who have taken over building or land in the maintenance project after the approval of union establishment and may not obtain membership in the union, the project executor must settle in cash (Act, Article 19, Paragraph 3).

Unions must create an Articles of Association including (1) name and address of the union, (2) matters on qualifications of members, (3) matters on expulsion, withdrawal, and
replacement of members, ④ location and area of planned maintenance project zone, ⑤ number and scope of responsibility of board members, ⑥ matters on rights, responsibilities, remuneration, selection method, change and dismissal of union board members, ⑦ number of representatives, voting method, selection method, and selection process, ⑧ cost burden and accounting of the union, ⑨ execution year and method of the maintenance project, ⑩ convocation of the general assembly, date, and voting method, ⑪ matters on holding a general assembly and requirements for holding a general assembly, ⑫ time and procedure for bearing the cost of maintenance project such as construction cost, ⑬ settlement procedure after maintenance project is completed, ⑭ collection and payment method and procedure for settlement, ⑮ selection of builder, architect and information to be included in the contract, ⑯ process for amending the Articles of Association, or ⑰ other matters necessary for pursuing maintenance project and operating the union (Act, Article 20, Paragraph 1). The Minister of Land, Transport and Maritime Affairs prepare and distribute a standard Articles of Association (Act, Article 20, Paragraph 2). If the union wishes to modify the Articles of Association, it must hold a general assembly, obtain consent from a majority of the members, and be approved by the mayor, district governor or head of autonomous borough (Act, Article 20, Paragraph 3).

The union should have on a union representative, a director, and an auditor as board members (Act, Article 21, Paragraph 1). Union representatives represent the union, oversees its work, and chairs the general assembly or meeting of representatives (Act, Article 22, Paragraph 1). The auditor represents the union in contracts or cases where the union representative or director represents themselves (Act, Article 22, Paragraph 4). Union board members may not serve as a board member or employee in another maintenance project with the same purpose (Act, Article 22, Paragraph 5). Unions hold a general assembly composed of members, and general assembly may be called by the union representative by the own rights of the union representative or at the request of more than one-fifth of the members or more than two-thirds of the representatives (Act, Article 24, Paragraphs 1 and 2). The general assembly votes on ① amending the Articles of Association, ② borrowing funds, its method, interest rate, and repayment method, ③ amount and collection of expenses, ④ use of maintenance project expenses, ⑤ contract other than matters decided by the budget which will be borne by members, ⑥ selecting and changing builder, architect, or appraisal contractor, ⑦ selecting and changing maintenance project PMO, ⑧ election and dismissal of union board members, ⑨ shared charges by members of maintenance project
cost, ⑩ establishing and changing project execution plan, ⑪ establishing and changing the management disposal plan, ⑫ collection and payment of settlement and accounting report at the dissolution of the union, or ⑬ other matters of economic significance to the members (Act, Article 24, Paragraph 3). Unions with more than 100 members must hold a meeting of the representatives (Act, Article 25, Paragraph 1). If the owners of land, etc. in the maintenance zone want mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation to execute the project, an organization representing the residents must be created after designation of maintenance zone to ensure smooth project execution (Act, Article 26, Paragraph 1).

(2) Project Execution

① Project Execution Plan

To execute maintenance projects, the project executor must attach Articles of Association and other documents to the project execution plan, submit the plan to the mayor, district governor or head of autonomous borough and obtain approval for project execution. Same process should be followed change the approved plan or stop or abolish the maintenance project (Act, Article 28, Paragraph 1).

<<< Procedure for Approving Project Execution

Prepare project execution plan(project executor) → <maintenance zone> Review by Construction Committee (mayor, district governor, head of borough) → Consent from owner of land, etc. (members, if housing reconstruction) (project executor) → Request approval of project execution (project executor) → Consult rental housing construction with recipient (project executor) → Consult head of related administrative agency (mayor, district governor, head of borough) → <certain area> Consult superintendent (mayor, district governor, head of borough) → Approve project execution (mayor, district governor, head of borough) → Announce, public notice (mayor, district governor, head of autonomous borough)

To approve project execution for housing reconstruction executed in area not part of the maintenance zone, the mayor, district governor or head of autonomous borough must undergo review by the Construction Committee in the city, district, or borough regarding the building’s height, number of floors, floor area ratio, etc. (Act, Article 28, Paragraph 2). When approving project execution, if there is an educational facility 200m within the maintenance zone, the mayor, district governor or head of autonomous borough must consult the superintendent of the local government (Act, Article 28, Paragraph 3). After
approving project execution or changing, stopping, or abolishing the maintenance project, the mayor, district governor or head of autonomous borough must announce the fact in the official gazette of the local government (Act, Article 28 Paragraph 4). The project executor must hold a general assembly and obtain consent from majority of the members prior to applying for project execution approval (Act, Article 28, Paragraph 5). However, if the project executor is a designated developer, they must obtain consent from land owners of more than 50% of the land area in the maintenance zone and from a majority of owners of land, etc. (Act, Article 28, Paragraph 5 proviso). When owners of land, etc. wish to execute the urban environment maintenance project, they must obtain consent from more than three-quarters of the owners of land, etc. for the project execution plan before applying for project execution approval (Act, Article 28, Paragraph 7).

When approving the project execution for the urban environment maintenance project, the mayor, district governor or head of autonomous borough may have the project executor of the said maintenance project deposit a certain amount as set by the ordinance of special metropolitan city, metropolitan city, or other province, by up to 20/100 of the maintenance project cost (Act, Article 29, Paragraph 1). The deposit is returned when the payment of settlement is complete (Act, Article 29, Paragraph 2).

The project executor should prepare a project execution plan based on the announced maintenance plan and including the ① land usage plan (including building arrangement plan), ② installation plan for maintenance infrastructure and public facilities, ③ resident migration plan including temporary accommodation, ④ residence and moving measures for tenants, ⑤ construction plans for rental housing, ⑥ construction plan on the height and floor area ratio of buildings, ⑦ plan for processing waste created by the execution of maintenance project, ⑧ plan for protecting educational environment of educational facilities, ⑨ execution code, or ⑩ other matters necessary for project execution (Act, Article 30).

When approving the project execution or preparing the project execution plan, the mayor, district governor or head of autonomous borough should make copies of the related documents open to the public for more than 14 days (Act, Article 31, Paragraph 1). Owners of land, etc., members or any other interest party of the maintenance project may submit a written opinion to the mayor, district governor or head of autonomous borough (Act, Article 31, Paragraph 2). When the project executor obtains approval for project execution, it is seen as having permission, approval, reporting, registration, consultation, agreement, review, and cancellation by another statute, and announcement project execution approval is seen
as announcement of permission or approval by a related statute (Act, Article 32, Paragraph 1). In this case, the project executor must submit related documents stated by the said statute when applying for project execution approval, and the mayor, district governor or head of autonomous borough must consult with the head of related administrative agency beforehand, and the head of administrative agency receiving request for consultation must submit an opinion within 20 days of the request (Act, Article 32 Paragraph 3, Paragraph 4). Announcement of project execution approval is seen as project recognition and announcement of that recognition (Act, Article 40, Paragraph 2).

The project executor may prepare a project execution plan including information about retention or remodeling of some buildings and request approval of project execution (Act, Article 33, Paragraph 1). In this case, the project executor must obtain consent of the owner of the building that is planned to be retained or remodeled (Act, Article 33, Paragraph 2).

2 Measures for Execution of Maintenance Project

The project executor must take measure on par with temporary accommodation such as having owner or tenant of housing being torn down by execution of dwelling environment improvement projects and housing redevelopment projects for those living in rental housing located in or near the maintenance zone or arranging mortgage financing (Act, Article 36, Paragraph 1). In this case, if there is any party who has suffered damages from the temporary use of lands or facilities by public organization or individual, the project executor must compensate for that loss and must consult the suffering party regarding the compensation (Act, Article 37, Paragraph 1). The project executor of the urban environment maintenance project may install temporary commercial district in or near the maintenance zone for use by tenants of commercial district moving because of project execution (Act, Article 36-2).

If deemed necessary for executing maintenance project in the maintenance zone, the project executor may expropriate or use land, object, or other rights (Act, Article 38). In executing housing reconstruction project, the project executor may request ① those not consenting to union establishment, ② those owning only building or land, or ③ those not agreeing with the mayor, district governor or head of autonomous borough, the Korea Land and Housing Corporation or local corporation’s designation of the project executor to sell their land or building (Act, Article 39).

When receiving construction permit for dwelling environment improvement project or registering real estate, regulations on sales of national housing bonds do not apply (Act,
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Article 42, Paragraph 1). When objective of surface rights, lease by deposit rights, lease rights cannot be achieved because of execution of maintenance project, the right holder may cancel the contract (Act, Article 44, Paragraph 1). In executing the maintenance project, if the project executor cannot confirm the location of the owner of building or land as of the date of approval for union establishment, the project executor may issue a public notice at least twice in two or more daily newspaper distributed nationwide, and after 30 days has passed, the project executor may deposit the amount equivalent to the appraised value of building or land whose owner is unknown at the court and execute maintenance project (Act, Article 45, Paragraph 1).

③ Management Disposal Plan

The project executor must notify rough cost and distribution application period to the owners of land, etc. and announce details of land or building subject to distribution in the daily newspaper of the area within 60 days of the announcement of project execution approval. In this case, distribution application period should be between 30-60 days from the date of notification (Act, Article 46, Paragraph 1). Owners of land, etc. wishing to obtain land or building should submit application for land or building to the project executor (Act, Article 46, Paragraph 2).

The project executor may settle in cash land, building, or other rights within 150 days from the appropriate date for ① those not applying for distribution, ② those retracting their application for distribution, or ③ those excluded from distribution by the approved management disposal plan (Act, Article 47).

When distribution application period is over, the project executor should establish and submit for approval of the mayor, district governor or head of autonomous borough, a

### Procedure from Project Execution Approval to Announcement of Management Disposal Plan

Notify distribution application to owners of land, etc. and announce distribution after project execution approval (project executor) → Apply for distribution (owners of land, etc.) → Appraisal previous property and property to be distributed by appraisal contractor (project executor) → Prepare management disposal plan (project executor) → Vote (union general assembly) → Open to owners of land, etc. and hear opinion (project executor) → Request approval to mayor, district governor, head of autonomous borough (project executor) → Approve management disposal plan (mayor, district governor, head of autonomous borough) → Announce, public notice (mayor, district governor, head of autonomous borough)
management disposal plan based on status of distribution application and including the

1. distribution design,
2. name and address of applicant,
3. estimated value of land or building to be distributed for each applicant,
4. details of previous land or building and price as of the date of announcement of project execution for each applicant,
5. estimated maintenance project cost, expected payment for the members and payment date,
6. details of rights than ownership over the previous land of applicants,
7. details of rights for loss compensation for each tenant and the appraised value, and
8. other matters on rights, etc. regarding maintenance project (Act, Article 48, Paragraph 1). In this case, union must notify the union members of certain matters in paper one month prior to the general assembly (Act, Article 48, Paragraph 1). Contents of the management disposal plan shall follow the following guideline (Act, Article 48, Paragraph 2).

1. Site or building should be distributed to the distribution applicants in a balanced way and used reasonably considering various factors such as area of previous land or building, usage status, environment, etc. 
2. Excessively small or large land or building should be increased or reduced, if deemed necessary, so that the site or building is of appropriate size. 
3. Those acquiring land or building that is too small or land that has been split after designation of maintenance zone may be settled with a cash payment. 
4. If there is a special need to modify the land size to prevent natural disaster or sanitary hazard, small land may be increased or compensation may be made in return for the land, or share of part of building or the site of the building may be given. 
5. Distribution design survey should be established based on the last day of the distribution application period, as stipulated in Article 46. 
6. If one household or individual owns more than one housing or land, one housing is distributed, and if two or more individuals not of the same household share one housing or land, only one housing is distributed.

After receiving distribution application, if there is remaining supply, the project executor may designate it as reserved land for purposes decided by Articles of Association or project execution plan or distribute to non-member individuals (Act, Article 48, Paragraph 3). Site and building prepared through execution of maintenance project should be disposed or managed according to the management disposal plan (Act, Article 48, Paragraph 4). After obtaining approval for the management disposal plan, the project executor must tear down existing building (Act, Article 48-2, Paragraph 1).

Before applying for approval of the management disposal plan, the project executor should make copies of related documents open to the owners of land, etc. for more than 30 days and hear their opinion (Act, Article 49, Paragraph 1). The mayor, district governor or head of
autonomous borough must decide on the approval within 30 days of receiving the project executor’s application for approval of the management disposal plan and notify the project executor of the decision (Act, Article 49, Paragraph 2). After approving the management disposal plan, the mayor, district governor or head of autonomous borough must announce it in the official gazette of the local government (Act, Article 49, Paragraph 3). When the project executor wishes to conduct a public show of documents or the mayor, district governor or head of autonomous borough has announced approval, the project executor must notify owners of land, etc. or other applicants for distribution of the plans for public showing or approval of the management disposal plan (Act, Article 49, Paragraph 4).

4 Housing Distribution
The project executor must distribute building built through execution of maintenance project to owners of land, etc. according to the approved management disposal plan (Act, Article 50, Paragraph 1). When the project executor builds housing in maintenance zone, the project executor may decide conditions for resident application, method, procedure, payment method, payment date, procedure, housing distribution method, procedure, etc. within a certain range with the approval of the mayor, district governor or head of autonomous borough (Act, Article 50, Paragraph 2). At the request of the union, the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city or metropolitan city or governor, mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation must acquire rental housing built as part of housing redevelopment project (Act, Article 50, Paragraph 3). When building rental housing as part of maintenance project, the project executor may decide guideline for rent such as qualification of renter, selection method, rent deposit, rent amount and guideline such as selling preferentially to households that does now own a home, etc. within a certain range with the approval of the mayor, district governor or head of autonomous borough (Act, Article 50, Paragraph 4). The project executor may distribute housing remaining after supplying to applicants to non-applicant individuals (Act, Article 50, Paragraph 5).

If distributing housing or building through maintenance project, on the day after the announcement of maintenance zone designation or another date (base date) set by mayor of special metropolitan city or metropolitan city or governor, after the establishment of basic plan and before designation of maintenance zone, to prevent speculation, distribution right for the following land or housing and other building is calculated based on the base date:
① if one lot of land is divided into multiple lots, ② if single family or multi-family housing is being converted to apartment building, ③ land and housing or building owned by one owner in one site is being owned separately, or ④ the building is newly constructed in bare land or existing building is torn down and apartment building or other multiplex housing is being built, increasing the number of owners of land, etc. (Act, Article 50-2, Paragraph 1).

When setting a base date separately, mayor of special metropolitan city or metropolitan city or governor must announce the base date, reason for designation, calculation criteria for right to distribution, etc. in the official gazette of the local government (Act, Article 50-2, Paragraph 2).

When the union selected a builder that is not mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or, local corporation to execute the project, that builder must submit a guarantee of construction from an institution decided by the ordinance of Ministry of Land, Transport and Maritime Affairs to the union to guarantee construction (Act, Article 51 Paragraph 1). After receiving report of groundbreaking, the mayor, district governor or head of autonomous borough must confirm whether guarantee of construction has been submitted (Act, Article 51, Paragraph 2).

(3) Post-Execution Procedure

① Measures following Completion of Construction
If the project executor that is not the mayor, district governor or head of autonomous borough, then the project executor must obtain authorization of the completion from the mayor, district governor or head of autonomous borough after construction for the maintenance project is complete (Act, Article 52, Paragraph 1). Once request for authorization of completion is received, the mayor, district governor or head of autonomous borough must conduct completion inspection without delay (Act, Article 52, Paragraph 2). If the results of completion inspection show that the maintenance project has been completed according to the approved project execution plan, the mayor, district governor or head of autonomous borough authorizes completion and announces the completion of construction in the official gazette of the local government (Act, Article 52, Paragraph 3). When construction is complete for the maintenance project executed by the mayor, district governor or head of autonomous borough, the completion of construction should be announced in the official gazette of the local government (Act, Article 52, Paragraph 4). In authorizing completion or announcing completion of construction, completion inspection,
authorization of completion, usage check, usage approval, etc. following permission or approval in the project execution plan which the mayor, district governor or head of autonomous borough consults with head of related administrative agency is seen as having obtained said completion inspection, permission, etc (Act, Article 53, Paragraph 1).

When there is announcement construction completion, the project executor should measure the site confirmation, go through land division process, notify those to receive distribution of the matters decided by the management disposal plan, and transfer ownership of site or building without delay (Act, Article 54, Paragraph 1). When the project executor wishes to transfer ownership of site and building, executor must announce the said information in the official gazette of the local government and report it to the mayor, district governor or head of autonomous borough. In this case, those receiving site or building acquire ownership of that site or building on the day after the announcement (Act, Article 54, Paragraph 2). When there is the aforementioned announcement, the project executor must delegate or request registration of the site and building to the local branch court or registration office without delay (Act, Article 56, Paragraph 1).

If there is a difference between the price of the land or building previously owned by individual receiving site or building and price of the received site or building, then the project executor must collect or pay the difference amount (settlement) after the aforementioned announcement (Act, Article 57, Paragraph 1). In this case, price of the land or building previously owned by individual receiving site or building and price of the received site or building should be evaluated considering the size, location, purpose, usage status of that land or building and maintenance project cost (Act, Article 57, Paragraph 2). If the party to pay the settlement does not pay, the project executor that is the mayor, district governor or head of autonomous borough may collect through disposition for failure in local tax payment, and the project executor that is not a mayor, district governor or head

<<< Procedure for Authorization of Completion
Request authorization of completion (project executor) → Conduct completion inspection (mayor, district governor, head of autonomous borough) → If needed, commission completion inspection (mayor, district governor, head of autonomous borough) → Authorization of completion (mayor, district governor, head of autonomous borough) → Announce, public notice (mayor, district governor, head of autonomous borough) → Issue certificate of authorization of completion → Notify to distribution applicants (project executor)
of autonomous borough may delegate collection of settlement to the mayor, district governor or head of autonomous borough (Act, Article 58, Paragraph 1). If party to receive settlement is unable to receive the settlement due to unknown address or refuses to receive it, settlement may be deposited (Act, Article 58, Paragraph 2). The right to receive or collect settlement expires if not exercised within five years (Act, Article 58, Paragraph 3).

② Cost Bearing, Etc.

By principle, maintenance project costs should be borne by the project executor (Act, Article 60, Paragraph 1). The mayor, district governor or head of autonomous borough may bear some or all of the cost incurred in the construction of major maintenance infrastructure and temporary accommodation facilities for city or district development facilities installed as part of maintenance plan of maintenance project executed by the project executor that is not a mayor, district governor or head of autonomous borough (Act, Article 60, Paragraph 2). The project executor may assess and collect from the owners of land, etc. as charge the difference between cost and income occurring from the execution of maintenance project (Act, Article 61, Paragraph 1).

If there is a manager of maintenance infrastructure who receives a noticeable profit from the maintenance project executed by the mayor, district governor or head of autonomous borough, executor may consult the manager of that maintenance infrastructure and have the manager bear part of the maintenance project cost (Act, Article 62, Paragraph 1). National or city, or province government may subsidize or load part of the cost incurred in the basic survey for the maintenance project or construction of major maintenance infrastructure and temporary accommodation facilities needed for maintenance project executed by the mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation (Act, Article 63, Paragraph 1). National or local government may subsidize, loan, or arrange financing for part of the cost incurred by maintenance project executed by the project executor that is not a mayor, district governor or head of autonomous borough (Act, Article 63, Paragraph 3).

The project executor must consult head of local government and install maintenance infrastructure in the maintenance zone (Act, Article 64, Paragraph 1). When mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation installs new maintenance infrastructure or installs maintenance infrastructure replacing existing maintenance infrastructure in execution of maintenance project. existing
maintenance infrastructure belongs to the project executor and newly installed maintenance infrastructure belongs to the national or local government that will manage it at no cost, regardless of regulations in National Property Act or Local Finance Act (Act, Article 65, Paragraph 1). Maintenance infrastructure newly installed by the project executor that is not mayor, district governor, head of autonomous borough, the Korea Land and Housing Corporation or local corporation in execution of maintenance project belongs to the national or local government that will manage it at no cost, and maintenance infrastructure owned by the national or local government whose purpose has been discontinued by execution of maintenance project is transferred to the project executor at no cost, within range of installation cost of the newly installed maintenance infrastructure (Act, Article 65, Paragraph 2).

4. HOUSING CONSTRUCTION PROJECT (2003 - PRESENT)

1) Significance and Major Changes

Housing refers to all or part of a building and attached land structured so that members of a household can have a long-term, independent residential life, and can be divided into single-family homes and apartments (Housing Act\(^\text{20}\), Article 2, Clause 1). Housing construction project refers to projects building more than 20 single-family homes or more than 20 units of apartments, while site preparation project refers to projects building groups of housing in lots greater than 10,000 m\(^2\) (Act, Article 16, Paragraph 1; Decree, Article 15, Paragraph 1).

In 2003, the government fully revised the Housing Construction Promotion Act, which has been enacted and operated with the purpose of promoting housing construction and supplying housing to provide stability for national residential living, into to the Housing Act to reinforce parts such as residential welfare and housing management to fit the changed economic and social conditions and improve and supplement some imperfections shown in the operation of the current system.

The purpose of the Housing Act is to contribute to the people’s residential stabilization and the elevation of residential standards by prescribing matters necessary to construct, supply, and manage the housing required for pleasant residential life, and to raise and manage the funds, etc. to that end (Act, Article 1).

\(^{20}\) Housing Act(amended 2011. 4. 14, Act No.10599) is abbreviated as “Act” hereinafter.
2) Housing Construction and Site Preparation Project

Project undertaker of housing construction and site preparation project is of the national or local government, the Korea Land and Housing Corporation and registered housing construction contractor or site preparation contractor, etc. who obtains approval for housing construction or site preparation project plan and executes that project (Housing Act, Article 2, Clause 7). Any party wishing to execute housing construction project of more than 20 single-family homes or 20 units of apartment buildings annually or execute site preparation project on more than 10,000㎡ annually must register with the Minister of Land, Transport and Maritime Affairs (Act, Article 9; Decree, Article 10). However, if the project undertaker that is of the national or local government, the Korea Land and Housing Corporation, local corporation and housing union or employers do not need to register (Act, Article 9 proviso). Housing union refers to unions established by residents of same city, province, or district to prepare housing (regional union) or unions established by employees of the same company (professional union) (Act, Article 2, Clause 11). Land owner may build a house with a registered contractor. In that case, the land owner and registered contractor are seen as business co-undertakers (Act, Article 10, Paragraph 1).

<<< Procedure for Housing Construction and Site Preparation Project
Set project plan (project undertaker) → Request project plan approval (project undertaker) → project plan Approve (project plan approver) → Announce project plan (project plan approver) → Housing construction and site preparation project (project undertaker) → Usage inspection (mayor, district governor or head of autonomous borough)

When housing union builds the housing for its members, the project may be executed jointly with local government, the Korea Land and Housing Corporation, local corporation or registered contractor. In this case, housing union and registered contractor are seen as business co-undertakers (Act, Article 10, Paragraph 2). To establish a housing union, permission must be obtained from mayor, district governor, head of autonomous borough in the respective jurisdiction (Act, Article 32, Paragraph 1). When the employer builds housing for its employees, the project must be executed jointly with a registered contractor. In this case, the employer and registered contractor are seen as business co-undertakers (Act, Article 10, Paragraph 3).

In selling or leasing land owned by the national or local government, the land may be sold or leased preferentially to any party wishing to purchase or rent the said land for the purpose of
building housing with a certain proportion or national housing-scale housing, building housing built by housing union, or preparing site for this purpose (Act, Article 25, Paragraph 1). When project undertaker requests purchase of secured land to use as national housing lot, the urban development project executor must sell up to half of the total area of the secured land to the project undertaker preferentially (Act, Article 26, Paragraph 1).

Project undertaker must execute housing construction or site preparation project based on separately determined housing construction criteria, installation criteria for additional or welfare facilities, size of housing, and proportion of construction for each size, and site preparation guidelines (Act, Article 21, Paragraph 1). If deemed necessary for surveying or measuring for business plan or executing public housing project, project undertaker that is of the national or local government, the Korea Land and Housing Corporation or local corporation may enter land owned by another, temporarily use that land as material yard or interim road, or modify or remove obstacles including trees and soil (Act, Article 18, Paragraph 1). If any party suffers damage in the process, affiliated administrative agency of the executor or the project undertaker shall compensate the damages (Act, Article 19, Paragraph 1).

Those desiring to build more than 20 single-family homes, 20 units of apartment building, or prepare more than 10,000㎡ of building site is government, the Korea Land and Housing Corporation or certain contractor, they should prepare a business plan, attach documents such as arrangement of housing, additional and welfare facilities, and design document for site preparation construction, and obtain approval of the Minister of Land, Transport and Maritime Affairs (Act, Article 16, Paragraph 1; Decree, Article 15, Paragraph 1). At this time, if the housing construction project or housing site preparation project has relevant housing site area of more than 100,000㎡, permission should be obtained from mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city whose population is greater than 500,000 (Act, Article 16, Paragraph 1, Clause1). At this time, if the housing construction project or housing site preparation project has relevant housing site area of less than 100,000㎡, permission should be obtained from mayor of special metropolitan city/other metropolitan cities, governor of special autonomous province, mayor or district governor (Act, Article 16, Paragraph 1, Clause 2).

Any party wishing to obtain approval of housing construction project plan must secure ownership of the relevant housing construction site (Act, Article 16, Paragraph 2). Project undertaking who has obtained approve for the project plan may file a claim with the owner of the site among the relevant housing construction sites for which he/she failed to secure a title to use to sell at the
market price in accordance with the following (Act, Article 18-2, Paragraph 1). ① If title to use has been secured for more than 95/100 of the housing construction sites: file a claim for sales for every owner of sites for which the right was not obtained. ② Cases other than ①: file a claim to sales for owner of land for which right was not obtained, excluding those who acquired and have held ownership of the site for 10 years prior to the date of decision and announcement of district unit planning area. When project undertaker who obtained approval for the project plan has noticeable difficulty in finding out the whereabouts of the owner of housing construction site where rights were not obtained, he/she must announce this fact at least twice in two or more daily newspapers circulated nationwide, and after 30 days have passed since the announcement, then the site is seen as subject to claim for sale (Act, Article 18-3, Paragraph 1). Project undertaker may deposit in the court the amount equivalent to the appraised value of the site subject to claim for sale and execute the housing construction project (Act, Article 18-3, Paragraph 2).

When the party authorized to approve project plan has approved the project plan, the approval must be announced. In this case, the Minister of Land, Transport and Maritime Affairs or the mayor/governor must send a copy of the written approval for the project plan and other related documents to mayor, district governor, head of autonomous borough without delay (Act, Article 16, Paragraph 6). Project undertaker who has obtained approval for project plan must execute the project according to the approved project plan and must be constructing within two years of obtaining the said approval (Act, Article 16, Paragraph 7). If the project undertaker does not begin project, the party authorized to approve project plan may cancel its approval of the said project plan (Act, Article 16, Paragraph 9). When the project undertaker with approved project plan intends to begin construction, he/she must report to the party authorized to approve project plans (Act, Article 16, Paragraph 8).

When project undertaker obtains approval of project plan or designation, it is seen as having obtained permission, authorization, decision, approval, designation, or report by other statutes, and public announcement of approval for a project plan is deemed as public announcement by another law (Act, Article 17, Paragraph 1). In this case, approval of project plan is seen as project recognition (Act, Article 27, Paragraph 3).

When project undertaker constructs national housing or prepares a housing site to build national housing, he/she may expropriate or use the land or any object in the land as well as rights other than ownership over the said land or object (Act, Article 18, Paragraph 2). In this case, national housing refers to housing that is constructed or renovated with support from National Housing Fund and whose area is less than 85㎡ per family or household (Act, Article 2, Paragraph 3).
Project undertaker that is the government or the Korea Land and Housing Corporation may delegate tasks related to housing construction or site preparation project such as land purchase or loss compensation to head of local government in the respective jurisdiction (Act, Article 28, Paragraph 1).

When project undertaker builds more than 100 housing or prepares more than 16,500㎡, arterial facilities must be installed by relevant group, roads and water supply sewage systems by the local government, electricity, gas, and heating system by electricity, gas, or heating supplier to the area, communications system and mailboxes by the national government or the Korea Telecom Authority (Act, Article 23, Paragraph 1; Decree, Article 24, Paragraph 1).

When project undertaker installs new public facility or installs public facility replacing existing public facility in the land of project area with approved project plan, newly public facilities are reverted to the managing administrative agency at no cost and existing public facilities are reverted to the project undertaker at no cost, regardless of regulations in National Property Act and Local Finance Act (Act, Article 30, Paragraph 1).

After completing housing construction or site preparation project, project undertaker must undergo a usage inspection by the mayor, district governor or head of autonomous borough (Act, Article 29, Paragraph 1). When the project undertaker undergoes a usage inspection, it is deemed as receiving completion inspection or authorization of completion by another law (Act, Article 29, Paragraph 2).

5. INDUSTRIAL COMPLEX DEVELOPMENT PROJECT(1990 - PRESENT)

1) Significance and Major Changes

Industrial complex refers to a group of lands designated and developed following a comprehensive plan to install residential, cultural, environmental, green, medical, tourist, sports, welfare facilities to enhance function of plant, facilities related to the knowledge industry, culture industry, information-communication industry, recycling industry, resources stock facilities, logistics facilities and related educational, research, professional, support, information process, and distribution facilities (Industrial Sites and Development Act21, Article 2, Paragraph 8). Industrial complex development projects refer to projects executed to prepare an industrial complex (Act, Article 2, Paragraph 9). Industrial complex development projects are divided into ① plant, facilities related to knowledge

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21) Industrial Sites and Development Act(amended 2011. 4. 14, Act No.10599) is abbreviated as "Act" hereinafter.
industry, culture industry, information-communication industry, recycling industry, resources stock facilities, logistics facilities, and other lot preparation and construction project, ② education, research facilities lot preparation project for the development of advanced science and technology industry, ③ lot preparation project and construction project such as work facilities to, information process facilities, support facilities, exhibit facilities, distribution facilities, etc to improve efficiency of industrial complex, ④ lot preparation project, park creation project and construction project such as residential, cultural, medical, welfare, sports, education, tourist facilities enhancing function of industrial complex, ⑤ project to install facilities to supply industrial water and water for daily living ⑥ construction of road, railway, harbor, canal, reservoir, etc, ⑦ supply system such as electricity, communications, gas, oil, steam, and other fuel, ⑧ sewage and waste treatment facility and other pollution prevention facilities project, or ⑨ other projects affiliated with projects ① ~ ⑧ (Act, Article 2, Paragraph 9 A~I).

In 1990, the government integrated regulations spread out over many laws into one law, Industrial Sites and Development Act, under the responsibility of Ministry of Land, Transport and Maritime Affairs for organized and systematic distribution and management of industrial lots.

The purpose of Industrial Sites and Development Act is to contribute to sound development of the national economy by promoting continued industrial development and balanced territorial development through smooth supply of industrial lot and reasonable arrangement of industries.

2) Development Guideline and Supply/Demand Plan for Industrial Sites

The Minister of Land, Transport and Maritime Affairs must prepare a basic guideline for industrial site development and announce this in the official gazette (Act, Article 5, Paragraph 1). Development guideline for industrial site must include ① matters on planned and systematic development of industrial site, ② matters on designation, development, and support for industrial complex, and ③ matters on environmental preservation including assessment of impact on environment (Act, Article 5, Paragraph 2). The Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province and mayor, district governor or head of autonomous borough may conduct a basic survey every 5 years to prepare development guidelines for the industrial site (Act, Article 4, Paragraph 1, Clause 1).
Chapter III

If deemed necessary for basic survey, the Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/other metropolitan cities, governor of provinces/special self-governing province and mayor, district governor or head of autonomous borough may request submission of material from heads of the related central administrative agencies, local government, public corporations, government-invested institutions and other related institutions (Act, Article 4, Paragraph 2). To set development guideline for industrial site, the Minister of Land, Transport and Maritime Affairs must hear the opinion of mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province, consult the Minister of Knowledge Economy and heads of the related central administrative agency (Minister of Land, Transport and Maritime Affairs) → Review (Industrial Site Policy Council) → Announce in official gazette (Minister of Land, Transport and Maritime Affairs).

<<< Procedure of establishing development guideline for industrial site

Basic survey (Minister of Land, Transport and Maritime Affairs • mayor of special metropolitan city/metropolitan city • governor of province/special autonomous province • mayor • district governor • head of autonomous district) → Hear opinion of mayor of special metropolitan city/metropolitan city • governor of province/special autonomous province • Minister of Land, Transport and Maritime Affairs) → Consult with Minister of Knowledge Economy and head of related central administrative agency (Minister of Land, Transport and Maritime Affairs) → Review (Industrial Site Policy Council) → Announce in official gazette (Minister of Land, Transport and Maritime Affairs)

To establish industrial site policy and ensure smooth supply of industrial site, the Minister of Land, Transport and Maritime Affairs must prepare guideline for establishing supply/demand plan for industrial sites and notify mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province (Act, Article 5-2, Paragraph 1). The Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province, mayor, district governor or head of autonomous borough must not designate as industrial complex if it is local government with certain area or undistributed proportion for category of each industrial complex (Act, Article 8-2, Paragraph 1). Calculation method for designated area or undistributed proportion is decided in the development guideline for industrial site (Act, Article 8-2, Paragraph 2).

To establish industrial site policy and ensure smooth supply of industrial site, the Minister of Land, Transport and Maritime Affairs must prepare guideline for establishing supply/demand plan for industrial sites and notify mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province (Act, Article 5-2, Paragraph 1). The Minister of Land, Transport and Maritime Affairs or mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province, mayor, district governor or head of autonomous borough may conduct every 5 years basic survey needed for establishing guidelines for
setting supply/demand plan for industrial sites and preparing supply/demand plan for industrial sites (Act, Article 4 Paragraph 1, Clause 2).

### Procedure for Establishing Guideline for Industrial Lot Supply/Demand Plan

<table>
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<tr>
<th>Step</th>
<th>Description</th>
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<tr>
<td>Basic survey (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/metro, governor of province/special autonomous province, mayor of district, governor of autonomous district)</td>
<td>→ Hear opinion of mayor of special metropolitan city/metro, governor of province/special autonomous province (Minister of Land, Transport and Maritime Affairs) → Consult with Minister of Knowledge Economy and head of related central administrative agency (Minister of Land, Transport and Maritime Affairs) → Prepare plan (Minister of Land, Transport and Maritime Affairs) → Review (Industrial Site Policy Council) → Notify mayor of special metropolitan city/metro, governor of province/special autonomous province (Minister of Land, Transport and Maritime Affairs)</td>
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Guidelines for setting supply/demand plan for industrial sites must include the ① basic direction of industrial site policy, ② calculation method for size of industrial site supply, ③ supply/demand outlook for each industrial site type by special metropolitan city, metropolitan city, province, and special autonomous province, ④ matters on various support for smooth supply of industrial site, and ⑤ other matters needed to establish supply/demand plan for industrial site (Act, Article 5-2, Paragraph 2). To set guideline for setting supply/demand plan for industrial sites, the Minister of Land, Transport and Maritime Affairs must hear the opinion of mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province, consult the Minister of Knowledge Economy and heads of the related central administrative agencies, and undergo review by the Industrial Site Policy Council (Act, Article 5-2, Paragraph 4).

The mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province must establish supply/demand plan for industrial site based on the guideline and announce the set plan in official gazette of the local government, and notify the Minister of Land, Transport and Maritime Affairs of the announcement (Act, Article 5-2, Paragraph 5). The supply/demand plan for the industrial site should include the ① basic direction of industrial site policy, ② matters on the supply of the industrial site by industrial site type and by region, ③ matters on the supply by type of the industrial complex, and ④ matters on various support measures for the smooth supply of the industrial site (Act, Article 5-2, Paragraph 6).
3) Industrial Complex Development Project

(1) Designation of Industrial Complex

① State Industrial Complex

State industrial complex refers to industrial complex designated to develop old region needing nurturing of state key industry or advanced science and technology industry or region spread across two or more special metropolitan city, metropolitan city, or province (Act, Article 2, Clause 8, A). State industrial complex is designated by the Minister of Land, Transport and Maritime Affairs (Act, Article 6, Paragraph 1). If the head of the central administrative agency recognizes a need for designation of state industrial complex, he/she may select the area and request designation of state industrial complex to the Minister of Land, Transport and Maritime Affairs (Act, Article 6, Paragraph 2). To designate state industrial complex, the Minister of Land, Transport and Maritime Affairs must establish an industrial complex development plan, hear the opinion of the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province in the respective jurisdiction, and consult the head of the related central administrative agency (Act, Article 6, Paragraph 3). The Minister of Land, Transport and Maritime Affairs may conduct basic survey necessary for establishing the industrial complex development plan every 5 years (Act, Article 4, Paragraph 1, Clause 2).
If needed for basic survey, the Minister of Land, Transport and Maritime Affairs may request the head of the related central administrative agency-local government-public corporation-government-contributed institutions or other related institutions to submit material (Act, Article 4, Paragraph 2).

After consultation, the Minister of Land, Transport and Maritime Affairs must undergo review by the Industrial Site Policy Council and designate state industrial complex (Act, Article 4, Paragraph 4). Industrial complex development plan must include the ① name, location, and area of industrial complex, ② purpose of industrial complex designation, ③ industrial complex development project executor, ④ project execution method, ⑤ major industries to attract, ⑥ land usage plan and major infrastructure plan, ⑦ financing plan, and ⑧ list of land, building, object or rights to expropriate or use (Act, Article 4, Paragraph5). In the industrial complex development plan, area of industrial facilities lot should be greater than a set proportion between 40/100 and 70/100 of the paid supply area of the industrial complex depending on the type of industrial complex (Act, Article 4, Paragraph 6). When designating state industrial complex, the Minister of Land, Transport and Maritime Affairs must announce it in the official gazette, and copies of related documents should be sent to the mayor-district governor or the head of the autonomous borough in the respective jurisdiction (Act, Article 7-4, Paragraph 1). If there is land, building, other object or rights to be expropriated or used in the area designated as state industrial complex, the announcement should include a detailed list of that land, etc (Act, Article 7-4, Paragraph 2). The mayor-district governor or the head of the autonomous borough receiving the related documents should make them available to the public (Act, Article 7-4, Paragraph 3).

When designating state industrial complex or changing important matters, the Minister of Land, Transport and Maritime Affairs must announce it to hear to opinion of residents and related experts, and the opinion should be reflected if found to be valid (Act, Article 10, Paragraph 1). Private business, etc. that is not of the national or local government may prepare the industrial complex development plan to request designation of state industrial complex to the Minister of Land, Transport and Maritime Affairs (Act, Article 11, Paragraph 1).

② General Industrial Complex

The general industrial complex refers to the industrial complex designated to encourage adequate distribution of industries in the local areas and vitalize local economy (Act, Article 2, Clause 8 B). The general industrial complex is designated by the mayor of special
metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city with population greater than 500,000 (Act, Article 7, Paragraph 1; Decree, Article 8, Paragraph 1).

<table>
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<tr>
<th>Procedure for Designating General Industrial Complex</th>
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<tr>
<td>Basic survey (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province) — Prepare industrial complex development plan (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province) — Hear opinions of mayor·district governor·head of autonomous district (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province) — Minister of Land, Transport and Maritime Affairs and consult with head of related central administrative agency (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province) — &lt;if needed, mediate(Minister of Land, Transport and Maritime Affairs) — Review (Industrial Site Policy Council)&gt; — Designate and notify Minister of Land, Transport and Maritime Affairs (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province) — Announce, public notice (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province)</td>
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The mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province may conduct basic survey needed for establishing the industrial complex development plan every 5 years (Act, Article 4, Paragraph 1, Clause 2). If needed for basic survey, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province may request the head of the related central administrative agency·local government·public corporation·government-contributed institutions or other related institution to submit material (Act, Article 4, Paragraph 2).

To designate general industrial complex, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province must establish an industrial complex development plan, hear the opinion of the mayor·district governor or the head of the autonomous borough in the respective jurisdiction and consult the Minister of Land, Transport and Maritime Affairs and heads of other related administrative agency (Act, Article 7, Paragraph 2). If deemed necessary for mediation opinion between related agencies in the process of consulting head of related administrative agency, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province and the mayor, district governor or the head of the autonomous borough may request the Minister of Land, Transport and Maritime Affairs to mediate, and after receiving the mediation, the Minister of Land, Transport and Maritime Affairs may undergo review by
the Council and mediate (Act, Article 7, Paragraph 7).

Head of local government must notify the Minister of Land, Transport and Maritime Affairs of designation or changes in general industrial complex. In this case, if the designator is the mayor, district governor or the head of the autonomous borough, the designation or changes should be notified to the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province (Act, Article 7, Paragraph 5).

Industrial complex development plan must include the ① name, location, and area of industrial complex, ② purpose of industrial complex designation, ③ industrial complex development project executor, ④ project execution method, ⑤ major industries to attract, ⑥ land usage plan and major infrastructure plan, ⑦ financing plan, and ⑧ detailed list of land, building, object or rights to expropriate or use (Act, Article 6, Paragraph 5; Article 7, Paragraph 6). In the industrial complex development plan, area of industrial facilities lot should be greater than a set proportion between 40/100 and 70/100 of the paid supply area of the industrial complex depending on the type of industrial complex (Act, Article 6, Paragraph 6; Article 7, Paragraph 6).

When designating general industrial complex, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province must announce it in the official gazette, and copies of related documents should be sent to the mayor, district governor or the head of the autonomous borough in the respective jurisdiction (Act, Article 7-4, Paragraph 1). If there is land, building, other object or rights to be expropriated or used in the area designated as general industrial complex, the announcement should include a detailed list of that land, etc. (Act, Article 7-4, Paragraph 2). The mayor-district governor or the head of the autonomous borough receiving the related documents should make them available to the public (Act, Article 7-4, Paragraph 3).

When designating general industrial complex or changing important matters, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province must announce it to hear to opinion of residents and related experts, and the opinion should be reflected if found to be valid (Act, Article 10, Paragraph 1). Private business, etc. that is not of the national or local government may prepare the industrial complex development plan to request designation of general industrial complex to the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province (Act, Article 11, Paragraph 1).
Urban Industrial Complex

Urban industrial complex refers to industrial complexes designated in urban areas to encourage and develop knowledge industry, culture industry, ICT industry and other advanced industry (Act, Article 2, Paragraph 8 C). Urban industrial complex is designated by the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city, and when the mayor of the special metropolitan city/metropolitan city or governor makes the designation, it is done at the request of the mayor, district governor or the head of the autonomous borough (Act, Article 7-2, Paragraph 1).

<<< Procedure for Designating Urban Industrial Complex

The mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province or mayor of large city may conduct basic survey needed for establishing the industrial complex development plan every 5 years (Act, Article 4, Paragraph 1, Clause 2). If needed for basic survey, the mayor of special metropolitan city/other metropolitan cities, governor of provinces/special autonomous province may request the head of the related central administrative agency, local government, public corporation, government-contributed institutions or other related institution to submit material (Act, Article 4, Paragraph 2).

If the area to designate is below a certain area, the mayor, district governor or the head of the autonomous borough may designate the complex directly (Act, Article 7-2, Paragraph 1 proviso). To prevent overpopulation, urban industrial complex may not be designated in areas such as Seoul special metropolitan city (Act, Article 7-2, Paragraph 2). To request designation of urban industrial complex to the mayor of the special metropolitan city/other metropolitan cities or governor, the mayor, district governor or the head of the autonomous borough must prepare and submit an industrial complex development plan (Act, Article 7-2, Paragraph 3).
If the designator of urban industrial complex wishes to designate urban industrial complex, he/she must consult head of related administrative agency regarding the industrial complex development plan (Act, Article 7-2, Paragraph 4). If deemed necessary for mediation opinion between related agencies in the process of consulting head of related administrative agency, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province and the mayor, district governor or head of the autonomous borough may request the Minister of Land, Transport and Maritime Affairs to mediate, and after receiving the mediation, the Minister of Land, Transport and Maritime Affairs may undergo review by the Council and mediate (Act, Article 7, Paragraph 7; Article 7-2, Paragraph 5). When designating all or part of facilities lot as urban industrial complex to secure self-sufficiency in housing site development zone, head of related administrative agency need not be consulted regarding the industrial complex development plan (Act, Article 7-3).

Industrial complex development plan must include the ① name, location, and area of industrial complex, ② purpose of industrial complex designation, ③ industrial complex development project executor, ④ project execution method, ⑤ major industries to attract, ⑥ land usage plan and major infrastructure plan, ⑦ financing plan, and ⑧ detailed list of land, building, object or rights to expropriate or use (Act, Article 6, Paragraph 5; Article 7-2, Paragraph 5). In the industrial complex development plan, area of industrial facilities lot should be greater than a set proportion between 40/100 and 70/100 of the paid supply area of the industrial complex depending on the type of industrial complex (Act, Article 6, Paragraph 6; Article 7-2 Paragraph 5).

Head of local government must notify the Minister of Land, Transport and Maritime Affairs of designation of or changes in urban industrial complex. In this case, if the designator is the mayor, district governor or the head of the autonomous borough, the designation and change should be notified to the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province (Act, Article 7-2 Paragraph 6). When designating urban industrial complex, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province must announce it in the official gazette, and copies of related documents should be sent to the mayor, district governor or the head of the autonomous borough in the respective jurisdiction (Act, Article 7-4 Paragraph 1). If there is land, building, other object or rights to be expropriated or used in the area designated as urban industrial complex, the announcement should include a
detailed list of that land, etc (Act, Article 7-4, Paragraph 2). The mayor, district governor or
the head of the autonomous borough receiving the related documents should make them
available to the public (Act, Article 7-4, Paragraph 3).

When designating urban industrial complex or changing important matters, the mayor
of the special metropolitan city/other metropolitan cities or governor of province/special
autonomous province must announce it to hear to opinion of residents and related experts,
and the opinion should be reflected if found to be valid (Act, Article 10, Paragraph 1). Private
business, etc. that is not of the national or local government may prepare the industrial
complex development plan to request designation of urban industrial complex to the mayor
of the special metropolitan city/other metropolitan cities or governor of province/special
autonomous province (Act, Article 11, Paragraph 1).

④ Rural Industrial Complex

Rural industrial complex refers to industrial complexes designated in rural area to attract
and nurture industries increasing income for farming and fishing communities (Act, Article
2, Clause 8 D). Rural industrial complex is designated by governor of special autonomous
province or the mayor, district governor or head of the autonomous borough (Act, Article 8,
Paragraph 1).

<<< Procedure for Designating Rural Industrial Complex

Approve designation (mayor of special metropolitan city/other metropolitan cities
- governor of province/special autonomous province) → Designate (governor of special autonomous province
- mayor - district governor - head of autonomous district) → Announce (governor of special autonomous province
- mayor - district governor - head of autonomous district)

To designate rural industrial complex, the mayor, district governor or head of the
autonomous borough must attach documents and floor plan and obtain approval from
mayor of the special metropolitan city/other metropolitan cities or governor of province/
special autonomous province (Act, Article 8, Paragraph 2). When governor of special
autonomous province, mayor, district governor or head of the autonomous borough has
designated or modified rural industrial complex, it must be announced (Act, Article 8,
Paragraph 3). The Minister of Knowledge Economy and the Minister of Food, Agriculture,
Forestry and Fisheries may provide equal support for general industrial complex or urban
industrial complex in rural areas as for rural industrial complex (Act, Article 8, Paragraph 5). To designate rural industrial complex or make important change, the mayor, district governor or head of the autonomous borough must announce it to hear to opinion of residents and related experts, and the opinion should be reflected if found to be valid (Act, Article 10, Paragraph 1).

5 Semi-industrial Complex

Semi-industrial complex refers to multiple lands or structures designated as needing organized management according to a comprehensive plan due to higher density of individual factories in certain areas in or near cities (Act, Article 2, Clause 12). Semi-industrial complex is designated by the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough (Act, Article 8-3, Paragraph 1). To designate semi-industrial complex, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must hear the opinion of factory owners in advance, establish a semi-industrial complex maintenance plan, and consult the head of related administrative agency before making the designation (Act, Article 8-3, Paragraph 2).

<<< Procedure for Designating Semi-industrial Complex

Prepare industrial complex development plan (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province, mayor·district governor·head of autonomous district) → Hear opinion of mayor·district governor·head of autonomous district (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province, mayor·district governor·head of autonomous district) → Consult with Minister of Land, Transport and Maritime Affairs and head of related central administrative agency (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province, mayor·district governor·head of autonomous district) → <if needed, mediate(Minister of Land, Transport and Maritime Affairs) → Review (Industrial Site Policy Council)> → Designate and notify Minister of Land, Transport and Maritime Affairs (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province, mayor·district governor·head of autonomous district) → Announce, public notice (mayor of special metropolitan city/metropolitan city·governor of province/special autonomous province, mayor·district governor·head of autonomous district)

To designate semi-industrial complex, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor,
district governor or head of the autonomous borough should establish the industrial complex development plan, hear the opinion from the mayor, district governor or the head of the autonomous borough in the respective jurisdiction and consult the Minister of Land, Transport and Maritime Affairs and head of related administrative agency (Act, Article 7, Paragraph 2; Article 8-3, Paragraph 4). If deemed necessary for mediation opinion between related agencies in the process of consulting head of related administrative agency, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province and the mayor, district governor or head of the autonomous borough may request the Minister of Land, Transport and Maritime Affairs to mediate, and after receiving the mediation, the Minister of Land, Transport and Maritime Affairs may undergo review by the Council and mediate (Act, Article 7, Paragraph 7, Article 8-3, Paragraph 4).

The mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must notify the Minister of Land, Transport and Maritime Affairs of designation or modifications in semi-industrial complex. In this case, if the designator is the mayor/district governor or the head of the autonomous borough, the designation and modification should also be notified to the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province (Act, Article 7, Paragraph 5; Article 8-3, Paragraph 4).

Industrial complex development plan must include the ① name, location, and area of industrial complex, ② purpose of industrial complex designation, ③ industrial complex development project executor, ④ project execution method, ⑤ major industries to attract, ⑥ land usage plan and major infrastructure plan, ⑦ financing plan, and ⑧ detailed list of land, building, object or rights to expropriate or use (Act, Article 7, Paragraph 6; Article 8-3, Paragraph 4). In the industrial complex development plan, area of industrial facilities lot should be greater than a set proportion between 40/100 and 70/100 of the paid supply area of the industrial complex depending on the type of industrial complex (Act, Article 7 Paragraph 6; Article 8-3, Paragraph 4).

When designating semi-industrial complex, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must announce it in the official gazette, and copies of related documents should be sent to the mayor, district governor
or the head of the autonomous borough in the respective jurisdiction (Act, Article 7-4, Paragraph 1; Article 8-3, Paragraph 4). If there is land, building, other object or rights to be expropriated or used in the area designated as semi-industrial complex, the announcement should include a detailed list of that land, etc. (Act, Article 7-4, Paragraph 2; Article 8-3, Paragraph 4). The mayor-district governor or the head of the autonomous borough receiving the related documents should make them available to the public (Act, Article 7-4, Paragraph 3; Article 8-3, Paragraph 4).

When designating semi-industrial complex or changing important matters, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must announce it to hear to opinion of residents and related experts, and the opinion should be reflected if found to be valid (Act, Article 10, Paragraph 1, Article 8-3, Paragraph 4). Private business, etc. that is not of the national or local government may prepare the industrial complex development plan to request designation of semi-industrial complex to the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough (Act, Article 11, Paragraph 1; Article 8-3, Paragraph 4). Expenses may be subsidized or facilities provided for semi-industrial complex satisfying certain conditions such as area and location under the stipulations of Articles 28 and 29 (Act, Article 8-3, Paragraph 5).

6 Industrial Complex or Foreigners and Complex for Migrating Companies

The Minister of Land, Transport and Maritime Affairs may designate state industrial complex for foreigners of needed to boost foreign investment or at the request of the Minister of Knowledge Economy (Act, Article 38-4, Paragraph 1). National or local government, public corporation, etc may receive all or part of designated and developed state industrial complex for foreigners and lease to foreigners (Act, Article 38-4, Paragraph 2). The designator for industrial complex may preferentially designate and develop industrial complex if a foreign actual demand company requests development of industrial complex for a special industry (Act, Article 38-4, Paragraph 3).

To encourage companies in the capital area to move to local provinces or at the request of a company wishing to move to the local provinces, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province may designate and develop industrial complex exclusively for companies moving to local
Chapter III

Provinces (complex for migrating companies) (Act, Article 38-5, Paragraph 1). Regulations on designation and development of state industrial complex, general industrial complex, urban industrial complex, and rural industrial complex will be followed regarding designation and development of complex for migrating companies (Act, Article 38-5, Paragraph 3). To designate complex for migrating companies, if the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province consults the head of related administrative agency on private use of farmland or cultivating land and prior environmental review system, head of related administrative agency must cooperate so that the migrating company can settle down smoothly (Act, Article 38-6, Paragraph 1). If deemed necessary to mediate opinion during consultation with head of related administrative agency, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province may request Committee for Resolving Difficulties for Migrating Companies to mediate, and the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province and head of related administrative agency must follow the decision of the Committee for Resolving Difficulties for Migrating Companies (Act, Article 38-6, Paragraph 2). National or local government must preferentially support expenses and facilities to prepare and nurture complex for migrating companies (Act, Article 38-6, Paragraph 3). When designating complex for migrating companies, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province may designate using national or public lands preferentially, and managing agency of the national or public land receiving request for consultation must cooperate (Act, Article 38-6, Paragraph 4). If the migrating company wishes to permanently lease the industrial facilities lot, state must designate and support as rental-only industrial complex preferentially (Act, Article 38-6, Paragraph 5). National or local government may reduce or waive distribution cost or rent on land or building for those moving into complex for migrating companies (Act, Article 38-6, Paragraph 6). When private company, etc. request designation of complex for migrating companies, they may submit the request when submitting execution plan for approval (Act, Article 38-6, Paragraph 6). When preparing complex for migrating companies, terms of designation and standards for industrial complex does not apply, and regulations on restriction of industrial complex may not be applied (Act, Article 38-6, Paragraph 8). When preparing complex for migrating companies, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province is the designator (Act, Article 38-6, Paragraph 9).
The Committee for Resolving Difficulties for Migrating Companies is established under the Prime Minister to review the following matters on preparation of complex for migrating companies: ① important matters on basic policy and system for promoting company migration, ② matters on cooperation and opinion adjustment of the central administrative agency regarding prompt designation of complex for migrating companies, ③ matters on support for complex for migrating companies, ④ matters on support for disposal and development of existing lot, and ⑤ other matters important for complex for migrating companies (Act, Article 38-7, Paragraph 1). The Minister of the Prime Minister’s Office becomes the chair of the Committee for Resolving Difficulties for Migrating Companies (Act, Article 38-7, Paragraph 2).

7. Restriction of Activities in Industrial Complex, etc.

Any party wishing to construct building, install structure, change form and quality of the land, extract soil, divide land, or pile objects in area with an announcement to hear opinion of residents, etc. regarding designation or modification of industrial complex and industrial complex must obtain permission from the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province, mayor or district governor (Act, Article 10, Paragraph 1). Emergency actions necessary for disaster recovery may be done without permission (Act, Article 10, Paragraph 2). Obtaining permission is seen as having approval for development activities according to Act on Planning and Utilization of National Territory (Act, Article 10, Paragraph 6). For actions requiring permission which have received permission through related laws at the time of announcement or designation and announcement of industrial complex and actions not requiring permission, person who commenced the construction or project may continue after reporting to the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province, mayor or district governor (Act, Article 10, Paragraph 3). The mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province, mayor or district governor may order restoration to original status for those violating the responsibilities of permission. In this case, if those receiving such an order does not fulfill their responsibility, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province, mayor or district governor may execute the restoration instead through the Administrative Vicarious Execution Act (Act, Article 10, Paragraph 4).
If there is no special reason, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province, the mayor, district governor or the head of the autonomous borough must designate areas designated as industrial region as industrial complex (Act, Article 9 body).

If the execution plan for the industrial complex development is not submitted for approve within a certain period from the designation and announcement of industrial complex, the designation of the said industrial complex is seen as being cancelled on the day after the last day of the period (Act, Article 13, Paragraph 1). The designator for the industrial complex may cancel designation for all or part of the industrial complex if there is no development prospect in all or part of the industrial complex or if the completely developed industrial complex ① is not a region with established basic plan for industrial complex management, therefore there is no problem in terms of land usage plan even if it is managed as urban area, or ② was completed more than 20 years ago, and changes in surrounding environment and industrial conditions makes it difficult to fulfill its function as industrial complex, even through renaissance project or industrial complex structure advancement project (Act, Article 13, Paragraph 2). When designation of industrial complex is lifted, the designator of the said industrial complex must notify the head of the related central administrative agency and the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province of this fact and announce it, and notified the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province must have the mayor-district governor or the head of the autonomous borough provide information for general public without delay (Act, Article 13, Paragraph 3).

To promote activities and maintenance in industrial complex, the designator of industrial complex may consult the management right holder to convert the type of industrial complex by changing the functions of all or some parts of the industrial complex (Act, Article 13-2, Paragraph 1). In completed industrial complex, slight development activities, etc. may be done by establishing an execution plan for the said development activity and obtaining permission from the industrial complex designator, rather than changing the industrial complex development plan (Act, Article 13-2, Paragraph 3).

(2) Development of Industrial Complex

① The Executor

Industrial complex development projects are executed by ① the national or local
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1. government, public corporation, local corporation or others able to execute the industrial complex development project by other laws, ② the Small and Medium Business Corporation, Korea Industrial Complex Corporation or Korea Rural Community Corporation, ③ any party wishing to build and move into facility appropriate for the said industrial complex development plan or any party seen as capable of developing an industrial complex appropriate for the said industrial complex development plan, ④ a corporation established with investment from ①~③ with purpose of the industrial complex development, ⑤ a real estate trust company that has signed a trust contract with the project executor qualifying as ③ on the industrial complex development, or ⑥ the owner of land in industrial complex or union established by owners for the industrial complex development that is selected by the industrial complex development plan based on the designation of industrial complex (Act, Article 16, Paragraph 1).

If the project executor does not begin the industrial complex development project or does not complete or is unlikely to complete the industrial complex development project by the deadline set in the execution plan, the designator of industrial complex may designate another project executor to execute the said industrial complex development project (Act, Article 16, Paragraph 2). If deemed necessary for smooth execution of the industrial complex development project, the national or local government, public corporation, local corporation or any party seen as capable of executing the industrial complex development project by another law may delegate part of the industrial complex development project to entity that will be moving into the said industrial complex (Act, Article 16, Paragraph 3). The executor that is not of the national or local government, public corporation, local corporation or any party seen as capable of executing the industrial complex development project by another law may delegate part of the industrial complex development project to entity that will be moving into the said industrial complex with permission from the designator of the said industrial complex (Act, Article 16 Paragraph4). The designator of industrial complex may select the project executor through an open bid (Act, Article 16, Paragraph 6).

To establish a union, more than 7 land owners in the industrial complex must draft an Articles of Association and obtain permission for union establishment from the designator of industrial complex (Urban Development Act, Article 13, Paragraph 1; Industrial Sites and Development Act, Article 16-2). When requesting approval for union establishment, consent must be obtained from land owner of more than two-thirds of the land area in the said industrial complex and more than half of the total number of land owners in the industrial
complex (Urban Development Act Article 13, Paragraph 3; Industrial Sites and Development Act, Article16-2).

Members of the union are the land owners of the industrial complex (Urban Development Act, Article 14, Paragraph 1; Industrial Sites and Development Act, Article 16-2). To cover expenses needed for the project, union may assess and collect expenses from union members as stipulated in the Articles of Association (Urban Development Act Article 16, Paragraph 1; Industrial Sites and Development Act, Article 16-2). The amount of the due should comprehensively consider factors of the industrial complex such as location, category, and area of the land, usage status, environment, etc. (Urban Development Act Article 16, Paragraph 2, Industrial Sites and Development Act, Article 16-2). When a union member is negligent in paying its dues, union may charge late fee as stipulated in the Articles of Association (Urban Development Act, Article 16, Paragraph 3; Industrial Sites and Development Act, Article 16-2). If any party fails to pay the due or late fee, the union may delegate its collection to the governor of the special autonomous province, mayor, district governor or the head of the autonomous borough (Urban Development Act, Article 16, Paragraph 4; Industrial Sites and Development Act, Article 16-2). When the governor of the special autonomous province, mayor, district governor or the head of the autonomous borough is consigned to collect the due or late fee, it may collect through disposition for failure in local tax payment. In this case, union must pay 4/100 of the amount collected by the governor of special autonomous province, mayor, district governor or the head of autonomous district to the city, district, or autonomous district (Urban Development Act, Article 16, Paragraph 5; Industrial Sites and Development Act, Article 16-2).

Board members of a union may not serve as another board member or employee of that union (Urban Development Act, Article 14, Paragraph 2; Industrial Sites and Development Act, Article 16-2). Unions are corporations (Urban Development, Act 15, Paragraph 1; Industrial Sites and Development Act, Article 16-2), and are established as such when registered to its main office of business (Urban Development Act, Article 15, Paragraph 2; Industrial Sites and Development Act, Article 16-2).

② Execution Plan

The project executor of state industrial complex must prepare the state industrial complex development execution plan and obtain approval of the Minister of Land, Transport and Maritime Affairs (Act, Article 17, Paragraph 1). To approve the state complex execution plan,
the Minister of Land, Transport and Maritime Affairs must hear the opinion of the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province in the respective jurisdiction and consult with head of related central administrative agency (Act, Article 17, Paragraph 2). Same process should be followed when modifying or abolishing the approved state complex execution plan (Act, Article 17-2, Paragraph 1).

<table>
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<tr>
<th>Procedure for Industrial Complex Development Project</th>
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<tr>
<td>Designate industrial complex (designator) → Prepare industrial complex development execution plan (project executor) → Approve (designator) → Public notice (designator) → Industrial complex development project (project executor) → Completion inspection (designator) → Supply land after consulting industrial complex managing agency (project executor)</td>
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The project executor of general industrial complex must prepare a general industrial complex development execution plan and obtain approval from the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or mayor of large city (population greater than 500,000 excluding Seoul special metropolitan city and metropolitan city). The mayor of special metropolitan city/metropolitan city governor should hear the opinion of the mayor-district governor or the head of the autonomous borough in the respective jurisdiction before approving (Act, Article 18, Paragraph 1). To approve the general industrial complex development execution plan, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or mayor of large city should consult the head of related administrative agency in advance (Act, Article 18, Paragraph 2). Same process should be followed when modifying or abolishing the approved general industrial complex development execution plan (Act, Article 18, Paragraph 3).

The project executor of urban industrial complex must prepare an urban industrial complex development execution plan and obtain approval from the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or mayor of large city. When approving, the mayor of the special metropolitan city/metropolitan city or governor should hear the opinion of the mayor-district governor or the head of the autonomous borough in the respective jurisdiction (Act, Article 18-2, Paragraph 1). To approve the urban industrial complex development execution plan, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or mayor of large city should consult the head of related administrative agency in advance (Act, Article 18-2, Paragraph 2). Same process should be followed when modifying or abolishing the approved urban industrial complex development execution plan (Act, Article 18-2, Paragraph 3).
metropolitan city/other metropolitan cities or governor of province/special autonomous province must consult the head of related administrative agency in advance (Act, Article 18-2, Paragraph 2). Same process should be followed when modifying or abolishing the approved urban industrial complex development execution plan (Act, Article 18-2, Paragraph 3).

The project executor of rural industrial complex must prepare a rural industrial complex development execution plan and obtain approval of governor of special autonomous province, mayor, district governor or head of the autonomous borough (Act, Article 19, Paragraph 1). Same process should be followed when modifying or abolishing approved rural industrial complex execution plan (Act, Article 19, Paragraph 2).

After approving the execution plan, the industrial complex designator must announce it in the official gazette, and if approved by the Minister of Land, Transport and Maritime Affairs or the mayor of the special metropolitan city/metropolitan city or governor, copies of related documents should be sent to the mayor-district governor or the head of the autonomous borough in the respective jurisdiction (Act, Article 19, Paragraph 1). The governor of special autonomous province approving the execution plan or the mayor, district governor or head of autonomous borough receiving the copies of related documents must make the documents open to public (Act, Article 19, Paragraph 2). Same is true for approval of rural industrial complex execution plan (Act, Article 19, Paragraph 4). The project executor may delegate matters related to construction of harbor, industrial water system, roads and other public facility and reclamation of public waters for the industrial complex development project to the national-local government-public corporation or other institution (Act, Article 20, Paragraph 1). The project executor may also delegate tasks related for land purchase, damage compensation, and migration plans for the industrial complex development project (Act, Article 20, Paragraph 2). The project executor who plans to install and move into facility appropriate for the said industrial complex development plan or who is seen as capable of developing industrial complex appropriate for the said industrial complex development plan may develop the industrial complex by signing a trust contract with real estate trust company on the industrial complex development (Act, Article 20-2, Paragraph 1).

When the industrial complex designator approves execution plan or changes in the plan, matters already consulted with head of related administrative agency or approved regarding permission, decision, approval, license, agreement, consent, cancellation or disposal of another statute is seen as having obtained the said approval or permission, and
announcement of execution plan approval is seen as announcement or public notice of the said approval or permission (Act, Article 21-2, Paragraph 1). If person authorized to approve execution plan approves execution plan or changes in the plan including agenda such as approval or permission by another statute, he/she must consult with or receive permission from the head of related administrative agency beforehand (Act, Article 21-2, Paragraph 2).

The project executor may expropriate or use land, building or object in the land, rights other than ownership, mining rights, fishing rights, water usage rights needed for the industrial complex development project (Act, Article 22, Paragraph 1). Designation and announcement of industrial complex is seen as project recognition and announcement of project recognition (Act, Article 22, Paragraph 2).

After the said project is complete, the project executor may give the substitute lot to
① the owner of land in industrial complex who wishes to build plant or facilities related to knowledge industry, culture industry, ICT industry, recycling industry, or resource stocking industry that is appropriate to the provisions of the industrial complex development plan, or
② owners of land in industrial complex being developed by the project executor (Act, Article 24, Paragraph 1).

When the industrial complex designator has designated industrial complex or necessary for execution of the industrial complex development project, the project executor may enter another’s land or temporarily use it and may modify or remove obstacles such as tree, soil, stone, etc. (Act, Article 25, Paragraph 1). If any party suffers damage from this, administrative agency to which the actor is affiliated or the project undertaker must compensate for the loss (Act, Article 25, Paragraph 2).

When the project executor installs new public facility or installs public facility replacing existing public facility in execution of the industrial complex development project, existing public facility is reverted to the project executor at no cost an newly installed public facility is reverted to the national or local government that will manage the public facility, regardless of National Property Act and Public Property and Goods Management Act (Act, Article 26, Paragraph 1). When the project executor that is not local government, public corporation installs public facility in execution of the industrial complex development project, newly installed public facility is reverted to the national or local government that will manage the public facility and property of the national or local government whose purpose is discontinued by the execution of the industrial complex development project is transferred to the project executor at no cost within the limit of the installation cost of the new facility,
regardless of National Property Act and Public Property and Goods Management Act (Act, Article 26, Paragraph 2).

Land owned by the national or local government in the industrial complex that is needed for the industrial complex project may not be sold or transferred for purpose other than the said industrial complex development project (Act, Article 27, Paragraph 1). By principle, expenses needed for the industrial complex development project should be borne by the project executor (Act, Article 28, Paragraph 1). National or local government may subsidize part of expenses needed for the industrial complex development project (Act, Article 28, Paragraph 1 proviso).

National or local government and supplier of the applicable facility shall preferentially support infrastructure necessary for smooth preparation of industrial complex, such as harbor, road, industrial water system, railway, communications, electrical power system (Act, Article 29, Paragraph 1). For existing factory, building, or other structure in the industrial complex that is seen as not affecting the industrial complex development project and does not have to moved or torn down, the project executor may let such buildings remain (Act, Article 30, Paragraph 1). If owner of plant on a separate individual plot that is connected to the industrial complex wishes to be included in the industrial complex, the project executor may include and develop the said factory in the industrial complex development project (Act, Article 30, Paragraph 2). The project executor may receive in advance all or part of the payment from those who will receive the prepared land or use the building (Act, Article 32). Authorizer of execution plan may have the project executor install road, park, green space and other public space or preserve green space (Act, Article 33, Paragraph 1). To cover the cost of facility installation, the project executor may have the owners of retained facility or those receiving the facility after the development pay a facility fee within the limit of that cost (Act, Article 33, Paragraph 2). The project executor must establish and implement relocation measures for those who will be losing their residence because of the industrial complex development (Act, Article 36, Paragraph 1). Unless there is special reason, companies occupying the industrial complex must hire the migrants or residents of nearby area preferentially (Act, Article 36, Paragraph 2).

When the industrial complex development project is complete, the project executor must receive authorization for completion from execution plan authorizer (Act, Article 37, Paragraph 1). After receiving request for authorization of completion, execution plan authorizer should conduct completion inspection without delay (Act, Article 37, Paragraph
2). If results of completion inspection show that project has been completed according to execution plan, execution plan authorizer must issue and announce authorization of completion and notify the project executor, and if project is not completed according to execution plan, authorizer must order necessary measures such as supplementary construction (Act, Article 37, Paragraph 4). When the project executor receives authorization of completion, it is seen as having received completion inspection or authorization of completion for the said project through permission or approval deemed by approval of the execution plan (Act, Article 37, Paragraph 6). Lot prepared or structures built by the industrial complex development project may not be used before authorization of completion (Act, Article 37, Paragraph 7).

Of the land developed by projector, when distributing, leasing, or transferring lot or facility, etc. in the area where basic plan for industrial complex management is established, the project executor must prepare a disposal plan and consult the managing agency stipulated in Industrial Cluster Development and Factory Establishment Act (Act, Article 38, Paragraph 1). The project executor may dispose developed lot or facility in area other than areas subject to management by the basic plan for industrial complex management (Act, Article 38, Paragraph 2). When industrial complex management corporation in Industrial Cluster Development and Factory Establishment Act is established and necessary for efficient implementation of disposal task, the project executor may sign a contract with industrial complex management corporation and delegate tasks related to distribution and leasing of developed lot or facilities (Act, Article 38, Paragraph 3). When disposing developed lot or facility in area subject to management by the basic plan for industrial complex management, the project executor must abide by the basic plan (Act, Article 38-2).

For smooth preparation and nurturing of industrial complex, the national or local government may reduce or waive taxes and dues such as corporate tax, income tax, customs tax, acquisition tax, license tax, special tax for rural villages, property tax, education tax, and comprehensive real estate holding tax (Act, Article 45). For smooth preparation of industrial complex, the national or local government may take necessary measures to support funding (Act, Article 46). If deemed necessary for preparing housing for employees of relocating companies, separate housing distribution criteria may be set for housing built and distributed by industrial complex (Act, Article 46-2). When building a school to nurture talent fitting the characteristics of industrial complex and to improve educational environment, the project executor must include a school establishment plan along with the industrial complex
development plan (Act, Article 46-2, Paragraph 1). Schools receiving special treatment according to Elementary and Secondary Education Act or chief of school seeking to operate education curriculum industrial complex to nurture talent fitting the characteristics of industrial complex and to improve educational environment must be designated by the superintendent with recommendation from governor of special autonomous province or the mayor, district governor or the head of the autonomous borough (Act, Article 46-4, Paragraph 1). The government may support development of plant lots to nurture South Korean companies in North Korea and North Korean companies (Act, Article 46-5).

(3) Special Area Development Project

Regulation on designation and development of state industrial complex is applied to land development project or infrastructure preparation project (special area development project) needing systematic development based on comprehensive plan to achieve reasonable arrangement of industries and population and other special economic, social objectives of the state (Act, Article 39, Paragraph 1). However, area of industrial facility lot must be more than 25/100 of the paid distribution area of the industrial complex (Act, Article 39, Paragraph 1 proviso). The special area development project is executed by the Minister of Land, Transport and Maritime Affairs. However, if recognized as necessary for efficient execution of the special area development project, the Minister of Land, Transport and Maritime Affairs may have public corporation or local public enterprise stipulated by the Local Public Enterprise Act execute the special area development project (Act, Article 39, Paragraph 2). For the special area development project area that is set as industrial complex in the industrial complex development plan, designation or change in state industrial complex is seen as occurring when the special area development project is designated or changed, and approval of or changes in the special area development project execution plan is seen as designation of the project executor and approval of or changes in state of the industrial complex development execution plan (Act, Article 39, Paragraph 3). Development executed in the completed special area may be executed by the project executor of the industrial complex development (Act, Article 39, Paragraph 4).

(4) Industrial Complex Renaissance Project

Industrial complex renaissance project refers to project developing industrial site function in renaissance project zone and expanding or renovating infrastructure, support facility, and amenities (Act, Article 2, Paragraph 11). Industrial complex renaissance project zone refers to zones in or
around industrial complex or industrial area designated and announced to vitalize industrial function (Act, Article 2, Paragraph 10). If renaissance of industrial complex or industrial area is needed due to changes in industrial structure, aging of industrial facility and expansion of urban area, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough may designate the said industrial complex or industrial area as renaissance project zone. In this case, industrial complex or industrial area completed more than 20 years ago should be designated preferentially (Act, Article 39-2, Paragraph 1).

<table>
<thead>
<tr>
<th>Procedure for Designating Industrial Complex Renaissance Project Zone</th>
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<td>Set renaissance plan (mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → land owner consent (mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → Hear opinions of resident, interest party concerned, related expert (mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → Hear opinion of industrial complex manager (mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → Consult with head of related central administrative agency (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province) → &lt;if needed, review(Industrial Site Policy Council)&gt; → Approve designation of renaissance zone (Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → Designate renaissance zone, announce, public notice (mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province or mayor·district governor-head of autonomous borough) → Notify Minister of Land, Transport and Maritime Affairs, mayor of special metropolitan city/metropolitan city-governor of province/special autonomous province (designator)</td>
</tr>
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If deemed necessary for effective renaissance project, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough may designate a renaissance project zone including areas surrounding the industrial complex or industrial area (Act, Article 39-2, Paragraph 2). To designate renaissance project zone, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must establish industrial complex renaissance plan, hear opinion from the mayor, district governor or head of the autonomous borough in the respective jurisdiction and
right holders of industrial complex included in the renaissance project zone, and consult the Minister of Land, Transport and Maritime Affairs as well as head of related administrative agency (Act, Article 39-2, Paragraph 5).

Renaissance plan should include the ① name, location, and area of the renaissance project zone, ② basic direction and purpose of the renaissance project, ③ renaissance project executor, ④ renaissance project execution method, ⑤ basic survey and current status of the renaissance project zone, ⑥ plan for industry rearrangement or industry advancement project and study on potential demand, ⑦ land usage plan, plan for infrastructure such as transportation, distribution, environment, etc., ⑧ opinion of companies relocating to renaissance project zone, land owner, related interest party, ⑨ cost sharing plan for the infrastructure, ⑩ plan on private investment project of infrastructure, ⑪ matters on step-by-step project plan, ⑫ detailed list of land, structure, other objects, or rights to expropriate or use (if applicable), ⑬ resource financing plan, and ⑭ other related matters (Act, Article 39-2, Paragraph 6).

The mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province must obtain approval from the Minister of Land, Transport and Maritime Affairs to designate state industrial complex as renaissance project zone, and if the mayor, district governor or head of the autonomous borough, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province wishes to designate general industrial complex or urban industrial complex as renaissance project zone, approval must be obtained from the applicable mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province (Act, Article 39-2, Paragraph 7). In approving designation of renaissance project zone, the Minister of Land, Transport and Maritime Affairs must undergo review by council (Act, Article 39-2, Paragraph 8). The mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must notify designation of or changes in renaissance project zone to the Minister of Land, Transport and Maritime Affairs. In this case, the mayor, district governor or head of the autonomous borough must also notify the designation or change to the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province (Act, Article 39-2, Paragraph 9).

After designating renaissance project zone, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough announce it in the official gazette, and when the mayor of the special metropolitan city/metropolitan city or governor designates and announces
the renaissance project zone, copies of related documents should be sent to the mayor, district
governor or head of the autonomous borough in the respective jurisdiction. In this case, if industrial
area is included in the renaissance project zone, the type of industrial complex proposed as being
designated renaissance project zone must be included from general industrial complex, urban
industrial complex or rural industrial complex (Act, Article 39-3, Paragraph 1). If there is land,
building, other object, or rights in the area designated as renaissance project zone that is needed
for renaissance project, a detailed list of the said land, etc. should be included in the announcement
(Act, Article 39-3 Paragraph 2). Designation and announcement of renaissance project zone is
seen as project recognition and announcement of project recognition (Act, Article 39-3, Paragraph
3). When renaissance project zone is designated and announced, it is deemed as designation and
recognition of industrial complex (Act, Article 39-11, Paragraph 1). The governor of the special
autonomous province or the mayor, district governor or head of the autonomous borough that has
announced designation of renaissance project zone or received copies of related documents must
make the documents available to the public (Act, Article 39-3, Paragraph 4).

The mayor of the special metropolitan city/other metropolitan cities or governor of province/special
autonomous province or the mayor, district governor or head of the autonomous borough must
designate and announce renaissance project zone after obtaining consent from land owner of more
than half of the land area in the planned renaissance project zone and more than half of each of
the total number of land owners and building owners (Act, Article 39-4, Paragraph 1). To designate
renaissance project zone or make significant change, the mayor of the special metropolitan city/
other metropolitan cities or governor of province/special autonomous province or the mayor, district
governor or head of the autonomous borough must hear the opinion of residents or plant owners
in the said renaissance project zone, interest parties and related experts (Act, Article 39-5, Paragraph
1). Head of related the central administrative agency may request designation of renaissance
project zone to the mayor of the special metropolitan city/other metropolitan cities or governor of
province/special autonomous province or the mayor, district governor or head of the autonomous
borough. In this case, the head of the related central administrative agency must attach purpose of
designating the renaissance project zone and resource finance plan (Act, Article 39-6, Paragraph 1).
Private company, etc. that can request designation of industrial complex may prepare a renaissance
plan and request designation of renaissance project zone to the mayor of the special metropolitan
city/other metropolitan cities or governor of province/special autonomous province or the mayor,
district governor or head of the autonomous borough (Act, Article 39-7, Paragraph 1). When
designation of renaissance project zone is requested to the mayor of the special metropolitan city/
metropolitan city or governor, document related to the designation request should be submitted simultaneously to the mayor, district governor or head of the autonomous borough in the respective jurisdiction so that it can be reviewed in advance (Act, Article 39-7, Paragraph 2). When renaissance project zone is designated, person requesting the designation may be designated as executor of renaissance project (Act, Article 39-7, Paragraph 3).

Renaissance project may be executed for part of industrial complex or industrial area (Act, Article 39-2 Paragraph 4). Renaissance project is executed by way of renaissance the project executor expropriating or using the land, etc. of renaissance project zone. However, if deemed necessary for efficient promotion of renaissance project, the mayor of the special metropolitan city/other metropolitan cities or governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough may execute the project using substitute lot or a hybrid of expropriation/utilization and substitute lot method (Act, Article 39-8, Paragraph 1).

Any party wishing to execute renaissance project must establish a maintenance project and obtain approval of the renaissance project zone designator (Act, Article 39-9, Paragraph 1). When approving the renaissance execution plan, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or the mayor-district governor-the head of the autonomous borough must hear the opinion of right holders in industrial complex included in the said renaissance project zone and consult with the Minister of Land, Transport and Maritime Affairs as well as head of related administrative agency (Act, Article 39-9, Paragraph 2). After approving the renaissance execution plan, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough must announce the approval in the official gazette, and when the mayor of the special metropolitan city/metropolitan city or governor gives the approval, copies of related documents should be sent to the mayor, district governor or head of the autonomous borough in the respective jurisdiction (Act, Article 39-9, Paragraph 3). The governor of the special autonomous province or the mayor, district governor or head of the

<<< Procedure for Industrial Complex Renaissance Project

Designate renaissance zone (designator) → Prepare renaissance execution plan (project executor) → Hear opinion of industrial complex manager (designator) → Consult with head of related central administrative agency (designator) → Approve (designator) → Public notice (designator) → Renaissance project (project executor) → Completion inspection (designator) → Supply land after consulting industrial complex managing agency (project executor)
autonomous borough announcing the approval of the renaissance execution plan or receiving the copies of related documents should make the documents open to the public (Act, Article 39-9, Paragraph 5). Individual with the right to establish renaissance plan may establish renaissance plan may consult the superintendent of city or province to include matters on alleviating the criteria for school facilities according to Elementary and Secondary Education Act within the range of not impacting education (Act, Article 39-15, Paragraph 1). City or province ordinance may set the criteria for green space ratio or road ratio for the renaissance project zone, exceeding 50/100 of the green space ratio and road ratio determined by industrial site development guideline and considering the completion year of industrial complex and industrial area included in the renaissance project zone and surrounding conditions (Act, Article 39-15, Paragraph 2).

Matters regarding renaissance project shall adhere to the following regulations for: industrial site development guideline (Article 5), restriction of activities in the renaissance project zone (Article 12), abolishment of renaissance zone (Article 13), project executor (Article 16), union establishment (Article 16-2), delegation of project execution (Article 20), trust development of renaissance project zone (Article 20-2), proposition in other law according to the renaissance execution plan (Article 21), land expropriation (Article 22), disposal of developed land, facility, etc. (Article 38) (Act, Article 39-10, Paragraph 1). If deemed necessary for promotion of renaissance project, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough may establish, approve and announce renaissance project zone plan which combines renaissance plan and the renaissance execution plan (Act, Article 39-10, Paragraph 3).

When the renaissance execution plan is approved and announced, it is seen as approval and announcement of the industrial complex development execution plan (Act, Article 39-11, Paragraph 2). When establishing renaissance plan, the mayor of the special metropolitan city/other metropolitan cities, governor of province/special autonomous province or the mayor, district governor or head of the autonomous borough should conduct actual condition survey for companies relocating to renaissance project zone and prepare measures such as replacement industrial complex and temporary work facility (Act, Article 39-12, Paragraph 1). National and local government may provide support such as cost-free supply of temporary land to the project executor establishing and executing protection measures for relocating companies (Act, Article 39-12, Paragraph 2). The project executor must use profit from renaissance project to reduce distribution cost of industrial facility lot in renaissance project zone and installing infrastructure and public facilities (Act, Article 39-13, Paragraph 1).
6. ACQUISITION OF AND COMPENSATION FOR PUBLIC LAND (2002-PRESENT)

1) Significance and Major Changes

Land Expropriation Act, enacted in 1962, was employed to increase public welfare and coordinate with private ownership by stipulating matters related to expropriation and use of land needed for public works. Also, Special Act on Acquisition of and Compensation for Public Land, enacted in 1975, prepared a general legal rule whereas most of the land needed for public works was acquired through consulted purchase in the Civil Code. Because consulted purchase according to the Civil Code has varying standards or subject of compensation based on project type or executing agency, sufficient compensation did not occur and this caused many problems including complaints. Therefore, the system on acquisition of and the compensation for the public works land, which was being employed separately, was integrated into the Act on Acquisition of and Compensation for Lands, etc. for Public Works, and enacted in 2002. Consequently, a single system was employed starting January 1, 2003.

The purpose of the Act on Acquisition of and Compensation for Lands, etc. for Public Works⁴²) is to ensure the promotion of public welfare and the sufficient protection of property rights through efficient implementation of public works, by prescribing matters for indemnity of any loss incurred by the acquisition or use of the land, etc. required for the public works through consultations or expropriation (Act, Article 1).

In acquisition of land, etc. for public works, the project executor refers to the person carrying out the public works (Act, Article 2, Paragraph 3), and the rights and responsibilities of the project executor is transferred so the person who succeeds to the project (Act, Article 5, Paragraph 1). Any procedure or other act taken by this act has effect over the successor to the project executor-land owner and other person concerned (Act, Article 5, Paragraph 2).

Land owner refers to the owner of land needed for public works (Act, Article 5, Paragraph 4). If the person concerned is of any party who has rights other than ownership including surface rights, easement, right to lease on deposit bases, security rights, and right by a loan to lease or use over the land acquired or to be used by the project executor or who has ownership and other rights over objects in the said land (Act, Article 5, Paragraph 5). The project executor, land owner and person concerned may have an attorney or another individual as their agent for actions such as applying for project recognition, requesting arbitration, and submitting written opinion (Act, Article 7). This Act

⁴²) Act on Acquisition of and Compensation for Lands, etc. for Public Works(amended 2011. 8. 4, Act No.11017) is abbreviated as "Act" hereinafter.
is applied when the project executor acquires or uses ① lands and rights other than ownership of that land, ② trees, buildings, and other objects fixed on the land and rights other than ownership over these which are needed for public works along with the land, ③ mining rights, fishing rights, or water usage rights, or ④ rights over soil, stone, sand, or gravel belong to the land (hereinafter “land, etc.”) (Act, Article 3).

Projects expropriating or using land, etc. must be only the following projects (Act, Article 4).

① Projects related to national defense or military.
② Projects related to railway, tramway, road, bicycle parking lot, cableway, motorcar road, bridge, river, embankment, dam, sand barricade, windproof, fireproof, waterproof, breakwater, canals, irrigation and power channel, reservoir, dock, harbor, wharf, water supply, sewer, public toilet, dirt and trash treatment plant, electricity, telecommunications, broadcasting, gas, meteorological observatory, airport and route marker installed by orders from statutes or delegation by statutes.
③ Projects related to public facilities built by the national or local government, including government buildings, factories, research institutes, laboratories, health or cultural facilities, parks, plazas, playgrounds, markets, cemetery, crematorium, or slaughterhouse.
④ Projects related to social education or school facilities built by orders from statutes or delegation by statutes.
⑤ Projects related to housing construction or housing site creation executed by the national or local government or any party designated by the national or local government for the purpose of leasing or transfers.
⑥ Projects related to steel, fertilizer, and other important industries designated by the Presidential decree.
⑦ Projects related to walkways, bridges, electric line, material yard and other additional facilities needed for the execution of projects listed in ① through ⑥.
⑧ Projects expropriating or using land based on any other statutes.
2) Procedure for Acquisition of and Compensation for Land, etc.

(1) Preparation for Public Works

The project executor may enter land occupied by another to survey or measure to make preparation for public works (Act, Article 9, Paragraph 1). In order to take a survey or measurement to make preparation for public works, the project executor must obtain permission from the governor of special autonomous province, the mayor, district governor or the head of the autonomous borough by determining project type, area of land to access, and access period (Act, Article 9, Paragraph 2). The governor of the special autonomous province, city, district, or borough seeks to enter land occupied by another and take a survey and measurements (Act, Article 9, Paragraph 3). The project executor must compensate for damages incurred by entering land occupied by another and taking a survey and measurements (Act, Article 9, Paragraph 4). Compensation for damages may not be claimed after 1 year has passed since being aware of the damage and 3 years has passed since the damage occurred (Act, Article 9, Paragraph 5). Compensation for damage is decided through agreement between the project executor and party who has suffered the damage (Act, Article 9, Paragraph 6), and if an agreement is not reached, the project executor or party who has suffered the damage may
request adjudication to the Land Expropriation Committee in the respective jurisdiction (Act, Article 9, Paragraph 7).

Any party wishing to enter land occupied by another must notify the date, time and location to the governor of special autonomous province, mayor, district governor or the head of the autonomous borough 5 days before date of entrance (Act, Article 10, Paragraph 1). Land occupant may not, without justifiable reason, interfere with notification, entrance, survey or measurement of the project executor who has received permission and notified of their intent (Act, Article 11).

In entering land occupied by another and taking a survey and measurements, if the project executor must unavoidably remove obstacles of dig out the land, permission must be obtained for the owner and occupant of the land (Act, Article 12, Paragraph 1).

(2) Acquisition or Use Under Consultation

If it is necessary to acquire or use land, etc. under consultation prior to project recognition in order to execute public works, the project executor must prepare protocols of land and objects, sign or seal the protocols, and obtain the signature or seal of the land owners and persons concerned. However, this does not in cases where the land owner or person concerned refuse to sign or seal the protocols without justifiable reason or the identity, address, or whereabouts of land owner or person concerned is unknown, and the project executor must indicate the reason in the said protocols of land and objects (Act, Article 14, Paragraph 1).

After preparing protocols of land and objects, the project executor must announce the summary of public works; contents of protocols of land and objects; compensation plan including period, method and procedure in a daily newspaper with nationwide circulation, and notify both land owner and person concerned. However, if the number of land owners and persons concerned is less than 20, announcement may be omitted (Act, Article 15, Paragraph 1). After the announcement or notification, the project executor must make that information available to the public for more than 14 days. If the project area extends over two more city, district or borough or the project executor is not an administrative agency, copies should be sent to the appropriate governor of special autonomous province, mayor, district governor or the head of the autonomous borough and open perusal of the documents requested (Act, Article 15, Paragraph 2). Land owner or person concerned with objections to the announced or notified protocols of land and objects may raise objection in paper to the project executor during the open perusal (Act, Article 15, Paragraph 3). The project executor must take note of the objections raised for the said protocols of land and objects, and if the objection is seen as valid, appropriate measure should be taken (Act, Article 15, Paragraph 4).
The project executor must dutifully consult with land owner and person concerned regarding compensation for land, etc. (Act, Article 16). After an agreement is reached, the project executor should sign a contract with land owner and person concerned (Act, Article 17).

(3) Acquisition or Use by Expropriation

① Procedure for Expropriation or Use

The project executor may expropriate or use land, etc. if needed for execution of public works (Act, Article 19, Paragraph 1). Land, etc. being expropriated or used for public works may not be expropriated or used by another public works, except for special circumstances (Act, Article 19, Paragraph 2). If execution of public works is urgent to maintain public safety due to natural disaster or other accident, the project executor may obtain permission from governor of special autonomous province, the mayor-district governor or the head of the autonomous borough and begin using another’s land immediately (Act, Article 38, Paragraph 1). In this case, usage period for the land may not exceed 6 months (Act, Article 38, Paragraph 3).

To expropriate or use land, etc., the project executor must obtain project recognition from the Minister of Land, Transport and Maritime Affairs (Act, Article 20, Paragraph 1). Those applying for project recognition must pay a fee (Act, Article 20 Paragraph 2). To give project recognition, the Minister of Land, Transport and Maritime Affairs must consult the head of the related central administrative agency and the mayor of special metropolitan city/other metropolitan cities or governor of province/special autonomous province, and hear the opinion of the Central Land Expropriation Committee and other interest parties regarding project recognition beforehand (Act, Article 21). After granting project recognition, the Minister of Land, Transport and Maritime Affairs must inform the project executor, land owner and person concerned, the related mayor of special metropolitan city/other metropolitan cities or governor of province/special autonomous province of the intent without delay and announce name or title of the project executor, project type, project area and list of land to be expropriated or used in the official gazette (Act, Article 22, Paragraph 1). The mayor of special metropolitan city/other metropolitan cities or governor being notified of project recognition must notify the relevant mayor-district governor and the head of the autonomous borough (Act, Article 22, Paragraph 2). Project recognition becomes effective from the date of the announcement (Act, Article 22, Paragraph 3).
If the project executor does not apply for adjudication within one year of the announcement of project recognition, then project recognition loses its effectiveness on the following day after one year from announcement of project recognition (Act, Article 23, Paragraph 1). The project executor must compensate land owner or person concerned for loss suffered from the expiration of project recognition (Act, Article 23, Paragraph 2).

After announcement of project recognition, if there is no need to expropriate or use all or part of land, etc. due to abolition and modification of all or part of the project, the project executor must report without delay to the mayor of the special metropolitan city/mayor of the metropolitan city/governor of the special autonomous province of the project area and notify land owner and person concerned (Act, Article 24, Paragraph 1). After being reported, the mayor of the special metropolitan city/other metropolitan cities or governor of the province/special autonomous province must announce the abolition or modification of all or part of the project in the official gazette (Act, Article 24 Paragraph 2). All or part of the project recognition loses its effectiveness on the date of the announcement, based on the announcement (Act, Article 24, Paragraph 5). The project executor must compensate land owner or person concerned for loss suffered from the abolition and modification of all or part of the project (Act, Article 24, Paragraph 6).

If there is no need all or part of the acquired land due to reasons such as abolition or changes in the project within 10 years from the date of acquisition under consultation or first day of expropriation (acquisition date), land owner as of the acquisition date or general successor (repurchase right holder) may give the amount equivalent to the compensation received for the land to the project executor and repurchase the land within 1 year of when all or part of the said land was not needed or within 10 years of the acquisition date.
Chapter III

(Act, Article 91, Paragraph 1). When all of land acquired was not used for the said project within 5 years of acquisition, the land may be resold. In this case, repurchase right must be exercised within 6 years of the acquisition date (Act, Article 91, Paragraph 2). Leftover land from purchase or expropriation may not be resold unless the group of land bordering the leftover land is not needed (Act, Article 91, Paragraph 3). If price of land has changed significantly compared to the acquisition date, the project executor and repurchase right holder should consult with each other on the repurchase amount, but if an agreement is not reached, increase or decrease in the amount may be filed for claim at a court (Act, Article 91, Paragraph 4). If the project executor has land to resell, repurchase right holder must not notified without delay. However, if the project executor is unable to find the repurchase right holder without negligence, he/she should make a public notice (Act, Article 92, Paragraph 1). Repurchase right holder may not exercise repurchase rights after 6 months has passed since notice or announcement (Act, Article 92, Paragraph 2).

When there is an announcement of project recognition, no one may change land form or quality or damage or collect objects that may affect the project (Act, Article 25, Paragraph 1). After announcement of project recognition, any party wishing to build or repair buildings, install structure or add or extend objects must obtain permission from the mayor, district governor or the head of the autonomous borough. In this case, the mayor, district governor or the head of the autonomous borough must hear the opinion of the project executor in advance (Act, Article 25, Paragraph 2). Land owner or person concerned who builds or repairs buildings, installs structure or adds or extends objects in violation of the above must restore the said building, structure or object to its original status and may not file claims for compensation (Act, Article 25, Paragraph 3).

The project executor who has obtained project recognition must prepare protocols of land and objects; announce, notify and open compensation plan; calculate compensation amount; and consult land owner and person concerned (Act, Article 26, Paragraph 1). After project recognition is announced, the project executor or appraisal contractor with a request for appraisal may enter the said land or object and take a survey or measurement if ① needed by the project executor to prepare for project or make protocols of land and objects, or ② needed by appraisal contractor to appraise land, etc. as requested (Act, Article 27, Paragraph 1). The project executor must compensate any damages suffered in the process (Act, Article 27, Paragraph 3). After project recognition is announced, with the exception of objections raised by land owner or person concerned on the contents of protocols of land
and objects during the open viewing period, objections may not be raised on the contents of newly prepared protocols of land and objects (Act, Article 27, Paragraph 2).

When an agreement is reached between the project executor and land owner and the person concerned, the project executor may obtain consent from the said land owner and person concerned within the adjudication deadline and apply for the confirmation of the consultation establishment to the Land Expropriation Committee in said jurisdiction (Act, Article 29, Paragraph 1). Confirmation is seen as adjudication by this Act, and the project executor-land owner and person concerned may not argue over the confirmed establishment of consultation or the contents (Act, Article 29, Paragraph 4). If agreement is not reached after announcement of project recognition, land owner and person concerned may file a written claim to the project executor for adjudication (Act, Article 30, Paragraph 1).

When consultation is not established or may not be established, then the project executor may request adjudication to Land Expropriation Committee within a year of announcement of project recognition (Act, Article 28, Paragraph 1).

To adjudicate matters on expropriation and use of lands, the Central Land Expropriation Committee is established at the Ministry of Land, Transport, and Maritime Affairs and local Land Expropriation Committee in special metropolitan city, metropolitan city, or province (Act, Article 49). Land Expropriation Committee must make a decision within 14 days of beginning review (Act, Article 35). The Land Expropriation Committee’s decision covers area and usage method of area to be expropriated or used, compensation for damages, and dates and duration of expropriation or use (Act, Article 50, Paragraph 2).

After receiving a file for claim, the project executor must request adjudication of the Land Expropriation Committee in the respective jurisdiction within 60 days of the claim (Act, Article 30, Paragraph 2). When request for adjudication is received, the Land Expropriation Committee must announce this without delay and make copies of related documents open to the public for more than 14 days from the date of announcement (Act, Article 31, Paragraph 1). After open period is over, the Land Expropriation Committee must investigate and review the said application without delay (Act, Article 32, Paragraph 1). If needed in review, the Land Expropriation Committee may have the project executor-landowner and person concerned in attendance and have them state their opinion (Act, Article 32, Paragraph 2). Prior to the adjudication, the Land Expropriation Committee may have the subcommittee, composed of three members, recommend reconciliation to the project executor-land owner and person concerned (Act, Article 33, Paragraph 1).
The Land Expropriation Committee gives its adjudication in writing (Act, Article 34, Paragraph 1). The written verdict should include order, reason, and date of verdict, and chair and members in attendance should write their name and sign the verdict and the officially certified copies are sent to the project executor, land owner and person concerned (Act, Article 34, Paragraph 2). If it becomes clear that there is a calculation or recording error or other similar error in the verdict, the Land Expropriation Committee may correct the verdict by its own authority or at the rest of the affected party (Act, Article 36, Paragraph 1). If the Land Expropriation Committee omits the verdict for part of the request, request for the omitted part will continue and remain pending in the said Land Expropriation Committee (Act, Article 37).

② Effect of Expropriation or Use

With exception of use, the project executor must pay compensation amount decided by the Land Expropriation Committee in the respective jurisdiction on the first day of expropriation or use (start date for expropriation or use decided by the Land Expropriation Committee’s verdict) (Act, Article 40, Paragraph 1). The project executor may deposit the compensation in the deposit office in vicinity of the land, etc. to be expropriated or used if the ① person to receive compensation refuses to or is unable to receive the compensation, ② person to receive compensation cannot be found, without negligence on the part of the project executor, ③ the project executor objects to the compensation decided by the Land Expropriation Committee in the respective jurisdiction, or ④ payment of compensation is forbidden by seizure or provisional attachment (Act, Article 40, Paragraph 2).

If the project executor does not pay or deposit the compensation decided by the Land Expropriation Committee in the respective jurisdiction on the first day of expropriation or use, said verdict of the Land Expropriation Committee loses its effectiveness (Act, Article 42, Paragraph 1). Land owner and person concerned and other persons not included as land owner or person concerned but having rights over land or objects in the land to be expropriated or used must hand over or transfer the said land or object to the project executor by the start date of expropriation or use (Act, Article 43). The governor of the special autonomous province, the mayor, district governor or the head of the autonomous borough must carry out in proxy hand over or transfer of land or object if ① without intent or negligence, person to hand over or transfer the said land or object is unable to fulfill the duty, or ② without negligence, the project executor is unable to find out the person to hand
over or transfer the land or object (Act, Article 44, Paragraph 1). When governor of special autonomous province, the mayor, district governor or the head of the autonomous borough carries out hand over or transfer of land or object by proxy, the cost incurred is borne by the party responsible (Act, Article 44, Paragraph 2).

If a party responsible for carrying out a responsibility does not fulfill or faces difficulty in fulfilling the responsibility within the deadline or fulfillment of the responsibility by the responsible party is deemed as detrimental to public interest, the project executor may request vicarious execution to mayor-governor or the mayor-district governor or the head of the autonomous borough as prescribed by the Administrative Vicarious Execution Act. In this case, mayor-district or the mayor-district governor or the head of the autonomous borough receiving the request must comply unless there is justifiable reason (Act, Article 89, Paragraph 1). If the project executor is of the national or local government, it may make the vicarious execution on its own as prescribed by the Administrative Vicarious Execution Act (Act, Article 89, Paragraph 2). When the project executor requests vicarious execution or makes vicarious execution on its own, the national or local government must make efforts to protect the party responsible for carrying out the responsibility (Act, Article 89, Paragraph 3).

On the first day of expropriation, the project executor acquires ownership of land or object, at the same time, all other rights of the said land or object is extinct (Act, Article 45, Paragraph 1). On the first day of usage, the project executor acquires usage right over land or object, and all other rights over the said land or object may not be exercised for the duration of the usage period (Act, Article 45, Paragraph 2). The rights recognized by the verdict of the Land Expropriation Committee does not become extinct or its exercise prohibited (Act, Article 45, Paragraph 3).

(4) Raising Objections, Verdict for Objection and Administrative Litigation

Any party who objects to the adjudication of the Central Land Expropriation Committee may raise objection to the Central Land Expropriation Committee (Act, Article 83, Paragraph 1). Any party who objects to the adjudication of the local Land Expropriation Committee may raise objection to the Central Land Expropriation Committee through the said local Land Expropriation Committee (Act, Article 83, Paragraph 2). When an objection is raised, the Central Land Expropriation Committee may retract all or part of the decision or change the compensation amount if the decision is deemed as illegal or unjustifiable (Act, Article 84, Paragraph 1). Raising objections does not disrupt the progress of the project or expropriation or use of the land (Act, Article 88).
If there is an objection to the decision, the project executor-land owner or person concerned may file an administrative litigation within 60 days of receiving the decision and within 30 days of receiving the decision regarding the objection if objection is raised. In this case, the project executor must deposit the increased compensation before initiating an administrative litigation, and person receiving the compensation may not collect the deposited compensation until the litigation is finished (Act, Article 85, Paragraph 1). If the administrative litigation being initiated is about the increase or decrease in compensation, if the litigant initiating the said litigation is the land owner or person concerned, then the project executor is the defendant, and if the project executor is the litigant, then the land owner or person concerned are the defendants (Act, Article 85, Paragraph 2). Raising objections or the initiation of administrative litigation does not disrupt the progress of the project or expropriation or use of the land (Act, Article 88).

If administrative litigation is not initiated by a set deadline or if the decision on objection raised is confirmed for some other reason, it is considered a final and conclusive decision according to Civil Procedure Act and an authentic copy of the decision has the same effect as a written verdict with executive force (Act, Article 86).

3) Compensation for Damages

(1) Principle of Compensation

Damages in land, etc. must be compensated by the project executor, and the entire compensation must be paid before the initiation of the public works (Act, Articles 61, 62). By principle, compensation is given in cash (Act, Article 63, Paragraph 1), but if the land owner wishes, he/she may be compensated in land prepared by the execution of that public works (Act, Article 63, Paragraph 1 proviso), or even with bonds if the land owner wishes or if the real estate owner is abroad (Act, Article 63, Paragraphs 2 and 7).

When being compensated with land prepared by execution of public works, the criteria and procedure is as follows (Act, Article 63, Paragraph 1 proviso). ① Those who may be compensated through land: Person who has transferred land that is larger than the area of partition limit to the project executor. In this case, when persons to receive compensation compete, person who is not abroad and is compensated in bonds receives the land preferentially, and the project executor decides and announces other priority or selection method. ② Base amount for calculation of land price to be compensated: General sales price is used unless there are special provisions in other acts. ③ Announcement of criteria for compensation: When compensation plan is announced, include
information about criteria for compensation in land in the announcement or state that criteria for compensation in land will be announced in a daily newspaper separately. Area of land to be compensated to the land owner is decided by considering the land usage plan and project plan of the said public works. In this case, the area of compensation may not exceed 990㎡ for housing lot and 1,100㎡ for industrial lot (Act, Article 63, Paragraph 2).

If the project executor is of the national or local government, or other designated and announced public institution or public organization, compensation may be given in bonds issued by the said project executor (Act, Article 63, Paragraphs 7 and 8). Compensation may be given in bonds issued by the project executor if (1) the land owner or person concerned wants to be, (2) a project with project recognition has compensation exceeding 100 million Korean won for absentee real estate owner and compensation is being made for the excess, or (3) from executor of housing development project, the industrial complex development project, or other large-scale project in areas with concern of land speculation where city, district or borough in land transaction permitted zone and nearby city, district or borough, public institution or public organization must pay in bonds issued by the project executor for sum exceeding a certain amount greater than 100 million Korean won of compensation for land belonging to absentee real estate owner.

Compensation must be made for each individual land owner (Act, Article 64), and compensation is given at once if wanted by owners of land, etc. with varying compensation dates (Act, Article 65).

Setting off compensation for damages with profits from the project execution is prohibited. When the project executor acquires or uses part of a group of land owned by the same land owner, even when the price of the remaining land rises or other profit occurs due to the execution of the said public works, that profit may not be set off with damages incurred by the acquisition or use (Act, Article 66).

(2) Point of Time and Calculation, etc. of Compensation Amount

Calculation of compensation amount is based on the price at the time when agreement is reached, and the price at the time of the decision when adjudication of expropriation or use was rendered (Act, Article 67, Paragraph 1). In calculating compensation amount, any fluctuation in price of land, etc. due to the said public works is not taken into account (Act, Article 67, Paragraph 2).

When calculating compensation amount for land, etc., the project executor must entrust the appraisal of the land, etc. to two or more appraisal contractors (Act, Article 68, Paragraph 1). In selecting the appraisal contractors, if the land owner requests, one appraisal contractor recommended by the land owner may be selected (Act, Article 68, Paragraph 2).
In case where the state pays compensation in bonds to compensate land owner and person concerned the damages suffered by acquisition or use of land, etc. for road construction, the industrial complex development project, railway construction, harbor works, and other public projects, compensation bond may be issued with charge to general account and special account for traffic facilities (Act, Article 69, Paragraph 1). Compensation bond is issued by the Minister of Strategy and Finance at the request of the head of the related central administrative agency in charge of account management (Act, Article 69, Paragraph 2). If the Minister of Strategy and Finance wishes to issue compensation bond, he/she must obtain a resolution from the National Assembly for each account (Act, Article 69, Paragraph 3). Compensation bond is issued by being distributed to land owner and person concerned (Act, Article 69, Paragraph 4). Compensation bond may be transferred or provided as collateral (Act, Article 69, Paragraph 5). Issuance of compensation bond is regulated by the State Bond Act, except for cases otherwise provided for in the Act (Act, Article 69, Paragraph 6).

(3) Type and Criteria of Compensation

For land acquired under consultation or adjudication, compensation should be made based on officially assessed land prices and at price assessed by considering land price fluctuation rate, producer price inflation, location, shape, environment, usage status, etc. of the said land, and while realistic usage status is taken into account in calculation, temporary usage status and subjective value of the land owner is not taken into account (Act, Article 70). When it is very difficult to use the remaining land for the original purpose, land owner may request the project executor to sell the entire group of land or request expropriation to the Land Expropriation Committee (Act, Articles 73 and 74).

For buildings, trees, structures, and other objects fixed to the land, compensation shall be made in the amount necessary for moving them (Act, Article 75, Paragraph 1). Damages to farm crops shall be compensated by comprehensively considering the type of crop and the extent of growth (Act, Article 75, Paragraph 2). If price of remaining buildings have dropped or there is other loss due to acquisition or use of part of a group of buildings owned by the same owner, the project executor must compensate for that loss (Act, Article 75-2). Rights such as mining rights or fishing rights are compensated at an appropriate price assessed by considering investment cost, expected profit, and transaction cost, etc (Act, Article 76). Operating loss from discontinuation or suspension of business is compensated by taking into account operating income and transfer cost for facilities (Act, Article 77). Relocation plans should be established or resettlement fund paid for those losing
their residence because of public works (Act, Article 78). Relocation plan should be established for those who can no longer operate a plant in the region because the plant lot is transferred under consultation or expropriated, such as relocation to a nearby industrial complex by those wishing to (Act, Article 78-2).

7. ASSESSMENT AND ANNOUNCEMENT OF REAL ESTATE PRICES (2005-PRESENT)

1) Significance and Major Changess

Of laws related to the public concept of land ownership, until the Act on Public Notice of Land Price and Appraisal of Land, etc. was enacted in 1989, the law of indifference did not apply to public land price in Korea. Officially assessed land price system is meaningful in that it alleviated the problems of multipolarized public land price system and became the foundation for enhancing the effectiveness of land policy including various tax systems. Officially assessed land price system selects reference land every year from the land all over the country, investigates, assesses, and announces the appropriate land price so that various related institutions can use it as a guide when appraising land, thereby integrating and systematizing multiple land assessment system. In 2005, Public Notice of Values and Appraisal of Real Estate Act was enacted to improve fairness in tax burden, adopting the housing price public notice system which comprehensively assesses and issues a public notice of land and building prices, in addition to the officially assessed land price system, in response to changes in real estate holding taxation which is a comprehensive tax on land and building for housing. The Act integrated the assessment system for real estate prices which was distributed by each central administrative agency.

The purpose of Public Notice of Values and Appraisal of Real Estate Act is to make an official announcement of the reasonable price of real estate, such as land and housing, so that it can be used as a standard for calculation of real estate prices; to help contribute to the formation of reasonable prices thereof by stipulating matters regarding the appraisal and assessment of land, building, movables, etc.; to promote the efficient utilization of national land and development of the national economy (Act, Article 1).

23) Public Notice of Values and Appraisal of Real Estate Act (amended 2010. 3. 17, Act No.10136) is abbreviated as “Act” hereinafter.
2) Public Notice of Land Price

(1) Officially Announced Price of Reference Land

Officially announced price of reference land refers to the price per unit area of reference land which the Minister of Land, Transport and Maritime Affairs has surveyed, assessed and made public (Act, Article 2, Clause 5). The Minister of Land, Transport and Maritime Affairs must survey and assess every year a reasonable price, as of the basic date of public notice, of the reference land selected from among a group of lands deemed generally similar in terms of land usage situation or surrounding environment or other natural or social conditions, and make it public after undergoing review by the Central Real Estate Assessment Commission (Act, Article 3, Paragraph 1). Reasonable price here means price at which trade is deemed to be most likely occur if normal transaction takes place in the ordinary market regarding the said land (Act, Article 2, Clause 6).

| Procedure for Survey and Public Notice of Officially Announced Price of Reference Land |
| Commission survey and appraisal of reference land (Minister of Land, Transport and Maritime Affairs) → Hear opinions of land owner and mayor, district governor, head of autonomous borough (appraisal contractor) → Survey and appraise (appraisal contractor) → Submit appraisal report (appraisal contractor) → Check and inspect (Minister of Land, Transport and Maritime Affairs) → Central Real Estate Assessment Commission Review (Minister of Land, Transport and Maritime Affairs) → Public notice of reference land price in official gazette (Minister of Land, Transport and Maritime Affairs) → Send to mayor of special metropolitan city/metropolitan city governor (Minister of Land, Transport and Maritime Affairs) → Open to public (mayor, district governor, head of autonomous borough) |

If deemed necessary for the selection of reference land, survey, and assessment of its reasonable price, the Minister of Land, Transport and Maritime Affairs may ask related administrative agencies to make open or submit related document (Act, Article 4). When conducting survey or assessment of reasonable price for the reference land, the Minister of Land, Transport and Maritime Affairs must comprehensively consider transaction price of similar land nearby, rent, or estimated cost for creation of lot deemed as having similar usage value as the said land (Act, Article 5, Paragraph 1). When conducting survey or assessment of reasonable price for the reference land, the Minister of Land, Transport and Maritime Affairs must commission two or more appraisal contractor (Act, Article 5, Paragraph 2). If deemed necessary for survey and assessment of reference land price, public official or appraisal contractor may enter another’s land (Act, Article 14, Paragraph 1).

Public notice of officially announced price of reference land must include the ① lot number of reference land, ② price per unit area of reference land (1㎡), ③ area and configuration of reference
land, ④ usage situation of reference land and surrounding land, and ⑤ other matters deemed necessary for public notice of land price (Act, Article 6). When announcing the land price, the Minister of Land, Transport and Maritime Affairs must send the appropriate information to the mayor, district governor or the head of the autonomous borough through the mayor of the special metropolitan city/metropolitan city or governor and have the information open to the public; and the said party must also prepare books, diagrams, etc. and distribute them to related administrative agencies (Act, Article 7).

Any party with objections to the officially announced price of reference land may file an objection in writing to the Minister of Land, Transport and Maritime Affairs within 30 days from the date of the public notice of the officially announced price of reference land (Act, Article 8, Paragraph 1). The Minister of Land, Transport and Maritime Affairs must review the objection within 30 days from the filing deadline and notify the applicant of the result in writing. In this case, if the Minister of Land, Transport and Maritime Affairs deems the objection as valid, said officially announced price of reference land must be adjusted and announced again (Act, Article 8, Paragraph 2).

When the national or local government, public institutions or public organization calculates the price of land for the purpose of compensation for purchase of public land by public institution or public organization and expropriation or disposal of national or public land, etc. then one or two or more officially announced price of reference land deemed as having similar usage value as the said land should be used a benchmark to maintain balance between the price of the said land and the officially announced price of reference land (Act, Article 9, Paragraph 1). If deemed necessary for calculation of land price, the Minister of Land, Transport and Maritime Affairs may make a standard comparison table (standard comparison table of land price) on the factors affecting the price of reference land and calculated land and provided to related administrative agencies. Administrative agencies, etc. must use this table to calculate land price (Act, Article 9, Paragraph 2).

Officially announced price of reference land provides information on land price in the land market, becomes an indicator of general land transaction, serves as a criteria when organization, such as the national or local government, calculates the land price related their work or an appraisal contractor conducts an appraisal of the land individually (Act, Article 10).

(2) Officially Assessed Individual Land Price

In order to charge development fee or use the in land price calculation for purposes provided in other laws, The mayor-district governor or head of autonomous borough must decide and
announce, every year as of the basic date for public notice of officially assessed land price, the price per unit area (1 m²) of individual land in the jurisdiction by undergoing review by city/district/borough Real Estate Assessment Commission and provide this information to related administrative agencies, etc. (Act, Article 11, Paragraph 1). With respect to land for which division, merger, etc. took place after the base date for public notice, the mayor-district governor or head of autonomous borough must decide and announce officially assessed individual land price (Act, Article 11, Paragraph 2).

When deciding and announcing officially assessed individual land price, the mayor-district governor or head of autonomous borough must calculate the land price based on the officially assessed land price of one or two or more reference land seen as having similar usage value as the said land and using the standard comparison table of land price, maintaining a balance between the price of the said land and officially announced price of reference land (Act, Article 11, Paragraph 3). If deemed necessary for calculating officially assessed individual land price, public official or appraisal contractor may enter another’s land (Act, Article 14, Paragraph 1).

When calculating price of individual land to decide and announce officially assessed individual land price, the mayor, district governor or head of autonomous borough must receive verification by appraisal contractor of its validity and hear the opinion of the land owner and other interest parties concerned (Act, Article 11, Paragraph 4).

Any party with objections to the officially assessed individual land price may file an objection in writing to the Minister of Land, Transport and Maritime Affairs within 30 days from the date of the public notice of the officially assessed individual land price (Act, Article 12, Paragraph 1). The Minister of Land, Transport and Maritime Affairs must review the objection within 30 days from the filing deadline and notify the applicant of the result in writing. In this case, if the Minister of Land, Transport and Maritime Affairs deems the objection as valid, said officially assessed individual land price must be adjusted and announced again (Act, Article 12, Paragraph 2).

If the mayor, district governor or head of autonomous borough discovers miscalculation or misprinting in the officially assessed individual land price, error in selection of the reference land and

<<< Procedure for Officially Assessed Individual Land Price
Survey and appraise (mayor-district governor-head of autonomous district) → Verify (appraisal contractor) → Review (city/district/borough land appraisal commission) → Confirm (Minister of Land, Transport and Maritime Affairs) → Decide and announce (mayor-district governor-head of autonomous district) → Open to public and objection (land owner, etc.)
other noticeable mistakes, the mistake must be corrected without delay (Act, Article 13, Paragraph 1). Part of the expenses needed for decision and announcement of officially assessed individual land price may be subsidized by the National Treasury (Act, Article 15).

3) Public Notice of Housing Price

(1) Public Notice of Single-Family Housing Price

① Public Notice of Reference Housing Price

The Minister of Land, Transport and Maritime Affairs must survey and assess, every year as of the base date for public notice, reasonable price for reference housing selected from a group of single-family housing deemed as being generally similar in specific use district, building structure, etc. (reference housing price), undergo review by Central Real Estate Assessment Commission and announce it (Act, Article 16, Paragraph 1). Reasonable price here means price at which trade is deemed to be most likely occur if normal transaction takes place in the ordinary market regarding the said housing (Act, Article 2, Clause 6).

| Procedure for Survey and Public Notice of Reference Housing Price |
| Commission survey and appraisal of reference housing price (Minister of Land, Transport and Maritime Affairs) | → | Hear opinions of home owners, mayor, district governor, head of autonomous borough (appraisal contractor) | → | Survey and appraise (appraisal contractor) | → | Submit appraisal report (appraisal contractor) | → | Count and inspect (Minister of Land, Transport and Maritime Affairs) | → | Central Real Estate Assessment Commission Review (Minister of Land, Transport and Maritime Affairs) | → | Public notice of reference housing price in the official gazette (Minister of Land, Transport and Maritime Affairs) | → | Send to mayor of special metropolitan city/metropolitan city governor (Minister of Land, Transport and Maritime Affairs) | → | Open to public (mayor, district governor, head of autonomous borough) |

Public notice of reference housing price must include ① lot number of reference housing, ② reference housing price, ③ area and configuration of reference housing, ④ use, total floor area, structure, and approval date for reference housing, ⑤ other matters important for public notice of reference housing price (Act, Article 16, Paragraph 3).

If deemed necessary for the selection of reference housing, survey, and assessment of its reasonable price, the Minister of Land, Transport and Maritime Affairs may ask related administrative agencies to make open or submit related document (Act, Article 4; Article 16, Paragraph 8). When conducting survey or assessment of reasonable price for the reference
housing, the Minister of Land, Transport and Maritime Affairs must comprehensively consider transaction price of similar housing nearby, rent, or estimated cost for creation of lot deemed as having similar usage value as the said land (Act, Article 5, Paragraph 1; Article 16, Paragraph 8). When conducting survey or assessment of reasonable price for the reference housing, the Minister of Land, Transport and Maritime Affairs must commission two or more appraisal contractor (Act, Article 5, Paragraph 2; Article 16, Paragraph 8). If deemed necessary for survey and assessment of reference housing price, public official or appraisal contractor may enter another’s land (Act, Article 14, Paragraph 1; Article 16, Paragraph 8).

Any party with objections to the reference housing price may file an objection in writing to the Minister of Land, Transport and Maritime Affairs within 30 days from the date of the public notice of the reference housing price (Act, Article 8, Paragraph 1; Article 16, Paragraph 8). The Minister of Land, Transport and Maritime Affairs must review the objection within 30 days from the filing deadline and notify the applicant of the result in writing. In this case, if the Minister of Land, Transport and Maritime Affairs deems the objection as valid, said reference housing price must be adjusted and announced again (Act, Article 8, Paragraph 2; Article 16, Paragraph 8).

The reference housing price becomes the base for the national or local government or other institutions in calculating individual housing prices in relation to its work (Act, Article 18, Paragraph 1).

② Public Notice of Individual Housing Price

The mayor-district governor or head of autonomous borough must decide and announce, every year as of the base date of the public notice of reference housing price, price of individual housing in the jurisdiction (individual housing price), undergo review by city/district/borough Real Estate Assessment Commission, and provide this to related administrative agencies, etc. (Act, Article 16, Paragraph 2). The mayor-district governor or head of autonomous borough decides and announces individual housing prices by setting a criteria if division or merger of the land or new construction of buildings, etc. occurs after the base date of public notice (Act, Article 16, Paragraph 6).
When deciding and announcing individual housing price, the mayor, district governor or head of autonomous borough must calculate the price based on the reference housing price of one or two or more reference housing seen as having similar usage value as the said housing and using the standard comparison table of housing price, maintaining a balance between the price of the said housing and reference housing price (Act, Article 16, Paragraph 7). If deemed necessary for calculating individual housing price, public official or appraisal contractor may enter another’s land (Act, Article 14, Paragraph 1; Article 16, Paragraph 8).

When calculating price of individual housing to decide and announce individual housing price, the mayor, district governor or head of autonomous borough must receive verification by appraisal contractor of its validity and hear the opinion of the home owner and other interest parties concerned (Act, Article 11, Paragraph 4; Article 16, Paragraph 8).

Any party with objections to the individual housing price may file an objection in writing to the Minister of Land, Transport and Maritime Affairs within 30 days from the date of the public notice of the individual housing price (Act, Article 12, Paragraph 1; Article 16, Paragraph 8). The Minister of Land, Transport and Maritime Affairs must review the objection within 30 days from the filing deadline and notify the applicant of the result in writing. In this case, if the Minister of Land, Transport and Maritime Affairs deems the objection as valid, said individual housing price must be adjusted and announced again (Act, Article 12, Paragraph 2; Article 16, Paragraph 8).

If the mayor, district governor or head of autonomous borough discovers miscalculation or misprinting in the individual housing price, error in selection of the reference land and other noticeable mistake, the mistake must be corrected without delay (Act, Article 13, Paragraph 1, Article 16, Paragraph 8). Part of the expenses needed for decision and announcement of individual housing price may be subsidized by the National Treasury (Act, Article 15, Article 16, Paragraph 8).

Individual housing price provides price information of the housing market and is used as a

<<< Procedure for Public Notice of Individual Housing Price

Survey and appraise (mayor · district governor · head of autonomous district) → Verify (appraisal contractor) → Review (city · district · borough land appraisal commission) → Confirm (Minister of Land, Transport and Maritime Affairs) → Decide and announce (mayor · district governor · head of autonomous district) → Open to public and objections (home owners, etc.)
base when institutions, such as the national or local government, calculate housing price in relation to its work such as taxation (Act, Article 18, Paragraph 2).

(2) Official Notice of Apartment Building Price

The Minister of Land, Transport and Maritime Affairs must survey and calculate, every year as of the base date for public notice, reasonable price for apartment building, undergo review by Central Real Estate Assessment Commission and announce the price, and provide the price to related administrative agency, etc (Act, Article 17, Paragraph 1). When calculating price of apartment building to announce apartment building price, the Minister of Land, Transport and Maritime Affairs must hear the opinion of apartment building owner and other interest party concerned (Act, Article 17, Paragraph 2).

Public notice of apartment building prices must include the ① lot number, name, building and unit number of apartment building, ② apartment building price, and ③ area of multi-unit housing ④ other matters important for public notice of apartment building price (Act, Article 17, Paragraph 3; Decree, Article 42).

The Minister of Land, Transport and Maritime Affairs must decide and announce apartment building price by setting a criteria, if division or merger of land or new construction of buildings occurs after the base date for public notice (Act, Article 17, Paragraph 4). When surveying and calculating reasonable price of apartment building, the Minister of Land, Transport and Maritime Affairs must comprehensively consider transaction price of similar apartment building nearby, rent, and estimated cost necessary for building an apartment building deemed as having similar usage value as the said apartment building (Act, Article 17, Paragraph 5). In surveying or calculating reasonable price of apartment buildings, the Minister of Land, Transport and Maritime Affairs may

<<< Procedure for Survey and Public Notice of Apartment Building Procedure

Commission survey and appraisal of apartment building (Minister of Land, Transport and Maritime Affairs) → Hear opinions of home owners and mayor, district governor, head of autonomous borough (Korea Appraisal Board) → Survey and appraise (Korea Appraisal Board) → Submit appraisal report (Korea Appraisal Board) → Count and inspect (Minister of Land, Transport and Maritime Affairs) → Central Real Estate Assessment Commission Review (Minister of Land, Transport and Maritime Affairs) → Public notice of apartment building price in official gazette (Minister of Land, Transport and Maritime Affairs) → Send to mayor of special metropolitan city/metropolitan city governor (Minister of Land, Transport and Maritime Affairs) → Open to public (mayor, district governor, head of autonomous borough)
delegate survey or calculation of reasonable price for apartment buildings to an institution with expertise in survey and calculation of real estate prices (Korea Appraisal Board) (Act, Article 17, Paragraph 6; Decree, Article 45).

If the Minister of Land, Transport and Maritime Affairs discovers miscalculation or misprinting in the apartment building price, error in selection of the reference land and other noticeable mistake, the mistake must be corrected without delay (Act, Article 17, Paragraph 7). Apartment building price provides price information of the housing market and is used as a base when institutions, such as the national or local government, calculate housing price in relation to its work such as taxation (Act, Article 18, Paragraph 2).

4) Real Estate Assessment Commission, etc.

The Central Land Appraisal Commission is established under the Minister of Land, Transport and Maritime Affairs to deliberate on ① matters on drafting laws on real estate appraisal, ② guidelines for reference land selection and management, ③ officially announcing the price of the reference land, ④ matters on raising objection to reference land price, ⑤ reference housing prices, and ⑥ apartment building prices, etc (Act, Article 19, Paragraph 1). The Commission is composed of no more than 20 members including the chairman (Act, Article 19, Paragraph 2). The chair of the Commission is the Deputy Minister of Land, Transport, and Maritime Affairs (Act, Article 19, Paragraph 3). Members of the commission are appointed by the Minister of Land, Transport and Maritime Affairs, and selected from six public officials, including university professors and lawyers named by the head of the central administrative agency (Act, Article 19, Paragraph 4).

The city/district/borough Real Estate Assessment Commission is established under the jurisdiction of the mayor-district governor or the head of the autonomous borough to deliberate on ① matters on deciding officially assessed individual land price, ② matters on raising objections to officially assessed individual land price, and ③ matters on deciding individual housing prices (Act, Article 20, Paragraph 1).

The Minister of Land, Transport and Maritime Affairs may build and operate an appraisal information system to efficiently and systematically manage information on appraisals (Act, Article 33, Paragraph 1), and tasks related to buildings and managing an information system on prices of single-family housing and apartment buildings and may be delegated to an institution with expertise in survey and calculation of real estate prices (Korea Appraisal Board) (Act, Article 41, Paragraph 2). When the Minister of Land, Transport and Maritime Affairs delegates work to Korea Appraisal
Board, name, address, and representative of the institution being delegated and the nature of delegated task should be announced (Decree, Article 82, Paragraph 4). The Minister of Land, Transport and Maritime Affairs or institution delegated with building and operation of housing price information system may provide information in the housing price information system to consumers. In this case, the category and contents of the information provided may be restricted if there is unavoidable reason for the operation of the housing price information system or if deemed necessary for protection of personal information (Decree, Article 82, Paragraph 5).
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## Chapter 4  Appendix

### 1. RELATED LAWS ON PROJECTS IN THE BODY

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2. RELATED LAWS

The content of the body takes eighteen laws related to land in Korea as references. Among them, only four laws can be posted on the appendix due to a matter of copyright rights. It is possible to read and print the last fourteen laws at KLRI (Korea Legislation Research Institute)

KLRI Homepage: http://elaw.klri.re.kr/eng_service/main

1) Local Industry Development Act


ARTICLE 1 (Purpose) The purpose of this Act is to contribute to the development of a balanced national economy by encouraging appropriate distribution of industries to local provinces to alleviate economic disparity between provinces and increasing overall job opportunities.

ARTICLE 2 (Designation of Industry Development Promotion Zone) ① By virtue of one’s authority or at the request of the governor, the Minister of Construction may designate industrial development promotion zones (hereinafter “development zones”) of areas satisfying the conditions set forth in Article 3 and recognized as needing encouragement of industrial development.

② When seeking the designation of a development zone, the governor shall prepare documents stipulated in the Presidential decree and submit them to the Minister of Construction through the Minister of Interior.

③ When making the designation in Paragraph 1, the Minister of Construction shall hear the opinion of the governor in relevant jurisdiction (when designating by one’s authority) and the heads of related ministries, and be reviewed by the Local Industry Development Council.

④ Construction in the development zone which is designated by regulations in Paragraph 1 shall be deemed as construction in an urban development area and shall be applicable to the Construction Act.

⑤ When designating the development zone in Paragraph 1 or changing the regions of the development zone, the Minister of Construction must announce this as stipulated by the Presidential decree.

ARTICLE 3 (Conditions of Designation) Areas that may be designated as development zones must be falling behind in industrial development and satisfy the following conditions:

24) ① Local Industry Development Act ② Industrial Base Development Promotion Act ③ Rural Income Development Promotion Act ④ Special Law on Improvement of Residential Environments for Low-income Urban Residents
1. Facilities in securing plant and housing sites.
2. Facilities in securing industrial water and electrical power, maintaining transportation, and other public facilities.
3. Located an appropriate distance from cities to ensure such cases where labor supply and market conditions are favorable while providing low risk of pollution.
4. Facilities in systemization of industries.

ARTICLE 4 (Basic Plan) ① Any party wishing to create development zones shall prepare a basic plan as set forth in the Presidential decree, including the location and size of the business in the said zone, and obtain the approval of the Minister of Construction through the governor and the Minister of Interior for individuals and the Minister of Interior for governor. The same process shall be followed when changing major aspects decided by the Presidential decree in the basic plan.

② When approving the basic plan according to the stipulations of the above paragraph, the Minister of Construction must notify the head of the related ministries.

ARTICLE 5 (Support for Creation) ① After designating the development zone, the national and local governments shall provide necessary support such as land arrangement, roads, industrial water, etc.

② When providing support in the above paragraph, the category and ratio of expenses to be borne by the national government shall be determined by Presidential decree.

ARTICLE 6 (Installation of Factory Plant in Development Zone) Any party wishing to install a factory plant in the development zone must receive lot designation by the governor as determined by Presidential decree.

ARTICLE 7 (Disposal of Assets in Development Zone) ① Lots owned by the national or local government in the development zone may be leased or sold to those receiving lots by the regulations of the aforementioned Article through private contracts regardless of regulations in the National Property Act or other related statutes.

② Regarding sales in the above Paragraph, the payment may be made in installments over a maximum period of ten years, regardless of regulations in the National Property Act or other related statutes.

③ In the case of Paragraph 2, the decision regarding lease rates or sales prices and payment methods shall be followed as set forth in the National Property Act.

ARTICLE 8 (Tax Reduction and Exemption) ① Taxes shall be exempt or reduced as stipulated in the Regulation Law on Tax Reduction and Exemption for businesses building and
operating plants in the development zone designated by regulations in Article 2. <Amended in 1973.2.16>

② When a company in the development zone installs or extends facilities, it may receive specially recognized depreciation in the taxation of corporate tax rates.

ARTICLE 9 (Application of Land Expropriation Act)  ① Land or objects fixed in the land, or rights other than the ownership over the land and/or objects may be expropriated or exercised when necessary for the creation of the development zone.

② The Land Expropriation Act shall be applied towards the expropriation or usage regulated in the above Paragraph.

③ In the application of the Land Expropriation Act in the above Paragraph, the designation of the development zone in Paragraph 2 of Article 2 is seen as the project recognition set by Article 14 of the Land Expropriation Act.

ARTICLE 10 (Council)  ① The Local Industry Development Council shall be established by the Ministry of Construction to deliberate on the approval of the basic plan for the development zone designation and other important matters regarding local industry development.

② Necessary matters regarding the organization and operation of the Local Industry Development Council shall be decided by Presidential decree.

ARTICLE 11 (Enforcement Ordinance)  Matters regarding the enforcement of this Act shall be decided by Presidential decree.

ADDENDA  <Act No. 2526, 1973.2.16>

① (Enforcement Date) This Act shall be enforced from the date of its announcement.

② (Interim Measures) At the time of enforcement of this Act, industrial complexes that are being created or completed by the national or local governments which must be designated within development zones may be designated as part of said development, regardless of Article 3.
CHAPTER 1 GENERAL PROVISIONS

ARTICLE 1 (Purpose) The purpose of this act is to contribute to the development of the national economy by promoting development of particular regions and water resources for balanced distribution of the industrial base focused on heavy chemical industries, populations, and industries. <Amended 1976.12.31>

ARTICLE 2 (Definition of Terms) ① In this Act, “heavy chemical industries” refers to steelmaking, steel, shipbuilding, machinery, non-ferrous metals works, petroleum refinement as well as chemical, pulp and other major national periodic industries as set forth by the Presidential decree. <Amended 1978.12.5>

② In this Act, “industrial base development project” refers to the following projects executed in the industrial base development area. <Added 1975.12.31, 1986.5.12>
1. Factory lot preparation projects.
2. Projects based on the construction of industrial harbors and framing of harbor facilities.
3. Projects on the supply system for industrial waters (including ground water and seawater) and water suitable for living conditions.
4. Projects on distribution facilities directly related to roads, railways, trackways (including underground and in-air trackways), canals, rivers, and reservoir facilities.
5. Projects on supply systems for electricity, communication, gas, oil, and other fuels; and projects on sewage treatment plant facilities.
6. Projects on the construction of public buildings such as government office buildings, schools, or technical training schools.
7. Land readjustment projects or housing site preparation projects needed for the execution of projects listed in Clauses 1 through 6.
8. Project subsidiaries in Clauses 1 through 7.

③ In this Act, “industrial water facility management rights” refers to the right to charge a fee to those maintaining and using industrial water systems (including household water systems hereinafter) and being supplied industrial water (includes household water hereinafter). <Added 1978.12.5>
ARTICLE 2-2 (Setting of Industrial Water System Management Rights) Anyone wishing to set forth industrial water facility management rights must register with the Minister of Construction as stated in the Presidential decree.

[This Article added on 1978.12.5]

ARTICLE 2-3 (Nature, etc. of Industrial Water System Management Rights) ① Industrial water facility management rights are seen as a real right, and aside from the special regulations in this Act, regulations regarding real estate in the Civil Law Act shall be followed.

② Industrial water facility management rights may not be disposed of for any purposes other than corporate mergers, inheritance and other general succession measures, transfers, investment and security rights.

③ Approval from the Minister of Construction must be obtained when industrial water facility management rights are to be divided, merged, or disposed of by provisions in Paragraph 2.

[This Article added on 1978.12.5]

ARTICLE 2-4 (Special Cases on Setting Security Rights) Industrial water facility management rights with security rights set cannot be disposed of without the consent of the security rights holder.

[This Article added on 1978.12.5]

ARTICLE 2-5 (Changes, etc. in Rights) ① Restrictions on industrial water facility management rights or the setting, changes, expiration, and disposal of security rights over industrial water facility management rights shall become effective when they are registered with the industrial water facility management rights registrar at the Ministry of Construction.

② Matters regarding the registration of industrial water facility management rights as provided in Paragraph 1 shall be determined by Presidential decree.

[This Article added on 1978.12.5]

ARTICLE 3 (Basic Survey) The Minister of Construction shall conduct the basic surveys necessary for the designation of the industrial base development area and the basic plan for development.

ARTICLE 4 (Delegation of Authority) The authorities under the Minister of Construction set forth in this Act may be delegated in part to the mayor of Seoul, or other metropolitan cities or governors (hereinafter “governor”) as determined in the Presidential decree.

[Entire text amended 1986.5.12]
CHAPTER 2 DEVELOPMENT, ETC. OF INDUSTRIAL BASE

ARTICLE 5 (Designation, etc. of Industrial Base Development Area) ① The Minister of Construction shall designate areas required to focus on fostering heavy chemical industries as the industrial base development area (hereinafter “base development area”) by consulting the relevant heads of related ministries, being reviewed by the Cabinet, and obtaining the approval of the President. The same procedure shall be followed when changing the base development area. However, slight matters as decided by Presidential decree are not required to do so. <Amended 1975.12.31>
② When designating the base development area as provided in Paragraph 1, the Minister of Construction shall issue a public notice as stated in the Presidential decree.
③ The base development area designated by the provision in Paragraph 1 shall follow the regulations in Article 4 of the Urban Development Act.

ARTICLE 6 (Establishment of Basic Plan for Industrial Base Development) ① After designating the base development area as provided in Article 5, the Minister of Construction must establish a basic plan on the development of the industrial base as stated in the Presidential decree.
② After establishing the basic plan in Paragraph 1, the Minister of Construction shall make it public as stated in the Presidential decree, and the established basic plan and floor plan shall be sent to the mayor (including Seoul and other metropolitan cities) or district governors and made open the public. The same procedure shall be followed when making changes to the established basic plan. <Added 1975.12.31, 1986.5.12>

ARTICLE 7 (Executor of Industrial Base Development Project) ① The industrial base development project shall be executed by the national or local governments. <Amended 1987.12.4>
② If deemed necessary for the efficient execution of the industrial base development project, the Minister of Construction may have all or part of the project be executed by the party not provided for in Paragraph 1 as stated in the Presidential decree.

ARTICLE 8 (Approval of Execution Plan for Industrial Base Development Project)
① The executor of the industrial base development project (hereinafter “project executor”) must prepare an execution plan for the industrial base development project as stated in the Presidential decree (hereinafter “execution plan”) and obtain approval from the Minister of Construction.
ARTICLE 8-2 (Authorization of Completion of Industrial Base Development Project)

① After the industrial base development project is complete, the project executor must obtain authorization of completion from the Minister of Construction without delay as stated in the Presidential decree.

② When receiving a request for authorization of completion in Paragraph 1, the Minister of Construction shall conduct a inspection of completion and issue a completion certificate to the project executor and issue a related public notice in the official gazette if the said industrial base development project is seen as being completed according to the execution plan set forth in Article 8.

③ When the project executor obtains authorization of completion stipulated in Paragraph 1, it is deemed as having obtained the completion inspection or authorization of completion for the said project through the decision, license, permit, authorization, agreement, or approval of the execution plan as stipulated in Article 15 and Paragraph 1 of Article 21. <Amended 1978.12.5>

④ The project executor may not use the lot or facilities created or installed through the industrial base development project prior to the authorization of completion in Paragraph 1. However, an exception is made for cases with approval from the Minister of Construction. [This Article added on 1975.12.31]

ARTICLE 8-3 (Application of Land readjustment Project Act) If the substitute lot is needed in executing the industrial base development project and special area development project, Article 46, Paragraph 1 of Article 47, Articles 55, 61, 62, and 65 of the Land Readjustment Project Act shall apply to the substitute lot. <Amended 1986.5.12> [This Article added on 1978.12.5]

ARTICLE 9 (Consigned Execution of Industrial Base Development Project) ① The project executor may consign parts of the industrial base development project such as the construction of ports, industrial water systems, roads, and other public facilities as stated by the Presidential decree (hereinafter “industrial base support system”) and the reclamation of public waters to the Minister of Construction or the relevant government-invested institution as provided by in Article 2 of the Basic Act on Management of Government-Invested Institutions (hereinafter “government-invested institution”). <Amended 1986.5.12>

② The project executor may consign industrial base development project tasks such as lot purchasing and loss of compensation to the governor, mayor or district governors in their
respective jurisdictions as stated by Presidential decree.

**ARTICLE 10 (Land Expropriation)** ① The project executor may expropriate or use land, buildings or objects fixed in the lot, or rights other than ownership, mining rights, fishing rights, water usage rights over the land, building, or objects fixed in the lot (hereinafter “lands, etc.”) deemed necessary for the industrial base development project.

② Approval of the execution plan stipulated in Article 8 is seen as project recognition provided in Article 14 of the Land Expropriation Act; and request for arbitration must be submitted within the project execution period determined in the approval of the execution plan, regardless of Article 17 or Paragraph 2 of Article 25 of the Act. <Amended 1986.5.12>

③ Arbitration on the expropriation or use stipulated in Paragraph 2 of Article 9 shall be overseen by the Central land Expropriation Committee.

④ Regarding expropriation or use provided in Paragraph 1, the Land Expropriation Act shall be followed unless there are special regulations in this Act. <Amended 1986.5.12>

**ARTICLE 11 (Advance Payment)** The project executor may receive in advance all or part of the payment from relevant parties for preparation of respective lots or use of facilities as determined by the Presidential decree.

**ARTICLE 12** Deleted <1989.12.30>

**ARTICLE 13 (Charges for User and Charges for Causer)** ① The project executor may have the user of the industrial base support facilities bear all or part of the construction cost as determined by the Presidential decree.

② The project executor may have the party bear the cost of other construction items or actions bearing all or part of the construction cost of the industrial base support facilities that are needed because of other construction actions as determined by the Presidential decree.

**ARTICLE 14 (Charges for Damages)** If there is anyone whose business or actions damage the facilities managed by the project executor, the said business or party may be charged with all or part of the costs needed for the subsequent required repair, maintenance, or facility costs needed to prevent damage as determined by Presidential decree.

**ARTICLE 15 (Reclamation of Public Waters)** When reclaiming public waters to secure lots needed for the industrial base development project, approval of the execution plan provided in Article 8 is seen as permission for reclamation as provided in Article 4 of the Public Waters Reclamation Act. In this case, the permit fee stipulated in the Public Waters Reclamation Act is waived for government-invested institutions. <Amended 1987.12.4>

**ARTICLE 16 (Transfer of Created Land, etc.)** ① The project executor may transfer or
Chapter IV

handover created land or industrial base support facilities (including equipment) built through the industrial base development project to the party that will be managing it as determined by Presidential decree. In this case, land is transferred at a sufficient price set by the Minister of Construction and installed facilities may be transferred at the construction cost price regardless of the regulations in the National Property Act or Local Finance Act.

② Anyone receiving or being handed land or industrial base support facilities as provided in Paragraph 1 succeeds universally the rights and responsibility of the project executor regarding the creation of the said land or construction of the said industrial base support facilities.

ARTICLE 17  Deleted <1986.5.12>

ARTICLE 18 (Entry, etc. into the Land)  The project executor may enter another’s land, temporarily use the land, change or modify obstacles such as trees and soil in order to execute the industrial base development project; and in this case, provisions in Articles 5 and 6 of the Urban Planning Act shall be followed. <Amended 1986.5.12>

ARTICLE 19 (Browsing of Related Documents, etc.)  If deemed necessary for execution of the project, the project executor may request browsing of the certified copies of needed documents, issue of said certified copies, or the abstracts to registry office or other the head of related administrative agencies at no cost.

ARTICLE 20 (Delivery of Documents)  When the project executor is not able to send the appropriate documents due to various reasons such as an unknown address or residence of the interested party, the document may be made public instead of mailing it as determined by Presidential decree.

ARTICLE 21 (Permission or Authorization by Another Statute)  ① When the project executor obtains approval of the execution plan as provided in Article 8 for the industrial base development project, it is seen as having obtained the decision, permission, authorization, agreement, or approval (hereinafter “permit, authorization, etc.”) for the following, and when the Minister of Construction announces approval of said execution plan, it is seen as an announcement or public notice of the permit, ac. for the following in related statutes. <Amended 1975.12.31, 1976.12.31, 1978.12.5, 1981.3.31, 1986.5.12>

1. Decisions regarding urban planning as provided by Article 12 of the Urban Planning Act, approval of the urban planning project executor as provided by Article 24 of the Act, and approval of execution as provided by Article 25 of the Act.

2. Approval of waterworks projects as provided by Articles 13 and 32-2 of the Water Supply and Waterworks Installation Act.
3. Permission for public sewage projects as provided by Article 13 of the Sewerage Act.
4. Permission for private use and use as provided by Article 4 of the Public Waters Management Act.
5. Permission for execution of port construction as provided by Article 12 of the Harbor Act.
6. Permission for execution of river construction as provided by Article 23 of the Rivers Act and permission of private use of rivers as provided by Article 25 of the Act.
7. Permission for execution of road construction as provided by Article 34 of the Road Act and permission for private use of roads as provided by Article 40 of the Act.
8. Permission for cultivation as provided by Article 24 of the Farmland Expansion and Development Promotion Act.
9. Permission for farmland conversion as provided by Article 4 of the Farmland Preservation and Utilization Act; and agreement, consent, or approval of farmland conversion as provided by Article 5 of the Act.
10. Permission to cut down trees as provided by Articles 62 or 90 of the Forestry Act.
11. Deleted <1981.3.31>
12. Deleted <1982.12.31>
13. Permission of tree cutting, etc. by provision of Article 14 of the Erosion Control Act and the lifting of designation of erosion control areas by provision of Article 20-2 of the Act.

When approving the execution plan as provided by Article 8, if when the items listed in Paragraph 1 are included, the Minister of Construction must consult the heads of related ministries.

ARTICLE 21-2 (Supervision) ① If the project executor is found to be in one of the following situations, the Minister of Construction may cancel permission, approval, or designation of this Act or take other necessary measures such as the stopping of construction and reconstruction or moving of buildings.

1. If in violation of this Act or orders or disposal as provided by this Act.
2. If permission, approval, of designation by this Act was obtained through dishonest or unfair ways.
3. If continued execution of the industrial base development project is not possible due to changes in relevant circumstances.

② When approving the execution plan as provided by Article 8, if when the items listed in Paragraph 1 are included, the Minister of Construction must consult the heads of related ministries.

ARTICLE 21-3 (Report and Inspection, etc.) ① If deemed necessary for the execution of this Act, the Minister of Construction may order the project executor to report when necessary, or
submit documents, and have an affiliated civil servant inspect tasks related to the industrial base development project.

② The civil servant inspecting tasks related to the industrial base development project as provided in Paragraph 1 shall carry proof of such authority and must show it to related persons. <Amended 1986.5.12>

③ Matters regarding proof as provided in Paragraph 2 shall be determined by ordinance of the Minister of Construction. [This Article added on 1975.12.31]

ARTICLE 21-4 (Application of Project Outside of Industrial Base Development Area)

When execution of project directly related to the industrial base development project in Clauses 3 through 5 in Paragraph 2 of Article 2 is deemed necessary in areas other than the base development area, part of this Act shall be applicable as determined by the Presidential decree. [This Article added on 1975.12.31]

ARTICLE 21-5 (Affiliation of Public Facility and Land, etc.) ① When a project executor coordinates an administrative agency to install new public facilities or install public facilities replacing existing public facilities in the execution of industrial base development project, the previous public facility shall belong to the project executor at no cost and the newly installed public facility shall belong to the national or local governments to manage the aforementioned facilities regardless of regulations in the National Property Act and Local Finance Act. However, existing public facilities that are involved in a planned construction site for public property such as public buildings are excluded. <Amended 1987.12.4>

② Public facilities that are newly installed by a project executor which are not part of an administrative agency in the execution of industrial base development project shall belong to the national or local governments; management the said facilities will be at no cost to the national or local governments; and in addition, the aforementioned transferred property that has seen a discontinue of purpose due to but not limited to situations where the function of said public facility has been replaced by the execution of industrial base development project may be transferred to the project executor at no cost within the limit of the installation cost of the newly installed public facility, regardless of regulations in the National Property Act and Local Finance Act.

③ When approving the execution plan for the industrial base development project including matters on jurisdiction and transfer of public facilities as provided in Paragraphs 1 and 2, the Minister of Construction shall hear the opinion of the managing agency in advance. The
The project executor must notify the managing agency of the category and details of public facilities belonging to the managing agency as provided in Paragraphs 1 and 2 and property belonging to or transferred to the project executor before the completion of the industrial base development project; in addition the managing agency will be notified of the authorization of completion of said public facilities and properties that are seen as belonging to the managing agency or belonging to or subsequently transferred to the project executor when the project is complete.

5. Regarding the registration of public facilities and the properties as provided in Paragraph 4, approval of the industrial base development project execution plan and authorization of the industrial base development project completion may serve as proof of cause of registration in the Real Estate Registration Act.

[This Article added on 1975.12.31]

ARTICLE 21-6 (Restriction, etc. in Disposal of National or Public Lot) ① The land owned by the national or local government in the base development area that is needed for project listed in Paragraph 2 of Article 2 may not be sold or transferred for the purpose other than the said industrial base development project. However, if the aforementioned project is not executed within five years of the date of announcement in Paragraph 2 of Article 5, the restriction does not apply.

② Property of the national or local governments in base development area may be leased or transferred to the project executor through a private contract regardless of regulations in the National Property Act, Local Finance Act, and other statutes. In this case, the Minister of Construction shall consult the head of the related ministry in advance regarding the abolishing of the property’s purpose (only for administrative property stipulated here; same hereinafter) and its transfer. <Amended 1978.12.5>

③ When there is a request for cooperation as provided in the latter part of Paragraph 2, the head of the related ministry must take the necessary measures such as the abolishment of purpose or transfer within 30 days of receiving the request. <Amended 1978.12.5>

④ Transfer costs stipulated in Paragraph 2 shall be determined by the managing agency taking into consideration the appraisal price for the land ledger by the appraising contractor at the request of the managing agency or the said property of the project executor. <Added 1978.12.5>
ARTICLE 22 (Compulsory Collection) ① If any parties who are obligated to pay charges to the project executor by provisions set by Articles 13 or 14 do not fulfill the said payment, the project executor may consign collection of the charge to the mayor (including the mayor of Seoul and other metropolitan cities; hereinafter in this article) or district governors in their respective jurisdictions as determined by Presidential decree. <Amended 1975.12.31, 1986.5.12, 1989.12.30>

② When being consigned collection by provisions in Paragraph 1, the mayor or district governors may collect the charge in the form of collecting local tax. In this case, the project executor must pay 4/100 of the amount collected by the mayor or district governors to the city (including Seoul and other metropolitan cities) or districts. <Amended 1986.5.12>

ARTICLE 23 (Administrative Trial) Any parties who have objections to the process or assessment and collection of various aforementioned charges by the project executor as provided by this Act may request an administrative trial to the Minister of Construction.

[Entire text amended 1986.5.12]

ARTICLE 24 Deleted <1987·12·4>

ARTICLE 24-2 (Government Subsidy) The government may subsidize all or part of expenses necessary for the industrial base development project as determined by Presidential decree to the project executor.

[This Article added on 1978.12.5]

CHAPTER 3 MIGRATION MEASURE

ARTICLE 25 (Establishment and Implementation of Migration Measures) ① The project executor (including the executor of the water resources project; hereinafter in this chapter) shall establish and implement migration measures for those losing their place of residence (hereinafter “migrants”) as a result of providing the land necessary for the executing industrial base development project or water resources project.

② When establishing migration measures as provided in Paragraph 1, the project executor shall
consult with the head of the local government in the relevant jurisdiction beforehand.

ARTICLE 26 (Support, etc. for Migration Measures) ① The national or local governments shall preferentially support creation of housing sites or housing construction for the implementation of migration measures with the national housing fund stipulated in the Housing Construction Promotion Act.

② The project executor may consign the purchase of land for migrants, and the establishment and implementation of migration measures to the governor, mayor, or district governors in their respective jurisdictions as determined by Presidential decree.

③ In establishing and implementing the migration measures, the governor, mayor, or district governors with the consigned tasks as provided in Paragraph 2 may set off payment from the distribution of land of housing in the settlement area with payment of land, etc. to be made to migrants, as determined by Presidential decree. <Amended 1986.5.12, 1987.12.4>

ARTICLE 27 Deleted <1986.5.12>

ARTICLE 28 (Preferential Hiring for Migrants) The project executor (including the recipient if executed by contract) or anyone managing a business inside the base development area shall show preference in hiring migrants unless there is a special reason or extenuating circumstances.

ARTICLE 29 (Payment, etc. of Compensation) ① In paying the purchase amount for the land or other forms of compensation, if there is land, etc. that has no registration for the transfer of ownership or preservation, the project executor may pay the compensation to the appropriate right holder confirmed by the head of borough, mayor, or town chief as determined by Presidential decree.

② The head of the borough, mayor, or town chief receiving a request for the issue of confirmation provided in Paragraph 1 shall notify that fact for 30 days as determined by Presidential decree and issue the confirmation thereafter. <Amended 1986.5.12>

③ Anyone with objections to the issuance of the confirmation in Paragraph 1 may submit in writing the reason for objection to the head of the borough, mayor, or town chief within the deadline set forth in Paragraph 2. <Amended 1986.5.12>

④ When the objection is submitted as provided in Paragraph 2, the head of the borough, mayor, or town chief shall investigate and confirm within 20 days of the receipt whether the objector is an unregistered acquirer, and issue a confirmation or reject the request. <Amended 1986.5.12, 1986.5.12>

⑤ Land, etc. belonging to individuals confirmed as legitimate right holders as provided in Paragraph 1 shall not be subject to provisions in Article 10 of the addendum to the Civil Code.
⑥ When the project executor is requesting registration of transfer of ownership or preservation to pay the purchase payment or other forms of compensation, or to acquire land, etc. as provided in Paragraph 1, the paper submitted as proof of cause of registration in Clause 2 in Paragraph 1 of Article 40 in the Real Estate Registration Act shall be substituted by following the documents and registration proof on the rights of persons responsible for the registration in Clause 3 of the same paragraph if the following is not submitted.

1. The document showing matters confirmed by the head of the borough, mayor, or town chief as provided in Clause 1.
2. The document showing proof of payment of purchase cost or other compensation.

⑦ Persons entitled to registration may request registration of transfer of ownership provided in Paragraph 6 regardless of Article 28 of the Real Estate Registration Act. <Amended 1986.5.12>

CHAPTER 4 INDUSTRIAL BASE DEVELOPMENT CORPORATION

[CHAPTER 4 Deleted <Amended 1987-12-4>]

ARTICLE 30 Deleted <1987.12.4>
ARTICLE 31 Deleted <1987.12.4>
ARTICLE 32 Deleted <1987.12.4>
ARTICLE 33 Deleted <1987.12.4>
ARTICLE 34 Deleted <1987.12.4>
ARTICLE 35 Deleted <1987.12.4>
ARTICLE 36 Deleted <1987.12.4>
ARTICLE 37 Deleted <1987.12.4>
ARTICLE 38 Deleted <1987.12.4>
ARTICLE 39 Deleted <1987.12.4>
ARTICLE 40 Deleted <1987.12.4>
ARTICLE 41 Deleted <1987.12.4>
ARTICLE 42 Deleted <1987.12.4>
ARTICLE 43 Deleted <1987.12.4>
ARTICLE 44 Deleted <1987.12.4>
ARTICLE 45 Deleted <1987.12.4>
ARTICLE 46 Deleted <1987.12.4>
CHAPTER 5  PENALTY

ARTICLE 57 (Penalty) ① Deleted <1987.12.4>

② Anyone who changes the soil quality; cuts down or plants trees; extracts soil and rock; and constructs, remodels, or extends buildings and other structures without permission in violation of Paragraph 3 of Article 5 is sentenced to 6 months or less or fined no more than 300,000 Korean won.

[Entire text amended 1986.5.12]

ARTICLE 58 Deleted <1986.5.12>

ADDENDA  <Act No. 4175, 1989.12.30> (Restitution of Development Gains Act)

ARTICLE 1 (Date of Enforcement) This Act shall be enforced from January 1, 1990.

ARTICLE 2 Deleted

ARTICLE 3 (Amendment of Other Statutes) ① through ③ deleted

④ The following amendments shall be made to the Industrial Base Development Promotion Act.

Article 12 is deleted.

“Articles 12 through 14” in Article 22 shall be changed to “Articles 13 through 14”.

⑤ to ⑧ deleted
Local Industry Development Act

1973.2.16.

Partially Amended by Act No. 2526, 1973.2.16

ARTICLE 1 (Purpose) The purpose of this Act is to contribute to the development of a balanced national economy by encouraging appropriate distribution of industries to local provinces to alleviate economic disparity between provinces and increasing overall job opportunities.

ARTICLE 2 (Designation of Industry Development Promotion Zone) ① By virtue of one's authority or at the request of the governor, the Minister of Construction may designate industrial development promotion zones (hereinafter “development zones”) of areas satisfying the conditions set forth in Article 3 and recognized as needing encouragement of industrial development.

② When seeking the designation of a development zone, the governor shall prepare documents stipulated in the Presidential decree and submit them to the Minister of Construction through the Minister of Interior.

③ When making the designation in Paragraph 1, the Minister of Construction shall hear the opinion of the governor in relevant jurisdiction (when designating by one's authority) and the heads of related ministries, and be reviewed by the Local Industry Development Council.

④ Construction in the development zone which is designated by regulations in Paragraph 1 shall be deemed as construction in an urban development area and shall be applicable to the Construction Act.

⑤ When designating the development zone in Paragraph 1 or changing the regions of the development zone, the Minister of Construction must announce this as stipulated by the Presidential decree.

ARTICLE 3 (Conditions of Designation) Areas that may be designated as development zones must be falling behind in industrial development and satisfy the following conditions:

1. Facilities in securing plant and housing sites.
2. Facilities in securing industrial water and electrical power, maintaining transportation, and other public facilities
3. Located an appropriate distance from cities to ensure such cases where labor supply and market conditions are favorable while providing low risk of pollution.
4. Facilities in systemization of industries.

ARTICLE 4 (Basic Plan) ① Any party wishing to create development zones shall prepare a basic
plan as set forth in the Presidential decree, including the location and size of the business in the said zone, and obtain the approval of the Minister of Construction through the governor and the Minister of Interior for individuals and the Minister of Interior for governor. The same process shall be followed when changing major aspects decided by the Presidential decree in the basic plan.

② When approving the basic plan according to the stipulations of the above paragraph, the Minister of Construction must notify the head of the related ministries.

ARTICLE 5 (Support for Creation) ① After designating the development zone, the national and local governments shall provide necessary support such as land arrangement, roads, industrial water, etc.

② When providing support in the above paragraph, the category and ratio of expenses to be borne by the national government shall be determined by Presidential decree.

ARTICLE 6 (Installation of Factory Plant in Development Zone) Any party wishing to install a factor plant in the development zone must receive lot designation by the governor as determined by Presidential decree.

ARTICLE 7 (Disposal of Assets in Development Zone) ① Lots owned by the national or local government in the development zone may be leased or sold to those receiving lots by the regulations of the aforementioned Article through private contracts regardless of regulations in the National Property Act or other related statutes.

② Regarding sales in the above Paragraph, the payment may be made in installments over a maximum period of ten years, regardless of regulations in the National Property Act or other related statutes.

③ In the case of Paragraph 2, the decision regarding lease rates or sales prices and payment methods shall be followed as set forth in the National Property Act.

ARTICLE 8 (Tax Reduction and Exemption) ① Taxes shall be exempt or reduced as stipulated in the Regulation Law on Tax Reduction and Exemption for businesses building and operating plants in the development zone designated by regulations in Article 2. <Amended in 1973.2.16>

② When a company in the development zone installs or extends facilities, it may receive specially recognized depreciation in the taxation of corporate tax rates.

ARTICLE 9 (Application of Land Expropriation Act) ① Land or objects fixed in the land, or rights other than the ownership over the land and/or objects may be expropriated or exercised when necessary for the creation of the development zone.
② The Land Expropriation Act shall be applied towards the expropriation or usage regulated in the above Paragraph.

③ In the application of the Land Expropriation Act in the above Paragraph, the designation of the development zone in Paragraph 2 of Article 2 is seen as the project recognition set by Article 14 of the Land Expropriation Act.

ARTICLE 10 (Council) ① The Local Industry Development Council shall be established by the Ministry of Construction to deliberate on the approval of the basic plan for the development zone designation and other important matters regarding local industry development.

② Necessary matters regarding the organization and operation of the Local Industry Development Council shall be decided by Presidential decree.

ARTICLE 11 (Enforcement Ordinance) Matters regarding the enforcement of this Act shall be decided by Presidential decree.

ADDENDA  <Act No. 2526, 1973.2.16>

① (Enforcement Date) This Act shall be enforced from the date of its announcement.

② (Interim Measures) At the time of enforcement of this Act, industrial complexes that are being created or completed by the national or local governments which must be designated within development zones may be designated as part of said development, regardless of Article 3.
CHAPTER 1 GENERAL PROVISIONS

Article 1 (Purpose) The purpose of this Act is to advance the balanced development of the rural economy by increasing rural income levels and advancing rural income structures through the attraction of industries and services in rural areas.

Article 2 (Definition) In this Act, “rural community” shall refer to communities in provincial districts whose main industries are agriculture, forestry, or fishery. However, if deemed as necessary, based on consideration of various economic conditions related to adjacent administrative districts, urban communities may be defined as “rural communities” as determined by the Presidential decree.

CHAPTER 2 ESTABLISHMENT OF RURAL INCOME DEVELOPMENT PLAN

ARTICLE 3 (Basic Policy for Rural Income Development) ① Heads of central administrative agencies related to rural community income development must prepare a Policy for Rural Community Income Development plan and submit it to the Minister of Economic Planning Board.

② The Minister of Economic Planning Board shall compile and organize by jurisdiction the Policy for Rural Community Income Development plans submitted by heads of the relevant central administrative agencies and establish a Basic Policy for Rural Community Income Development (hereinafter “the Basic Policy”) to efficiently pursue policies that increase rural incomes, and then announce said Basic Policy after undergoing a review by the Cabinet and receiving approval by the Presidential Office.

③ The Basic Policy in Paragraph 2 shall include the following:

1. A basic purpose towards rural income development.
2. Selection criteria and support methods for rural income development projects.
3. Matters on designation of the rural region industry development promotion zone (hereinafter “rural industrial zone”) and creation of rural industrial zone conditions.
4. Matters on labor supply and demand in rural regions.
5. Matters on environmental preservation of rural regions.
6. Others matters deemed as necessary for rural income development.

ARTICLE 4 (Basic Plan for Rural Income Development) ① The Governor shall establish and announce a Basic Plan for Rural Income Development (hereinafter referred “the Basic Plan”) based on the Basic Policy to increase income levels in rural regions.
② The Basic Plan in Paragraph 1 shall include the following:
1. A basic purpose towards rural income development in the respective area of jurisdiction.
2. Selection methods for the rural income development project.
3. Methods of rural industrial zone designation and selection of incoming sectors.
4. Guidelines on factory lots and adjustments in farmland use to attract industries to rural areas.
5. Matters on maintenance of production infrastructure of the rural industrial zone such as factory lots, roads, and industrial water supply systems.
6. Matters on professional training and employment boosting in rural regions.
7. Matters on environmental preservation following attraction of relevant industries.
8. Other matters deemed as necessary for rural income development.
③ In establishing the Basic Plan in Paragraph 1, the Governor shall report to the Minister of Economic Planning Board and the head of the central administrative agency in the respective jurisdiction prior to making the Basic Plan public, and if deemed necessary, the Minister of Economic Planning Board may require the Governor to adjust the Basic Plan.
④ If deemed necessary due to natural and economic conditions such as topology, water conditions, or transport conditions, the Basic Plan may be established with the adjacent province, and if needed, adjustment may be requested of the Minister of Economic Planning Board.

ARTICLE 5 (Execution Plan for Rural Income Development) ① The mayor and district governors shall establish and announce the Execution Plan for Rural Income Development (hereinafter “Execution Plan”) based on the Basic Plan to increase income levels in rural regions.
② The Execution plan in Paragraph 1 should include the following:
1. Basic goals for increasing rural income levels in the respective jurisdiction areas.
3. Matters on designation of rural industrial zones; the types and sizes of incoming industries.
4. Matters on usage arrangement of factory lots and farmland to attract relevant industries.
5. Matters on production infrastructure in the rural industrial zone such as plant locations, roads,
and industrial water supply systems.
7. Matters on production and sales plan of products such as raw material procurement.
8. Matters on employed population adjustment and employment promotions.
9. Matters on environmental preservation following attraction of relevant industries.
10. Others matters deemed as necessary for rural income development.

③ When establishing the Execution Plan in Paragraph 1, the mayor or district governors shall report and obtain permission from the governor prior to announcing said plan; in addition, the governor shall review the specifics and may order modifications or supplementation if deemed necessary.

④ If deemed necessary with consideration to natural and economic conditions such as topology, water, or transportation, the mayor or district governors may establish the Execution Plan jointly with neighboring cities or districts; and if necessary, may request coordination efforts of the respective governors.

ARTICLE 6 (Cooperation in Establishment of Rural Income Development Plan) If deemed necessary for the establishment of the Basic Plan, governors may request help from related research institutes, academic organizations, or other related institutions.

ARTICLE 7 (Relationship with Other Plans) The rural income development plan as provided in this Act shall be align with the comprehensive plan for construction in national territories as provided by the Act on Comprehensive Plans for Construction in the National Territory, the plan for utilization of national territory as provided by the Act on the Utilization and Management of the National Territory, urban planning polices as provided by the Urban Planning Act, the basic plan for industrial arrangement as provided by the Industry Arrangement Act, and the small and medium enterprises promotion plan as provided by the Small and Medium Enterprises Promotion Act.

CHAPTER 3 EXECUTION OF RURAL INCOME DEVELOPMENT PROJECT

ARTICLE 8 (Designation of Rural Industrial Zone) ① In order to attract and foster industries in rural areas, the mayor or district governors may designate rural industrial zones according to the Execution Plan and with the review of the Central Rural Income Development Committee as provided in Article 24.
② After designating rural industrial zones as provided in Paragraph 1, the mayor or district governors shall announce the designation without delay.

③ If deemed necessary with consideration to natural and economic conditions such as topology, water, or transportation, the mayor or district governors may designate rural industrial zones jointly with neighboring cities or districts, and if deemed necessary, may request coordination efforts with the governor of said neighboring areas.

ARTICLE 9 (Property Disposal within Rural Industrial Zone) Property owned by the national or local governments within the rural industrial zone may be sold or loaned to businesses based on private contracts, in spite of the National Property Law or regulations outlined in the Local Finance Act.

ARTICLE 10 (Approval of Business Plan) ① Anyone wishing to move into the designated rural industrial zone as provided in Article 8 and operate a rural income development business must prepare a business plan and obtain approval from the mayor or district governors.

② After receiving the request for approval as provided in Paragraph 1, the mayor or district governors shall evaluate the validity of the business plan and come to a decision. However, if the business plan includes any of the following listed in Paragraph 4, the head of the appropriate administrative agency shall be consulted in advance and obtain approval.

③ Approval of the aforementioned business plan as provided in Paragraph 2 shall lose its effectiveness should the approved party not initiate the project within two years.

④ When the mayor or district governors approve the business plan as provided in Paragraph 2, it is seen as the recognition, report, permission, approval, license, consent, or dissolution, etc. of the following:

1. Project recognition as provided by Article 14 of the Land Expropriation Act.

2. Reporting of factory construction as provided by Article 7 of the Industry Arrangement Act.

3. Permission for tree cutting, etc. as provided by Article 14 of the Erosion Control Act and cancellation of the erosion control area as provided by Article 20-2 of said Act.

4. Permission to execute urban development projects as provided by Article 24 of the Urban Planning Act and approval of the implementation plan for the urban planning project as provided by Article 25 of the said Act.

5. Approval of private use and usage of public waters as provided by Article 4 of the Public Waters Management Act.

6. License for reclamation of public waters as provided by Article 4 of the Public Waters Reclamation Act.
7. Permission for the execution of river construction as provided by Article 23 of the Rivers Act and permission for private use of rivers as provided by Article 25 of the said Act.

8. Permission for private use of conservation forest areas as provided by Article 18 of the Forestry Act and the permission and reporting of tree cutting, etc. as provided by Article 90 of the said Act.

9. Permission to build private roads as provided by Article 4 of the Private Road Act.

10. Permission for water system projects as provided by Articles 13 and 32-2 in the Water Supply and Waterworks Installation Act.

11. Consent for permission and confirmation of the new construction of buildings as provided by Article 9 of the Fire Services Act.

**ARTICLE 11 (Preferential Installation of Public Facilities)** The national or local governments, or government-invested institutions in charge of public facilities such as roads, water supply systems, electricity or telephone services shall provide support for facilities that are installed preferentially for the smooth execution of the rural income development project.

**ARTICLE 12 (Construction of Standard Lease Factory)** If deemed necessary for the efficient execution of the rural income development project, the mayor or district governors may build and lease a standard lease factory inside the rural industrial zone.

① When building a standard lease factory as provided by Paragraph 1, the mayor or district governors are seen to have obtained recognition, reporting, permission, approval, license, consent, or dissolution, etc. of applicable items listed in Article 10 of Paragraph 4.

**ARTICLE 13 (Support for Sales of Product)** The national or local governments must take necessary measures such as expanding private contracts with respective national or local governments, public organizations, or government-invested institutions; and promote systematization and support of exports in order to expand sales channels for products manufactured by those operating rural income development businesses in the rural industrial zone.

**ARTICLE 14 (Technical and Management Training)** Small and Medium Enterprise Corporations shall offer technical and management training at the request of the mayor or district governors, and those operating rural income development businesses in the rural industrial zone.

**ARTICLE 15 (Strengthening of Rural Professional Training)** The national and local governments shall take necessary measures to ensure the smooth supply and demand of technical workers needed in rural income development projects such as strengthening rural professional training; and providing hiring information, employment support and job placement
services; and providing worker training for those operating rural income development businesses in the rural industrial zone.

**ARTICLE 16 (Preservation of Rural Environment)** ① The national and local governments shall take necessary measures towards environmental preservation so that the natural environment of rural areas is not damaged by the attraction of industries in rural regions.

② If deemed necessary, the national and local governments may subsidize funds needed to install pollution-control facilities for those operating rural income development projects in the rural industrial zone.

**ARTICLE 17 (Designation of Sideline Complex)** The mayor or district governors may designate a rural sideline complex (hereinafter “sideline complex”) as set forth in the Execution Plan to efficiently use the natural resources and idle labor force in rural areas.

**ARTICLE 18 (Designation of Agro-Fishery Products Processing Plant)** ① In order to attract and nurture home processing facilities for agro-fishery products in rural areas, the mayor or district governors may designate agro-fishery product processing plants (hereinafter “processing plant”) as set forth in the Execution Plan.

② Anyone wishing to be designated as a processing plant as stipulated in Paragraph 1 shall prepare a business plan and request designation from the mayor or district governors.

③ After receiving the request for designation as stipulated in Paragraph 2, the mayor or district governors shall evaluate validity of the business plan and make a decision. However, if the business plan includes any of the following listed in Clauses 2 through 11 in Paragraph 4 of Article 10 then the head of the appropriate administrative agency shall be consulted in advance and obtain approval.

④ When the mayor or district governors designate the processing plant as provided in Paragraph 3, it is seen as the report, permission, approval, license, consent, or dissolution, etc. of the applicable items listed in Clauses 2 through 11 in Paragraph 4 of Article 10.

**ARTICLE 19 (Construction of Standard Lease Factory)** ① If deemed necessary for attracting a processing plant inside the rural area, the mayor or district governors may build and lease a standard lease processing plant.

② When building a standard lease factory as provided by Paragraph 1, the mayor or district governors are seen to have obtained the recognition, reporting, permission, approval, license, consent, or dissolution, etc. of applicable items listed in Clauses 2 through 11 in Paragraph 4 of Article 10.

**ARTICLE 20 (Technical and Management Training)** The Agriculture and Fishery Development
Corporation must provide technical and management training when requested by the mayor, district governors, or the head of respective processing plant.

**ARTICLE 21 (Designation of Rural Resort Area)** In order to preserve the natural landscape of rural areas and to contribute to the increase in rural income levels, the mayor or district governors may designate and develop rural resort areas as determined by the Execution Plan or delegate operation of the rural income development project to develop said area by a responsible individual or group.

**ARTICLE 22 (Tax Benefits)** Those individuals qualifying as one of the following may receive reduced tax rates or exemptions as determined by the Act on Regulation of Tax Reduction and Exemption and the Local Tax Act.

1. Those operating a rural income development business in the rural industrial zone or sideline complex.
2. Those building and operating a processing plant.

**ARTICLE 23 (Measures for Smooth Supply of Funds)** The national or local governments may take necessary measures for the smooth supply of funds to those qualified individuals or groups stated in Clause 1 or Clause 2 in Article 22.

**CHAPTER 4 SUPPLEMENTARY PROVISIONS**

**ARTICLE 24 (Rural Income Development Committee)** ① In order to deliberate on important matters regarding rural income development, the Central Rural Income Development Committee shall be established under the Economic Planning Board, the Provincial Rural Income Development Committee shall be established under the relevant provincial government agencies, and the City/District Rural Income Development Committee shall be established under the relevant city or district agencies.

② Important matters on the operation of the committees such as its composition or function shall be determined by Presidential decree for the Central Rural Income Development Committee and appropriate local ordinances for the Provincial Rural Income Development Committee, and the City/District Rural Income Development Committee.

**ARTICLE 25 (Relationship with Other Laws)** Regarding the rural income development plan, aside from the provisions in this Act, the Act on Comprehensive Plans for Construction in the National Territory, the Act on the Utilization and Management of the National Territory, the
Urban Planning Act, the Industry Arrangement Act, and the Small and Medium Enterprises Promotion Act shall be followed accordingly.

ARTICLE 26 (Report) Every year, the governor shall compile and prepare the progress and achievements of their enacted rural income development plan and report to the Minister of Economic Planning Board and the head of the relevant central administrative agency by March 31st of the following year.

ARTICLE 27 (Enforcement Ordinance) Matters regarding the enforcement of this Act shall be determined by Presidential decree.

ADDENDA <Act No. 3689, 1983.12.31>

① (Date of Enforcement) This Act shall be enforced from the day it is proclaimed.
② (Interim Measures for Saemaeul Factories) Prior to the enforcement of this Act, Saemaeul factories designated by the Minister of Commerce and Industry shall be considered as those operating rural income development businesses in the rural industrial zone in the application of provisions in Articles 13 through 16, 22, and 23.
③ (Interim Measures for Rural Sideline Complex, etc.) Prior to the enforcement of this Act, rural sideline complexes and agro-fishery product processing plants designated by Minister of Agriculture-Forestry-Fisheries shall be seen as being designated by provisions of Articles 17 and 18.
ARTICLE 1 (Purpose) The purpose of this act is to contribute to the better welfare of low-income urban residents and the improvement of urban environments by deciding necessary matters regarding the improvement of residential environments in urban residential areas with a high concentration of low-income residents.

ARTICLE 2 (Definition) Definition of terms used in this Act are as follows:

1. “Residential environment improvement zone” refers to areas inside urban development areas with a concentration of old and deteriorated buildings or inadequate residential environments due to poor maintenance of public facilities that are designated by Article 3 to stimulate improvement in residential environments.

2. “Residential environment improvement project” refers to projects done under the residential environment improvement plan in Article 6 to improve residential environments in the residential environment improvement zone through measures such as housing construction, building improvements, public facility maintenance, income development, etc.

3. “Old and deteriorated buildings” refers to buildings built before June 30, 1985, with structural physical conditions, the appearance, or additional facilities that make the buildings unfit to function as sound residential structures, and also includes residential buildings and neighborhood living facilities or public facility buildings as decided by Presidential decree.

ARTICLE 3 (Designation of Residential Environment Improvement Zone) (1) The Minister of Construction and Transportation may designate regions satisfying the conditions in Article 4 as residential environment improvement zones at the request of the mayor including those of metropolitan cities or district governors (hereinafter “mayors, etc.”) and after consulting the head of the related central administrative agency and with the vote of the Central Urban Planning Committee. The same procedure shall be followed when changing the designation. However, changes of slight matters as decided by Presidential decree are not required to do so.

<Amended 1997.12.13>

(1) Regarding the designation of the residential environment improvement zone in Paragraph 1, aside from what is stipulated in this Act, Clause 2 in Paragraph 2 of Article 16 and Articles 11, 12 of the Urban Planning Act will be followed.
ARTICLE 4 (Conditions of Designation) ① Designation of residential environment improvement zones are to be passed for areas satisfying the following conditions as of the enforcement date of this Act:

1. Areas with a concentration of old and deteriorated buildings which significantly detracts from the city’s aesthetics or prevents the area from fully functioning as a residential area.
2. Limited development districts which have a concentration of old and deteriorated buildings constructed prior to the designation as a limited development district.
3. Redevelopment districts according to the Urban Redevelopment Act where execution of housing improvement/redevelopment projects are impossible or very difficult due to an excessive population concentration with more than a set proportion of residents who do not want the execution of a redevelopment project.
4. Areas with a high concentration of an external population such as relocated persons residing in poorly maintained public facilities and inadequate residential environments where improvement is urgently needed.

② Regarding the designation of residential environment improvement zones in Paragraph 1, specific conditions such as resident consent shall be decided by Presidential decree.

ARTICLE 5 (Relationship with Urban Planning Act) From the day that the designation of residential environment improvement zones per Article 3 is announced, the area designated as the residential environment improvement zone is seen as designated as a general residential area under Article 17 of the Urban Planning Act. However, regions designated by Clause 2, in Paragraph 1 of Article 4 are of exception.

ARTICLE 6 (Establishment, etc. of Residential Environment Improvement Plan) ① Within one year of the announcement of the designation of a residential environment improvement zone by Article 3, mayors, etc. must establish a residential environment improvement plan which shall include the following matters as set forth by Presidential decree and report the plan to the Minister of Construction and Transportation. The same procedure shall be followed when changing the presidential environment improvement plan. However, changes of slight matters as decided by Presidential decree are not required to do so. <Amended 1997.12.13>

1. Land utilization plan.
2. Matters on maintenance of public facilities such as roads and water supply/sewage systems.
3. Matters on housing construction and additional/welfare facilities.
4. Improvement plans such as building retention, repairs, extensions, remodeling or teardowns and subject buildings.
5. Matters on preventing disasters such as landslides or flooding.
6. Matters on the expansion of public facilities such as bathrooms, daycare facilities, common workshops and the development of resident income levels.
7. Matters on estimated project costs and associated financing plans.
8. Other matters regarding the residential environment improvement project as decided by Presidential decree.

② When establishing or changing the residential environment improvement plan per Paragraph 1, mayors, etc. shall consult the related administrative agency; have the resolution of the local urban planning committee; hear the opinion of residents as set forth in Presidential decree and if the opinion is found to be reasonable, it must be reflected in the residential environment improvement plan. However, slight matters as decided by Presidential decree are not required to do so.

③ The contents of the residential environment improvement plan for zones designated by Clause 2 in Chapter 1 must adhere to regulations in Article 21 of the Urban Planning Act, except in cases with special regulations in this Act.

④ When establishing the residential environment improvement plan, mayors, etc. must include matters regarding the decision or changes in urban planning as stated in Clause 1 in Paragraph 1 of Article 2 of the Urban Planning Act needed for the execution of the said residential environment improvement project.

⑤ After establishing the residential environment improvement plan, mayors, etc. shall announce it according to the Presidential decree. In this case, decisions or changes in urban planning in Paragraph 4 should be included.

⑥ If the residential environment improvement plan cannot be established within the deadline in Paragraph 1 due to inevitable circumstances, mayors, etc. must obtain approval from the Minister of Construction and Transportation before the deadline and postpone the deadline by no more than 2 years. <Amended 1997.12.13, 1999.12.28>

⑦ If mayors, etc. do not establish the residential environment improvement plan by the deadline in Paragraph 1 or Paragraph 6, the designation of the residential environment improvement shall expire the day after the deadline. In this case, the Minister of Construction and Transportation shall announce this fact. <Amended 1997.12.13>

**ARTICLE 7 (Execution of Residential Environment Improvement Project)** ① The residential environment improvement project shall be executed by mayors, etc. However, projects stated in Clauses 3 and 4 in Paragraph 1 of Article 6 may be executed by residents.
Regarding the residential environment improvement project, the Minister of Construction and Transportation may have the Korea National Housing Corporation or other public corporations established for the purpose of or dealing with the urban development project (hereinafter “Korea National Housing Corporation, etc.”) to execute the residential environment improvement project in the following cases, regardless of Paragraph 1 stated above. <Amended 1997.12.13>

1. When multi-unit housing and/or additional/welfare facilities are needed for projects stated in Clause 3 in Paragraph 1 of Article 6.
2. When execution of residential environment improvement projects are urgent due to reasons such as in the event of natural disasters.

Residential environment improvement projects executed by mayors, etc. (which includes the Korea National Housing Corporation, etc. as set forth in Paragraph 2. Hereinafter “project executor”) are deemed as urban development projects according to Clause 5 in Paragraph 1 of Article 2 of the Urban Planning Act, and its execution shall adhere to Articles 4 through 9, 28, 83, 87, and 88 of the Urban Planning Act and Articles 6, 28, 29, and 30 of the Urban Redevelopment Act, except in matters stipulated in this Act. <Amended 1995.12.29, 1997.12.13>

Residential environment improvement projects are to be executed when for the purpose of multi-unit housing stated in Paragraph 2 of Article 33 of the Housing Construction Promotion Act. <Added 1999.12.28>

ARTICLE 8 (Permission or Approval, etc. by Another Law <Amended 1997.12.13>)

When the residential environment improvement plan is announced according to Article 6, regarding urban planning matters relating to Clause 1 in Paragraph 1 of Article 2 of the Urban Planning Act, are included in the said plan it is seen as an approval of decision or change of urban planning in Article 12 of the Act, designation of executing in Article 23 of the Act, and an execution plan in Article 25 of the Act, as well as permission for farmland conversion in Paragraph 1 of Article 36 of the Agricultural Land Act. <Amended 1997.12.13>

ARTICLE 9 (Special Cases, etc. Concerning the Application of Construction Act, etc.)

(1) Regarding the following items in the residential environment improvement zone, the local government may set the standard by its ordinance with the approval of the Minister of Construction and Transportation, regardless of the regulations in each relevant law. <Amended 1991.5.31, 1995.1.5, 1997.12.13>

1. The relationship between lands and roads set by provisions in Article 33 of the Construction
Act, specification of building lines set by provisions in Article 36 of the Act, restricted construction due to building lines set by provisions in Article 37 of the Act, lighting and ventilation in the living room and bathroom structure set by provisions in Article 39 of the Act, quality of construction materials set by provisions in Article 42 of the Act, installation of basement facilities set by provisions in Article 44 of the Act, building-to-land ratio in the area and zone set by provisions in Article 47 of the Act, floor area ratio in the area and zone set by provisions in Article 48 of the Act, minimum land area set by provisions in Article 49 of the Act, empty lot on site measures set by provisions in Article 50 of the Act, building height restrictions set by provisions in Article 51 of the Act, building height restrictions for sunlight set by provisions of Article 53 of the Act, and building heat loss prevention measures set by provisions of Article 59 of the Act.

2. Purchasing national housing

bon set by provisions in Article 16 of the Housing Construction Promotion Act, construction standards for housing set by provisions in Article 31 of the Act, and approval of business plans and building permits set by provisions in Article 33 of the Act.


② The Minister of Construction and Transportation may set maximum or minimum for the special cases that may be decided by the ordinance of local government by provision of Chapter 1 as determined by Presidential decree. <Amended 1997.12.13>

③ By provision of Article 8 in the Construction Act, mayors, etc. may approve construction or be report on buildings in the residential environment improvement zone that meet the standards set by the ordinances of the local government in Paragraph 1 in order to satisfy the residential environment improvement plan. <Amended 1991.5.31>

④ Of buildings in the residential environment improvement zone built before the proclamation of this Act, buildings that were unable to obtain construction permit by provisions of Article 8 in the Construction Act construction report by provision of Article 9 of the same Act, or usage approval by provision of Article 18 in the same Act due to violations of Paragraph 1 may obtain building a permit or report from mayors, etc. as decided by Presidential decree and be issued a usage approval if they meet the standards set by the ordinances of the local government.
in Paragraph 1 in order to satisfy the residential environment improvement plan.  <Amended 1991.5.31, 1997.12.13>

ARTICLE 10 (Construction of Buildings, etc. in Residential Environment Improvement Zone)  
① Owners of land or buildings inside the residential environment improvement may build housing structures or modify buildings as determined by the residential environment improvement plan.

② If constructing a single building over two or more lots owned by different owners in the residential environment improvement zone, Paragraphs 2 through 5 of Article 66 of the Construct Act shall be followed. It shall be the same in the case that the land owner and building owner are different.  <Amended 1991.5.31>

③ If deemed necessary, mayors, etc. may deny a building permit for an area designated as part of the residential environment improvement zone until the residential environment improvement in Article 6 is announced.

④ When building housing structures in the residential environment improvement zone, the project executor may determine its size, distribution condition and method, tenant selection criteria and procedure within the scope determined by Presidential decree and with the approval of the Minister of Construction and Transportation, regardless of provisions in Article 32 of the Housing Construction Promotion Act and Article 14 of the Rental Housing Act.  <Amended 1997.12.13>

⑤ Housing structures built set by the provision in Clause 4 should be provided to users in the order of priority below.  <Amended 1997.12.13, 1999.12.28>

1. Priority 1: Those residing in said residential environment improvement zone for more than the period set forth in the Presidential decree as of the date stated in the Presidential decree.

2. Priority 2: Those owning land or buildings in said residential environment improvement zone as of the date stated in the Presidential decree and also at the same time do not qualify in Priority 1.

3. Priority 3: Those residing in another residential environment improvement zone for more than the period set forth in the Presidential decree as of the date stated in the Presidential decree.

4. Priority 4: Those recognized by the appropriate mayor, etc. for migrating due to loss of residence set by the urban development project executed with approved the execution plan according to Article 25 of the Urban Planning Act.

⑥ Housing structures supplied set by the provision in Clause 5 may not be transferred (including via sales, gift, rent, and/or other action involving transfer of rights, except in cases of inheritance
or collateral) or leased (including transfer of such rights) to another party without consent of the project executor for a period determined by the Presidential decree. <Added 1997.12.13>

⑦ If especially needed to vitalize the residential environment improvement project in the zone, mayors, etc. may supply housing structures that are left after the distribution to those stipulated in Paragraph 5 to those individuals not listed in Paragraph 5. In this case, the distribution method of housing structures and restriction of sales, etc. shall follow provisions set forth in Article 32 and Paragraph 3 of Article 38 of the Housing Construction Promotion Act, respectively. <Added 1997.12.13>

ARTICLE 11 (Free Transfer of National and Public Land) ① Land owned by the national or local governments in the residential environment improvement zone designated in Article 3 may lose its previous purpose from the day of the announcement of the residential environment improvement plan set forth in Article 6, and be transferred at no cost to the project executor regardless of provisions in the National Property Act, Local Finance Act, and other statutes on management and disposal of national and public property. However, an exception can be made for administrative or preservation property set by the provision in Paragraph 1 in Article 4 of the National Property Act and Paragraph 1 in Article 72 of the Local Finance Act that are in use for public purpose, property as determined by Presidential decree, and land which the national or local governments has signed a transfer contract for and has received part of the payment as of the announcement of the residential environment improvement plan.

② From the date of the announcement of the residential environment improvement zone designation, land owned by the national or local governments in the residential environment improvement zone designated in Article 3 may not be transferred or disposed of for any purpose other than the residential environment improvement project.

ARTICLE 12 (Appropriation, etc. of Residential Environment Improvement Project Expenses) ① Any profit from the utilization or disposal of land transferred to the project executor by provisions set forth by Article 11 may not be used for any purpose other than the residential environment improvement project. In this case, approval from the mayors, etc. must be obtained in order to use the remaining income from this zone on another residential environment improvement zone. <Amended 1999.12.28>

② Provisions in Paragraph 2 in Article 44 of the National Property Act shall be followed for land transferred to the project executor by provisions set by Article 11. However, an exception can be made for land with confirmed purpose of being distributed to residents by the Korea National Housing Corporation, etc. through announcement of the approval project plan provided in
Article 33 of the Housing Construction Promotion Act. <Added 1999.12.28>

③ Matters regarding management and disposal of land transferred to the project executor by provisions set forth in Article 11 shall be decided by the ordinances of local governments in the jurisdiction or regulations on management and disposal of the Korea National Housing Corporation, etc. with approval of the Minister of Construction and Transportation. <Amended 1997.12.13>

ARTICLE 13 (Support for Residential Environment Improvement Project) ① The national or local governments may subsidize or loan part of the cost incurred by the project executor or owner of the respective land/buildings in the residential environment improvement zone during the residential environment improvement project in such cases as land acquisition, lot preparation, housing construction, and building modification from the national treasury, national housing fund established by the Housing Construction Promotion Act, or through local finances. <Amended 1999.12.28>

② The project executor must prioritize maintenance of public facilities in the residential environment improvement zone and surrounding areas according to the residential environment improvement plan, and in this case the national or local governments may subsidize part of the incurred cost to the project executor. <Amended 1999.12.28>

③ When establishing a comprehensive plan for housing construction set by provisions in Article 4 of the Housing Construction Promotion Act, the Minister of Construction and Transportation shall include matters on support for the residential environment improvement project. <Amended 1997.12.13>

ARTICLE 14 (Expropriation of Land, etc.) ① If specially needed for the execution of the residential environment improvement project in the residential environment improvement zone, the project executor may expropriate or use land, object, or rights (hereinafter “land, etc.”) as provided in Article 3 of the Act on Acquisition of and Compensation for Land, etc. for Public Works. <Amended 2002.2.4>

② The Act on Acquisition of and Compensation for Land, etc. for Public Works shall be followed with regard to the expropriation and use of land, etc. as set forth in Paragraph 1. <Amended 2002.2.4>

ARTICLE 15 (Development and Distribution of Standard Design Document) To support the smooth operation of the residential environment improvement project and the independent assistance of the residential environment improvement activities by local residents, the Minister of Construction and Transportation may prepare and distribute standard design documents for

ARTICLE 16 (Report, Supervision, etc.) ① Mayors, etc. shall report the progress of the residential environment improvement project in their respective jurisdiction of the end of each year to the Minister of Construction and Transportation by the end of March of the following year as provided by the Presidential decree. <Amended 1997.12.13>
② In the following cases, the Minister of Construction and Transportation may cancel the designation of the residential environment improvement zone or order necessary measures such as modifications of the project to the mayors, etc. in their respective jurisdictions. <Amended 1997.12.13>

1. If the project has not been initiated within one year of the announcement of the residential environment improvement plan.
2. If the land transferred to the project executor set by provisions in Article 11 has been used or disposed of for the purpose other than the residential environment improvement project.

ARTICLE 17 (Penalty) ① Anyone who receives, distributes, transfers, or leases housing in violation of provisions described in Paragraphs 5 through the first half of Paragraph 7 of Article 10 shall receive a sentence of no more than one year or a fine of no more than 5 million Korean won. <Amended 1997.12.13>
② Anyone violating Article 32 and Article 38-3 of the Housing Construction Promotion Act when applied to the restrictions on the distribution method and sales of housing structures set forth in the latter part of Paragraph 7 of Article 10 shall be subject to penalties described in Article 51 of the same Act. <Added 1997.12.13>
SUPPLEMENTARY PROVISIONS

<Act No. 6656, 2002.2.4>

(Act on Acquisition of and Compensation for Land, etc. for Public Works)

ARTICLE 1 (Enforcement Date) This Act shall be enforced from January 1, 2003.

ARTICLE 2 until Article 10 deleted

ARTICLE 11 (Amendment of Other Statues) ① until <23> deleted

<24>The following amendments shall be made to the Special Law on Improvement of Residential Environments for Low-income Urban Residents.

“Article 2 of the Land Expropriation Act” in Paragraph 1 of Article 14 shall be amended to “Article 3 of the Act on Acquisition of and Compensation for Land, etc. for Public Works”.

“Land Expropriation Act” in Paragraph 2 of Article 14 shall be amended to the “Act on Acquisition of and Compensation for Land, etc. for Public Works”.

<25> to <85> deleted

ARTICLE 12 Deleted