Overview of Urban Policy Transition in Korea

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II. New Town Development Policies

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Economic Development

Per Capita GNI (US$)


1,000(1977) 11,432 7,355 16,291 28,000

Liberation from Japanese Colonial Rule

67 87 100(1964)

High Economic Growth Era

Restructuring Period

Low Growth Era

Financial Crisis

OECD Member (1995)

G20 Member

Source: KDI 2005 Updated
Urbanization experience

[Figure] Comparison of Urbanization Trends

Percentage

- Korea
- Japan
- China
- Netherlands
- United Kingdom
- World

[Figure] Comparison of Urbanization and economic development
Population Growth by Regions

Population concentration in the Capital Region
Demographic changes since 1990s

- Urbanization rate reached its limit
- Large cities are losing population since 1990
- Strong suburbanization

[Figure] Population change 1990-2010
# Urban problems and policy responses

<table>
<thead>
<tr>
<th></th>
<th>1960~70s</th>
<th>1980~90s</th>
<th>2000s~</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urbanization share</strong></td>
<td>20~50%</td>
<td>50%~80%</td>
<td>80% ~</td>
</tr>
<tr>
<td><strong>Major policy issues</strong></td>
<td>Rural-urban migration, Infrastructure provision for economic development, Squatter areas formed</td>
<td>Rapid population concentration in Seoul Metropolitan Area (SMA), Housing shortage and crisis, Urban sprawl and environment problems</td>
<td>Social conflict over uneven territorial development, Low economic growth, population decline and aging</td>
</tr>
<tr>
<td><strong>Key policy responses</strong></td>
<td>Greenbelt policy, Industrial complexes and industrial towns</td>
<td>New town developments for housing construction, Public housing policies installed, Tightening land development regulation with introduction of national land use act</td>
<td>National balanced development policies, Land use deregulations for economic revitalization</td>
</tr>
<tr>
<td><strong>Urban development policies</strong></td>
<td>Residential developments in Seoul for city's expansion, Industrial town developments nation wide, Eviction and relocation for squatter areas</td>
<td>5 new town developments in SMA, Diverse redevelopment tools including 'Joint redevelopment project'</td>
<td>New Administrative city, Innovation cities, and free economic zones, Community planning movements, National urban regeneration policy (2013)</td>
</tr>
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Housing crisis in the 80s

[Figure] Trend of housing price index (2011=100)
5 New towns were constructed around 30km away from Seoul to address housing problems in Seoul Metropolitan Area ('89-'93)

<table>
<thead>
<tr>
<th>Size (㎢)</th>
<th>Total</th>
<th>Bund-dang</th>
<th>Ilsan</th>
<th>Pyeong chon</th>
<th>San-bon</th>
<th>Jung-dong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50.1</td>
<td>19.6</td>
<td>15.7</td>
<td>5.1</td>
<td>4.2</td>
<td>5.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target pop. (thou)</th>
<th>Total</th>
<th>Bund-dang</th>
<th>Ilsan</th>
<th>Pyeong chon</th>
<th>San-bon</th>
<th>Jung-dong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,168</td>
<td>390</td>
<td>276</td>
<td>168</td>
<td>168</td>
<td>166</td>
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</table>

<table>
<thead>
<tr>
<th>Housing units (thou)</th>
<th>Total</th>
<th>Bund-dang</th>
<th>Ilsan</th>
<th>Pyeong chon</th>
<th>San-bon</th>
<th>Jung-dong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>292</td>
<td>97.6</td>
<td>69.0</td>
<td>42.0</td>
<td>42.0</td>
<td>41.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development period</th>
<th>Total</th>
<th>Bund-dang</th>
<th>Ilsan</th>
<th>Pyeong chon</th>
<th>San-bon</th>
<th>Jung-dong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘89 ~ ’96</td>
<td>‘90 ~ ’95</td>
<td>‘89 ~ ’95</td>
<td>‘89 ~ ’95</td>
<td>‘90 ~ ’96</td>
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Bundang new town project

Before

After

Master plan

<table>
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<tr>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Areas (km²)</td>
<td>19.9</td>
<td>6.4</td>
<td>1.6</td>
<td>3.9</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Ratio (%)</td>
<td>100.0</td>
<td>32.3</td>
<td>8.4</td>
<td>19.7</td>
<td>19.4</td>
<td>20.3</td>
</tr>
</tbody>
</table>
What we achieved from new towns

**Pros**
- Stabilizing housing market in SMA by providing large amount of housing units
- Improving housing condition and infrastructure in SMA without government fund
- Contributing to orderly development of urban structure in SMA for a competitive city-region

**Cons**
- New towns were just ‘bed towns’ for Seoul, creating more commuting
- Overheating construction market as the massive developments took place within short period of time
- Urban sprawls rampant in surrounding areas of the new towns
Evolving new towns

- From 2000s, central and local governments built new towns with diverse policy goals of improving living standard, balanced national development, and revitalizing economy
  - The **2nd phase of 9 new towns** in SMA focused on housing supply and better living environment (2003~)
  - The **New Administrative City** are under construction in order to accommodate ministries and research institutes
  - **10 Innovation Cities** for accommodating government agencies relocated from SMA
  - **8 Free economic zones** for enhancing national competitiveness by attracting foreign invest
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## History of housing redevelopment

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<tbody>
<tr>
<td><strong>Forced eviction and relocation</strong></td>
<td><strong>Joint Redevelopment Project (JRP)</strong></td>
<td><strong>“New town in town”</strong></td>
</tr>
</tbody>
</table>

- The central gov. controlled the clearance process, demolished the shanties and relocated squatters and low-income families to the outskirts of Seoul.
- The scheme succeeded in clearing substandard housing from the city center, but created other types of low-income settlements in isolated suburbs.
- The gov. introduced self-help programs, but achieved little.

- With booming housing market, particularly high-rise apartment, the gov. introduced Joint Redevelopment Project.
- The gov. designated clearance areas and authorized building removal and homeowners formed an association that drew up a contract with a construction company and took on responsibilities for their project.
- The gov. allowed high-density development to ensure reasonable profits for all participants.

- The government designated wider area zones for redevelopment to provide better infrastructure.
- Structure of JRP remained unchanged in the policy.
- High hopes for many dilapidate districts around the nation, but the scheme was not activated due to sluggish real estate market since 2007.
## Four types of redevelopment projects

<table>
<thead>
<tr>
<th>Types</th>
<th>Residential Environment improvement project</th>
<th>Housing Redevelopment project</th>
<th>Housing Reconstruction project</th>
<th>Urban Environment Revitalization project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Area</td>
<td>Residential area</td>
<td>Residential area (low-rise)</td>
<td>Residential area (high-rise)</td>
<td>Commercial area</td>
</tr>
<tr>
<td>Requirement for designation</td>
<td>Poor infrastructure and high density</td>
<td>Poor infrastructure and high density</td>
<td>Dilapidated building</td>
<td>Dilapidated building</td>
</tr>
<tr>
<td>Key actors</td>
<td>Local Governments and Public Corporation</td>
<td>Landowners</td>
<td>Landowners</td>
<td>Landowners + Public</td>
</tr>
<tr>
<td>Profitability</td>
<td>Low profit</td>
<td>High profit</td>
<td>High profit</td>
<td>High profit</td>
</tr>
</tbody>
</table>
Joint redevelopment projects started

- The scheme was designed to transform low-rise substandard or unplanned settlements into high-rise commercial housing estates, built to the maximum density permitted by the city government.
- The city government provided no public assistance.
- The number of redeveloped housing units was more than twice the number of the total units that were there before redevelopment and new housing units were for middle-class households.
Procedure of the JRP

1. City government designates redevelopment zones, and provides ‘basic plan’
2. Landowners organize an association which makes contract with a construction company as a partner
3. Construction company and association arrange loans and provide compensation for relocated people including tenants
4. Clearance and redevelopment
5. Liquidation processes are pursued
### Requirements and compensations in the JRP

| Consent from landowners | • ¾ landowners out of all landowners  
|                         | • landowners who hold more than a half of area size |

| Housing units reconstructed | • More than 80% of housing units should be smaller than 85㎡  
|                             | • Public rental housings should be provided more than 17% of the total number of housing units reconstructed (regulation was lifted recently) |

| Tenants compensation | • Providing a right to acquire rental housing, or  
|                      | • Residential expenses for 4 months |
Housing Redevelopment was effective tool for the cash-stripped government to provide housing units and improving living environment in large cities.

The scheme contributed to housing supply in Seoul, particularly, where there was no available land for new housing development.

Figures of Housing Redevelopment 1983-2012

<table>
<thead>
<tr>
<th>No. of Zones</th>
<th>Areas (㎡)</th>
<th>No. of Newly Built Houses</th>
<th>No. of Demolished Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,187</td>
<td>74,520,411</td>
<td>1,078,719</td>
<td>478,737</td>
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</tbody>
</table>

Squatter settlement areas in Seoul
Problems

◎ Communities were shattered
  • The low income households and tenants were forcibly removed from their home and never returned (return rate is about 15%)

◎ Cultural and historical identities of the areas were not respected

◎ Causing clashes between landowners and tenants
  • Forced eviction by associations led to brutal crash between tenants and police, sometimes bringing death casualties
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Cities are declining in terms of population, infrastructure and economy
Central areas of large cities are losing population and business

[Figure] Pop loss in central areas of the large cities
[Figure] Cities in decline

Source: MOLIT, 2014
Shift to regeneration: diversified demand

- Sluggish economy: no demand for development
- Reflections on property led redevelopment policies which destroyed community, culture and history

Early Stage of Urbanization
- Quantity-based Development
  - To meet the increasing needs of urban services: housing, roads and railways, water supply

Mature Stage of Urbanization
- Quality-based Growth
  - Human capitals, quality of life
  - Compact and smart growth
  - Green and sustainable growth
Urban Regeneration Special Law was enacted in 2013 with new principles.
Principles of national regeneration policy

- **Holistic Approach**
  - Economy, Society and Physical aspect
  - Respecting Community and history

- **Reinventing Urban Policy**
  - Focusing inner city areas
  - Restricting new development

- **Integrated Governance**
  - Bottom up planning approaches
  - Area-based, Integrated support among different government divisions

'UR special committee’ under PM office for integrated approach
Three types of areas

- **Economy revitalization area**: areas for urban economic development by reusing key infrastructure such as industrial estate and port
- **Commercial revitalization area**: areas for commercial development in commercial and business zone by enhancing local business activities
- **Community revitalization area**: areas for community revitalization in residential area

![Planning structure of regeneration policy](image-url)
Designating regeneration zones

<13 areas in 2014>

<33 areas in 2016>
An example of a district in Busan

Private project

National project

Local gov. project
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Korea’s urban development policies were effective tools to respond urgent urban issues such as increasing housing supply and improving urban infrastructure in a rapid urbanization era.

Korean government tried to utilize land value capture as a driver of urban policy implementation, and consequently achieved policy goals without government expenditure.

Government has built pro-development system by providing legal and institutional framework, but intervention for welfare was limited. Government-controlled and market-oriented system created social problems such as conflict between landowners and tenants, and displacement of low-income people, which became major concerns for current policymakers.

Today, government tries to build a new paradigm of planning focusing on community and welfare in response to new policy challenges.
THANK YOU!