

Lessons from Korean Experiences: Part II

Seong-Kyu Ha, Ph.D

President

Korea Research Institute of Housing Management

Emeritus Professor

Department of Urban Planning and Real Estate, Chung-Ang University

Success Factors of Korea's New Town Development

- Supplying housing and infrastructure in large-scale.
- Making economic effect on related industries,
- Taking increasingly environmentally-friendly approaches
(green space securement, etc)

Success factors:

- 1) Feasible planning and concrete implementation strategies
- 2) Institutional driving force and legal support,
- 3) Feasible land acquisition methodologies, and
- 4) Sustainable new town design criteria.

Lessons Learned from Korea's Experience

1) Feasible planning and concrete implementation strategies

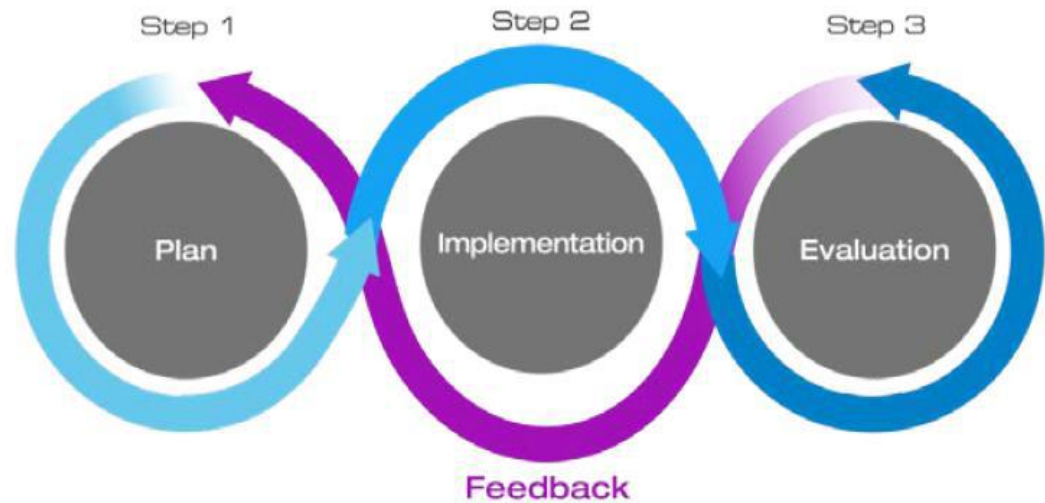
Firstly, feasible planning and concrete implementation strategies were crucial for the success of Korea's New Town development. The New Town development initiative took place in line with Korea's six sets of 5-year economic development plans, in hand-drawn map set out in 1962 (

Figure 16) when Korea's GDP per capita was below US\$200. What enabled the realization of New Town development was the virtuous cycle of plan, implementation and evaluation. Although many of the national development plans in Korea including the New Town, Korea Train Express (KTX) and Incheon International Airport did not escape from facing protests and conflicts, the implementing organizations carried on with the set plans with legal backup system that made the plans highly difficult to drop, and an evaluation system by national institutions and think tanks that provided valuable feedback to the plan to be updated as needed.

Figure 16 National Land Plan Drawn in 1962 and PIE: Plan, Implementation, Evaluation



Source: Seoul History Museum, 1962.



Source: KRIHS, 2015.

2) Institutional driving force and legal support,

The second success factor can be identified as the institutional driving force and legal support for the New Town development. The building of five large-scale Phase III New Towns within seven years (1989-96), providing nearly 300,000 housing units, is a good example that demonstrates the institutional driving force. One of the first tasks carried out by the Korean government was establishing a new bureau dedicated for New Town construction within the Ministry of Construction, and assigning the bureau an overarching administrative power with the support of related authorities and public corporations like Korea Land Corporation (now LH), and planning institutes like the Korea Research Institute for Human Settlements (KRIHS) as can be seen in the figures below.

Figure 17 Implementing Organizations of Bundang New Town (1989-96)



Source: KRIHS 2014, 2015.

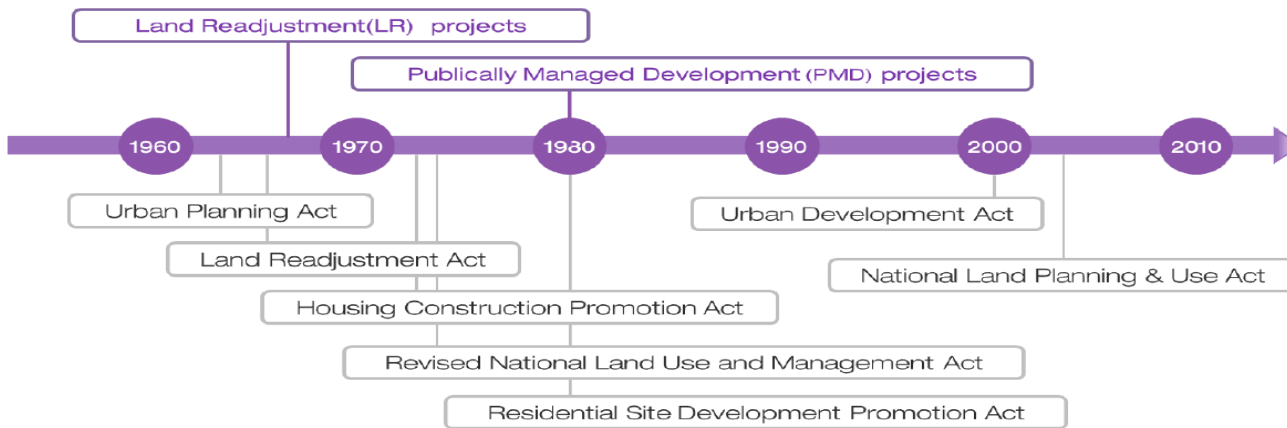
Figure 18 Stakeholder Roles in Bundang New Town (1989-1996)

Stakeholder	Bodies	Role
Central government	Senior Secretary to the President for Economic Affairs, Board of Ministries for Housing Policies, Low-income Housing Bureau	<ul style="list-style-type: none"> • Mitigate housing prices, disperse population of Seoul • Decide the functions and population of new towns
	New Town Construction Bureau in Ministry of Construction	<ul style="list-style-type: none"> • Accomplish the national housing policy • Control project, approve basic and action plans, and customize of planning issues
	Public Agencies	<ul style="list-style-type: none"> • Supply efficiently infrastructures • Construct public facilities such as water, electricity, gas, school etc.
	Korea Research Institute for Human Settlements (KRIHS)	<ul style="list-style-type: none"> • Perform planning of site master plan, regional transportation plan, and urban design plan and report policy issues
Local government	Seongnam (local government), Gyeonggi (provincial government)	<ul style="list-style-type: none"> • Control speculation, survey existing buildings, and permit building construction
Developer (public enterprise)	Korea Land Corporation (KLC)	<ul style="list-style-type: none"> • Implement project (acquisition of land, accomplishment of site master plan, implementation plan, and urban design plan, selling land, construction of roads and parks etc.)
Private sector	Construction companies	<ul style="list-style-type: none"> • Buy land from KLC, construct and sell houses
	Land owners and residents	<ul style="list-style-type: none"> • Provide land for development and negotiate the prices of property for compensation

Source: KRIHS, 2014.

The strong institutional driving force was also followed by timely Acts to support the acquisition of land and construction of New Towns, enacted by the Korean government. Established in 1962, The Land Readjustment Act provided an institutional means for ‘appropriate compensation’ for purchasing lands. Also, as public work projects greatly increased during this period, the ‘Exemption Act for Public Land Acquisition and Compensation’ was enacted in 1975 to facilitate public land acquisition with proper compensation, providing uniform evaluation criteria, methods, and processes to acquire lands for public works. Accordingly, two development schemes were implemented: Land Readjustment (LR) projects from 1966 and Publically Managed Development (PMD) projects from 1980.

Figure 19 Acts and Development Schemes to Support New Town Development in Korea



Source: KRIHS 2014, 2015.

3) Feasible land acquisition methodologies,

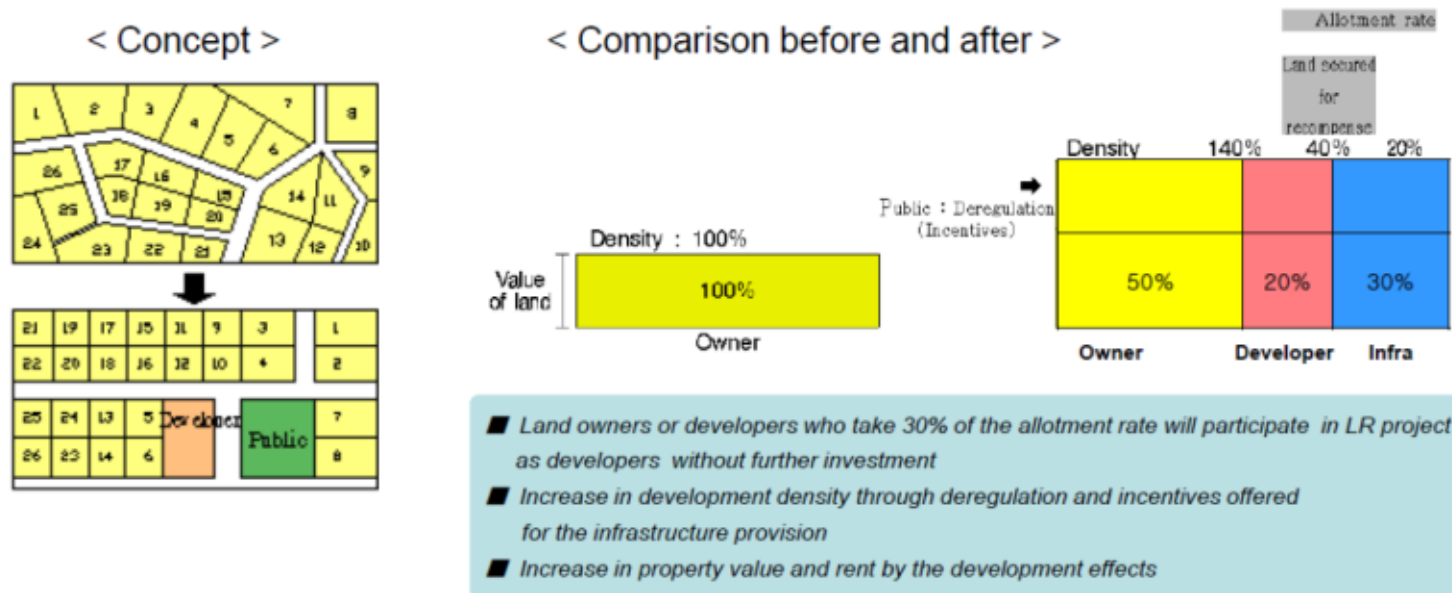
Reasonable land acquisition methodologies can be suggested as the third success factor of Korea's New Town development. These methodologies include two major development schemes applied for the New Town development: Land Readjustment (LR) projects (1960-70s) and Publically Managed Development (PMD) projects (1980s-present).

Table 9 Concept of Land Readjustment (LR) Project

Components	Main Concept
Land Readjusted	Grant new property rights to the existing land owners after development, with the consideration of location, land use, and other conditions
Allotment Rate	The ratio of the land provided for recovering development costs and dedicating urban infrastructure
Land Secured for Cost Recovery	Developers dedicate land for infrastructure (including roads, parks, etc., burden the development costs, and gain profits by selling the newly-prepared land

Source: KRIHS, 2014.

Figure 20 Concept of Land Readjustment (LR) Project



Source: KRIHS, 2014.

Publicly Managed Development (PMD) Projects (1980s-present)

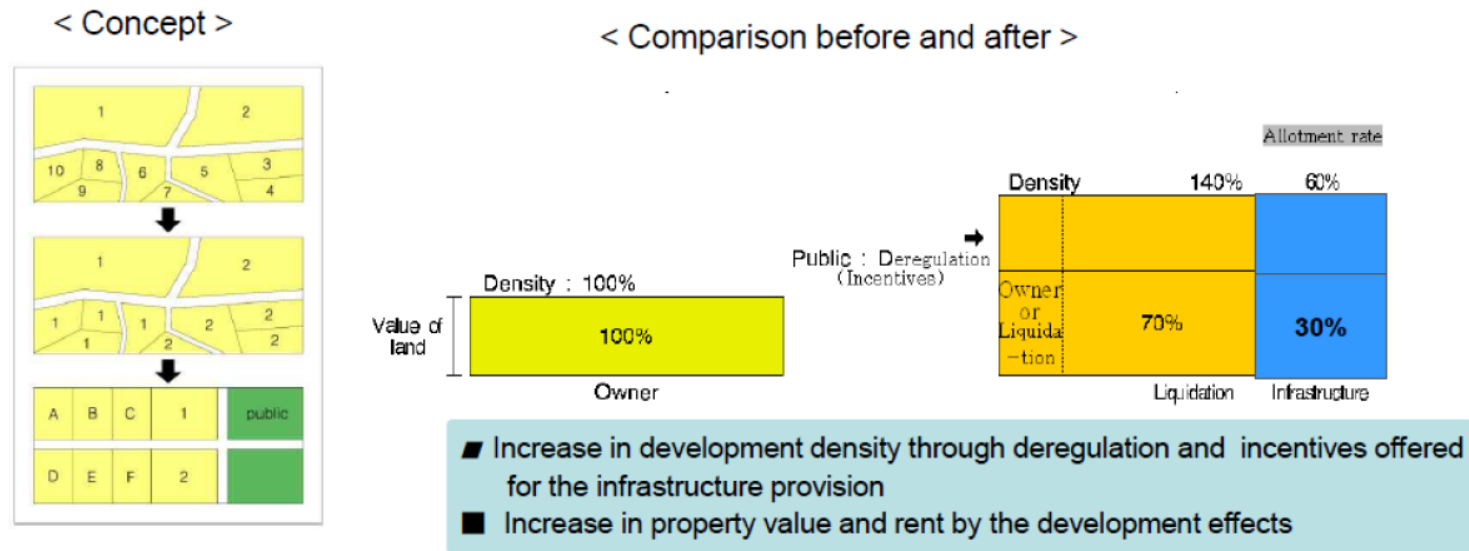
During the late 1970s, land speculation prevailed due to the mismatch of demand and supply of urban land; hence the Residential Site Development Act was enacted in 1980 along with the Publicly Management Development (PMD) of land. The main contents of PMD projects includes the developing of Comprehensive Housing Construction Plans, consulting with the central and local governments regarding the Plan, designating Residential Site Development Planned Zone, and choosing developers from the central/local governments and public enterprises. After 2000, the private sector can join the PMD project with the limitation of 49.9% share. In PMD projects, the administrative process is greatly simplified, the implementing project plans are financed with the developer's own funds, and the services lands are resold in the private market.

Table 10 Concept of Publicly Managed Development (PMD) Project

Components	Main concept
Expropriation	Transfer of the property rights (from the existing land owners to those who will buy the newly-prepared land after the development)
Allotment Rate	The ratio of the land provided for urban infrastructure to the total project site; more development profits are expected than the LR project thus, developers take a higher allotment rate.

Source: KRIHS, 2014.

Figure 23 Concept of Publicly Managed Development (PMD) project



Source: KRIHS, 2014.

4) Sustainable new town design criteria.

Figure 24 Sustainable New Town Design Criteria

Criteria	Contents	Outcome
Social sustainability	<ul style="list-style-type: none"> • Securement of housing for the population of middle and mid-low income level <ul style="list-style-type: none"> - 35% of housing below 60m² - 35% of housing between 60-85m² - 30% of housing above 85m² • Securement of more than 30% of rented housing 	Social inclusion
Economic sustainability	<ul style="list-style-type: none"> • Securement of land for self-sufficiency (i.e. for industrial purpose such as IT, R&D, urban factory, etc.) <ul style="list-style-type: none"> - Above 15% of land for self-sufficiency for population above 200,000. - Above 10% of land for self-sufficiency for population below 200,000. • Establishment of area-wide transport network plan in order to secure connectivity and business mobility 	Self-sufficiency connectivity
Environmental sustainability	<ul style="list-style-type: none"> • Securement of land for green area <ul style="list-style-type: none"> - Above 25% of green area for a New Town above 16.5km² - Above 23% of green area for a New Town above 9.9km² - Above 20% of green area for a New Town above 3.3km² • Smart resource management (power plant, waste treatment, water treatment facilities etc.) 	Green space Smart City & smart resource management

Source: MLIT, 2014.

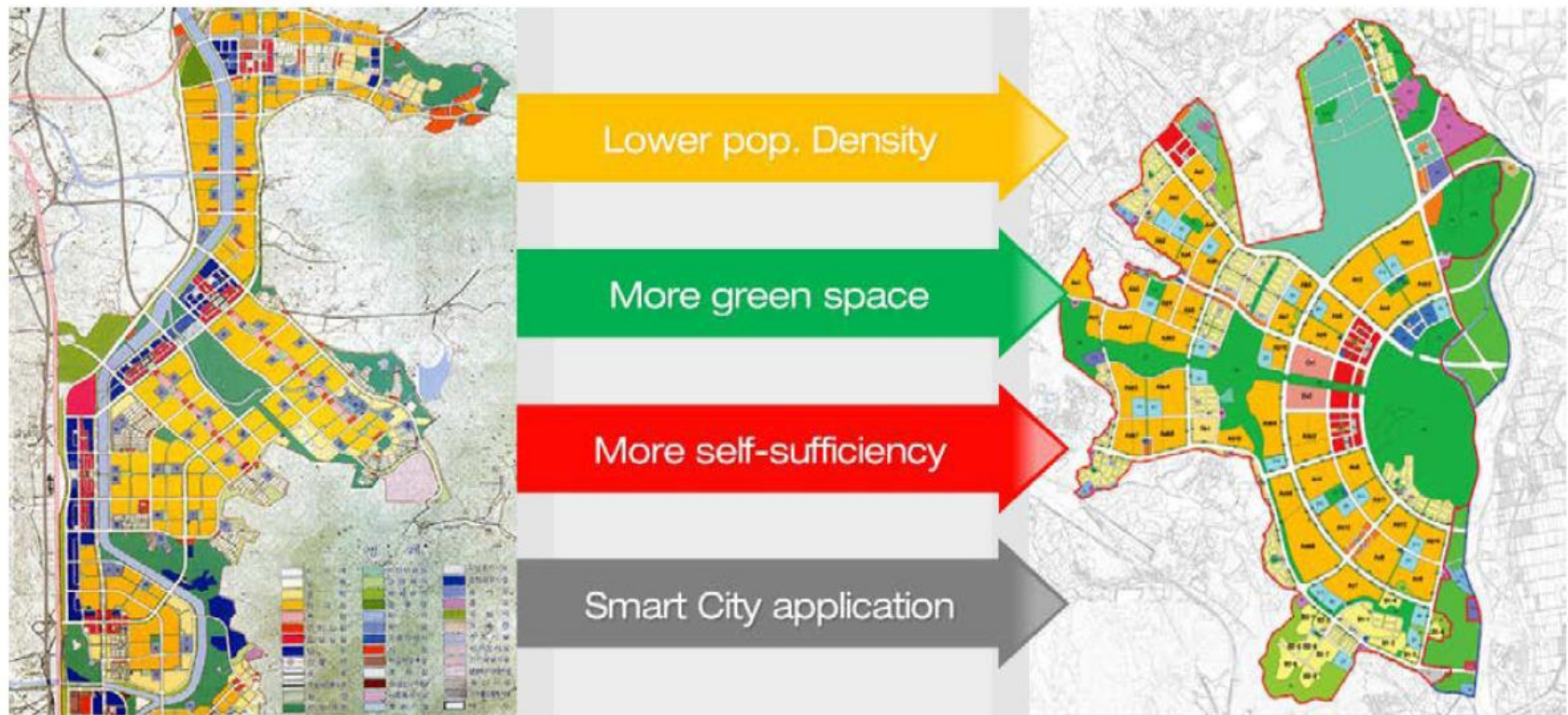
Third, Sustainable New Town Planning Standard provides guidelines for waste disposal facilities and waste water management. Lastly, Sustainable New Town Planning Standard provides guidelines for ubiquitous city (U-City). U-City service can be applied to many aspects in New Town as the below Table shows.

Table 18 U-City Services in New Town

Field	Service	Contents
Public	Environment	Surveillance of Environment (water, air, soil, noise)
	Transportation	ITS, BIS, BRT etc.
	Facilities	Management of Underground(sewage) road, and transportation facilities
	Disaster & Crime Prevention	Natural disaster, Crime
	Administration	e-government, Civil affairs
Private	Biz	Lease of ICT and application facilities, Videoconferencing service for convention and telecommuting
	Home	Remote Control of home appliances and gas
	Education	Homeschooling, Remote lecture, Safety service for students
	Tourism	Tourism information service

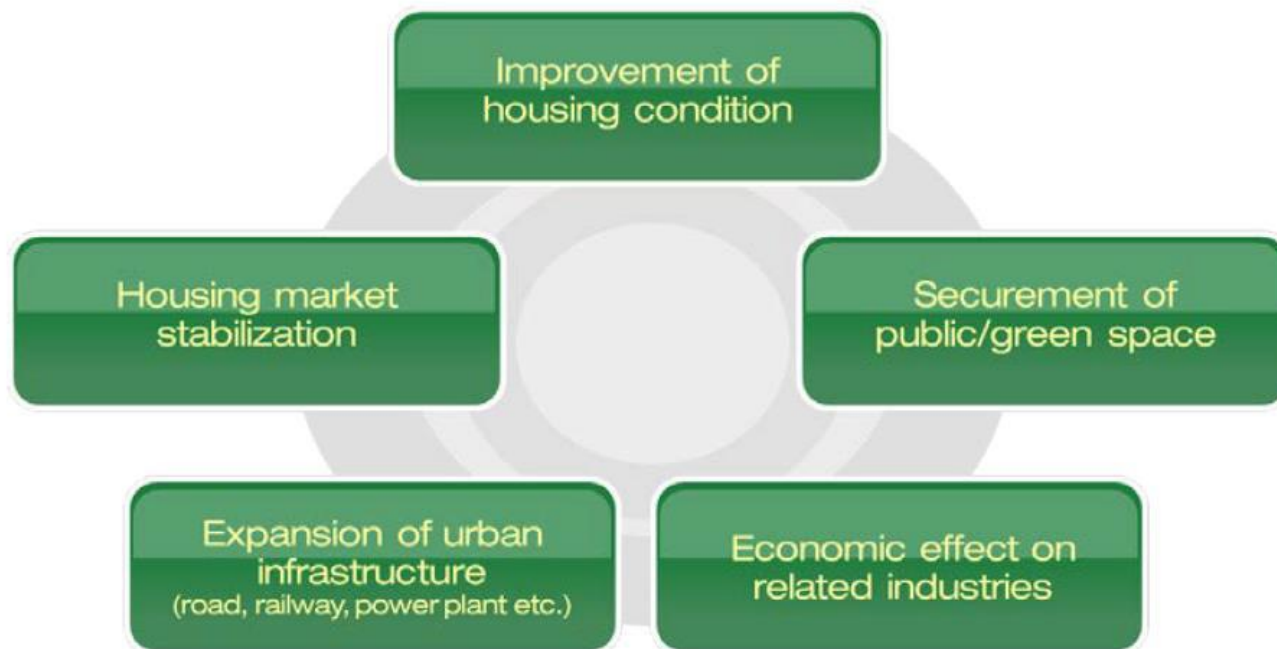
Source: MLIT, 2014.

Figure 13 Evolvment from Phase III to IV (Masterplans of Bundang and Dongtan)



Source: MLTM (2012), KRIHS (2015).

Figure 15 Outcomes of the New Town Development in Achieving Urban Sustainability



Source: KRIHS, 2015.

Limitations of Korea's New Town Development

Limitation and Issues:

1. Self-sufficiency,

- to solve housing shortage /large scale manner**
- too much focus on residential function : bed town**

2. Social inequality

- new modern housing for the affluent population**
- social exclusion/ inequality**
- housing for sale vs public housing**
- accommodate a population of more diverse economic class.**

Discussion session

It is very interesting and useful to share experiences and exchange ideas on housing policy issues.

To raise a question and a topic of discussion as follows:

- **How would you go about improving your country's housing policy programs in light of Korean experiences?**
- **To compare Korea's housing estate development policies / programs with that of participating countries and to formulate development strategies appropriate to each country.**

- What is the main problem of residential site development in your country?
- Have you had any experience in New Town development?
- What is the role of public corporations in terms of housing provision in your country?
- How would you evaluate Korean way of residential development (New Town)?