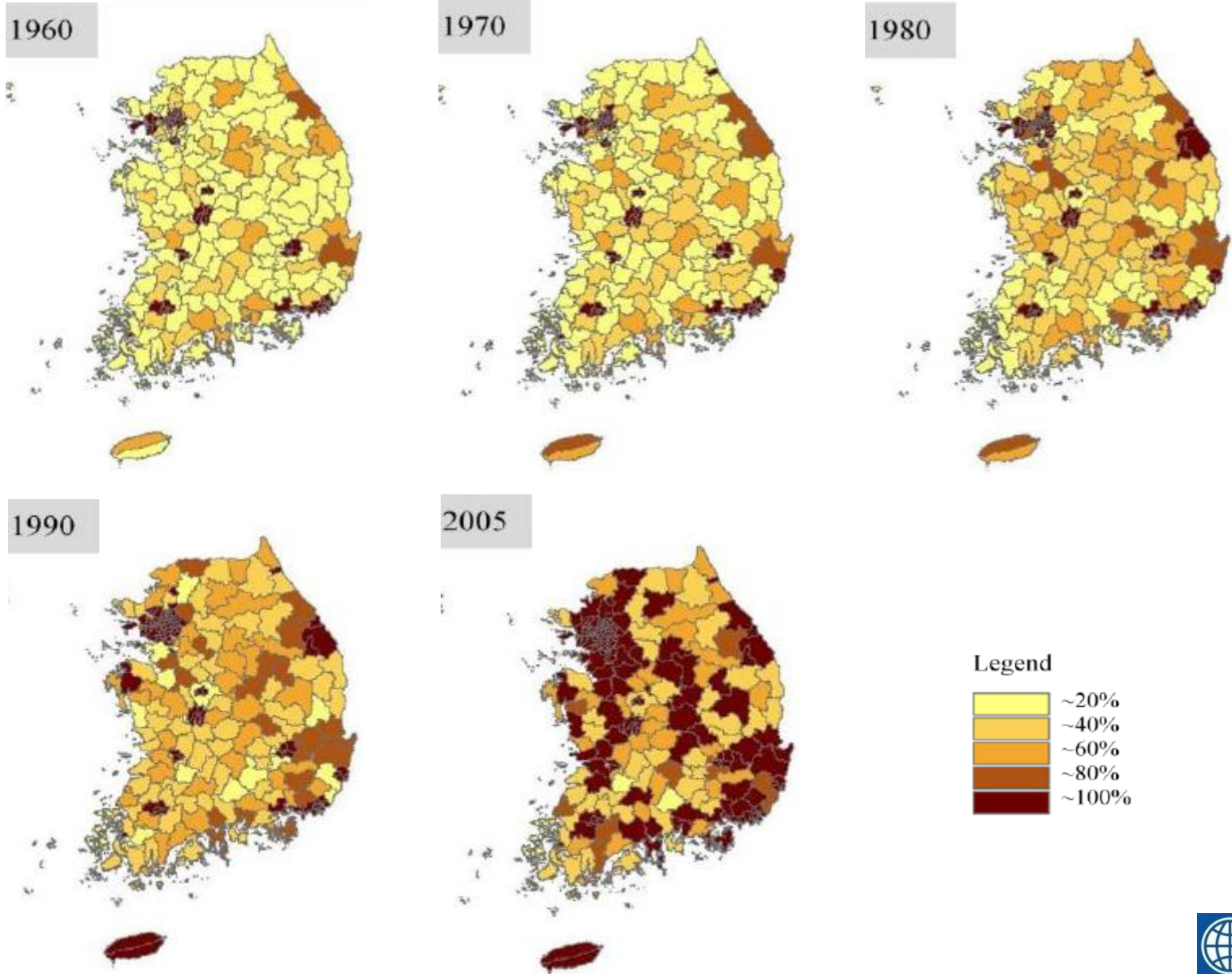




Appendix : Housing Policy

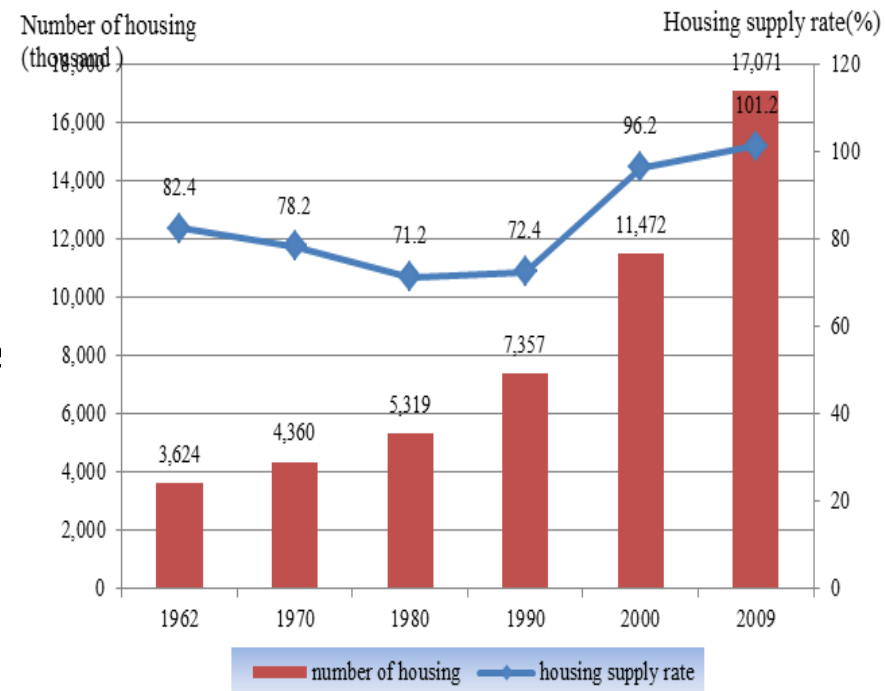
Change in urbanization rate of cities and counties (1960~2005)



2. Housing Supply Policies

- In the incipient urbanization stage,
 - No experience in establishing housing supply policies
- In the intermediate urbanization stage,
 - housing shortages became serious social issues and gradually got worse due to rapid urban growth
 - Korea has set an institutional basis and taken active measures to increase housing supply
 - The Housing Construction Promotion Act (1973)
 - The two million housing construction plan (1988-1992)
- In the advanced urbanization stage,
 - Customer-centric housing supply policies

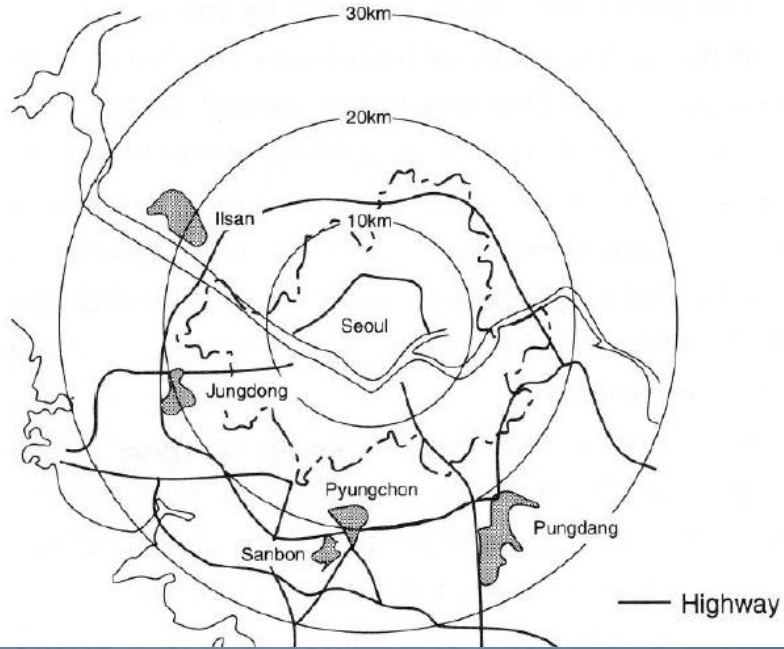
Housing supply, 1962-2009



2. Housing supply policies – in the advanced stage

- **Direct intervention by the government (1988~1997)**
 - The second round of direct intervention to increase housing supply
 - Political democratization and economic development enabled the Government to mobilize enough funds for **social welfare**
 - **The Two-Million Housing Unit Construction Plan (1988~1992)** in May 1988
 - This very radical plan aimed at raising the housing supply ratio from 69.3% in 1987 to 72.9% and built **1.7 times more houses** than the total number of houses during the previous five years (1983~1987)
 - The housing supply ratio continuously increased after 1990
 - In the five-year New Economy Plan (1993~1997), the government succeeded in constructing 3.12 million houses
 - 10% more than the planned number of houses

2-Million Housing Unit Construction, 1988~1992



Rental housing construction



2. Housing supply policies – in the advanced stage (conti.)

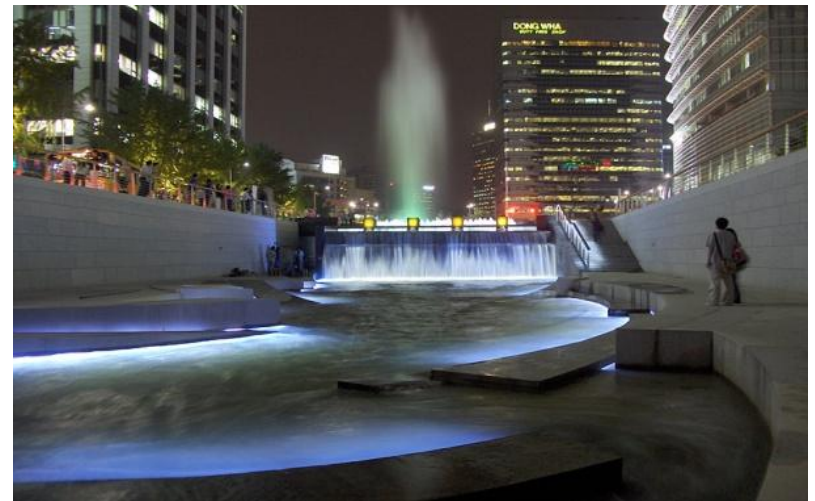
- **Customer-oriented Differentiation of Housing Supply (1998~)**
 - In the aftermath of the 1997 financial crisis, many housing acts or guidelines were deregulated or abolished in order to revitalize the housing market
 - **Changing housing demands:** the housing market began to focus on housing quality
 - Environmentally friendly and intelligent apartments were gradually emphasized.
- **The Government announced 'the housing welfare roadmap' in 2003**
 - The roadmap set a basic framework of providing customized housing suitable **for various income levels**
 - The **middle-income class** (upper 30% of the income level) to purchase their houses in the housing market
 - Expansion of public rental housing supply for the **low-income people** (lower 40% of the income level)

4. *Slum and low-income housing policies*

- In the incipient urbanization stage,
 - Land ownership by a few landlords or the ruling class forced farmers to lose their land and move to urban areas (**pushed migration**)
 - Numerous low-income deteriorated neighborhoods (**slums**) formed within urban areas
- In the intermediate urbanization stage,
 - Industrialization made rural people move to cities in order to get jobs (**pulled migration**)
 - Poor neighborhoods were removed to create more efficient land use
 - A great number of **apartments replaced these poor-quality houses**
- In the advanced urbanization stage, dense low-income slums were greatly reduced
 - The residents from these slums were **scattered** over outer metropolitan areas or satellite cities, and lived in substandard places such as in building attics or basements
- **Spatial and Social segregation was avoided**
 - Minimized negative externalities

Changes in Slum Landscape in Seoul

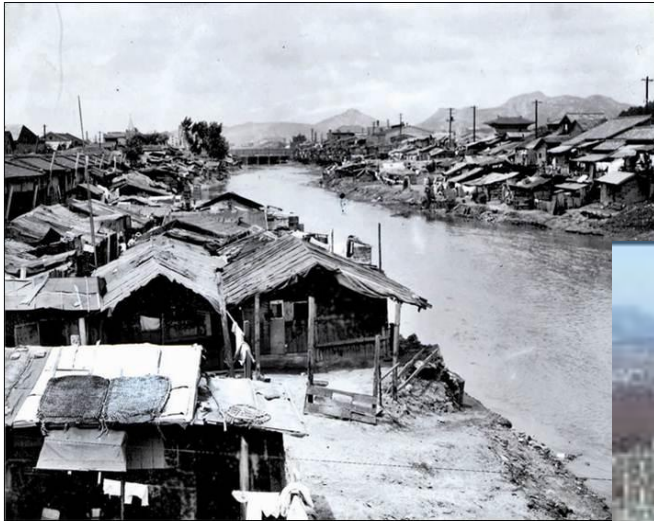
Cheonggyecheon riverbank slums in Seoul: 1955 vs. 2007



Nangok Slums in Seoul: 1995 vs. 2007



Slums and joint redevelopment projects



Before
Development

After
Development

4. Slum and low-income housing policies – in the advanced stage

- In 1989, the Government announced **the permanent rental housing construction plan** and built 190,000 permanent rental houses.
 - Due to fiscal burden, the Government decided to provide **citizen rental housing** for a period between 10 and 20 years (instead of permanent rental housing), and planned to construct 200,000 public rental units by 2003.
- Taewoo-Noh's (1988-1993) and Youngsam-Kim's (1993-1998) governments offered 420,000 **public rental houses** respectively
 - 480,000 public rental houses were offered by Daejung-Kim's administration
- In the end, the Government provided 1.3 million units of public rental housing
 - 170,000 long-term rental housing
 - 190,000 permanent rental housing
 - 760,000 public rental housing
 - 120,000 citizen rental housing
- Public rental housing construction projects continue as a main instrument for low-income housing policy