

A Comparative Housing Policy and Policy Transfer between Countries with Respect to Low-Income Housing in Korea

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ABSTRACT

Korea has experienced a remarkable economic achievement since the 1960s. However, behind this facade of growth and progress, a chronic housing shortage in the capital region, declining owner-occupation, rising housing costs, and polarization in housing conditions between the better-off and the worse-off clearly illustrate the impasse and crisis in housing that Korea now faces. In addition, the IMF crisis and the late global financial crisis shocked the Korean housing market. The Korean government has made significant policy changes to improve housing security for less-privileged groups. In order to achieve housing policy development, the Korean government has tried to employ of advanced countries. What are the benefits(merits) and dangers(demerits) of housing policy transfer between countries? This paper emphasizes that we must recognize about 'differences' rather than 'commonalities' between countries with respect to policy transfer. It also maintains that the government should play a main role as an enabler rather as a provider of 'low-cost' housing.

Key words: Low-income housing, Housing crisis, Policy transfer, Housing tenure, Korea

1. Introduction

Providing adequate housing for people is one of the great problems in the world today. South Korea (hereafter Korea) has achieved a remarkable economic development since the 1960s, but many sub-standard dwellings and other aspects of housing poverty still remain. House prices in Korea had risen dramatically between 1999 and 2007, generating large increases in home equity for many homeowners but also making housing unaffordable for other people. The increase in house prices has made the housing market increasingly difficult to enter. Perhaps the crucial dimension of housing supply and quality is the increasing house prices and rents. Moreover, the IMF crisis (the Asian financial crisis) and the late global financial crisis shocked the Korean housing market. Immediately after each crisis, the housing market experienced a serious recession and a sharp drop in prices.

The Korean society is facing now low-income housing crisis with respect to the following factors: housing quantity and

quality, housing affordability, security and inequality, and financial turmoil. The Korean government has tried to adopt low-income housing policy programmes of advanced countries to achieve policy development. What are the benefits (merits) and dangers (demerits) of housing policy transfer between countries? In order to make a comparison of housing policy and policy transfer between countries, the housing policy authorities need to consider carefully about housing conditions and housing norms. This paper discusses that we must recognize about 'differences' rather than 'commonalities' between countries with respect to policy transfer. This paper also stresses that the government's main role is as an enabler' rather as a provider of 'low-cost' housing.

2. Low-income Housing Problems and Situation in Korea

Urban Korea has a shortage (Table 1). There are two facts

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Table 1. Housing Stock Changes and Housing Service Levels in Korea

Characteristics	1980	1990	2000	2005 ¹⁾
Rate of population growth (%)				
-South Korea	1.57	0.99	0.71	0.21
-Seoul	3.28	-0.12	-0.18	-0.25
Dwelling per 1000 inhabitants				
-South Korea	142.1	169.5	248.7	279.7
-Seoul	115.7	137.4	199.4	236.4
Per capita floor Area (m ²)	10.1	13.8	20.1	22.7
Households per housing unit	1.5	1.6	1.3	1.2
Flush Toilet (%)	18.4	51.3	86.9	94.0
Hot water (%)	10.0	34.1	87.4	95.8

Note: 1) The government conducts the census every five year. The latest census which was taken in 2005, showed a population, housing and household nation as a whole.

Source: Economic Planning Board, Population and Housing Census Report, 1970-1990, Seoul, EPB; KNHC, Year Book of Housing and Urban Statistics, 2008; National Statistical Office, Population and Housing Census, Seoul, 2007.

observed. One is the higher rate of growth in Korea's households than in its population, and the other is the upward trend in the annual rate of increase in households, despite the downward trend in the annual rate of growth in Seoul's population (NSO, 2007).

The housing shortage has been particularly acute in Seoul. In comparison, the number of dwelling per 1,000 inhabitants in Seoul was about 236, which is much lower than that of other world cities (an average of over 400)¹⁾. As shown in Table 1, the sustained economic growth since the 1970s has been accompanied by improved housing quality. The average per capita floor area has increased steadily, whereas the proportion of dwellings equipped with flush toilets, modern kitchens and hot water rapidly increased.

Despite the overall improvement in, housing quality, many sub-standard dwellings and other aspects of housing poverty still remain. According to the National Statistical Office (NSO) in 2005, the 2,236,800 households in Korea, more than 16 percent lived in accommodation that did not meet minimum standards in terms of floor space and basic facilities.²⁾ By region, the Seoul

Metropolitan Region (SMR) represents 35% of all households who live in substandard accommodation. The poorest decile³⁾ of 1,041,000 households (40.7% of all substandard accommodation) live in units that are below minimum standards. Since the early 1980s, poor housing conditions and overcrowding have been associated with spontaneous new settlements, the so-called *jjogbangs* and "vinyl houses"⁴⁾ (Ha, 2004).

The supply of housing has not kept pace with the demand because of the rigid regulatory system governing land use conversion. As a consequence, the prices of urban housing have risen much faster than other prices. This in turn raises the difficult question of the distribution or incidence of such increases: what are the barriers to overcoming Korea's affordability problems? The housing price index increased much faster than the wholesale price index during the last three decades. The housing-price-to-income ratio (PIR) for was estimated at 12.1 in 2009, which was considerably higher than the worldwide average figure of 5.2. The rent-to-income ratio (RIR) was 27 percent, which was extremely high in comparison to the worldwide average of 18 percent (Kookmin Bank, 2009; MOCT and KNHC, 1999. 29).

One critical housing problem is that housing insecurity and serious human rights violations arise most frequently in housing redevelopment projects. Squatter-tenant households are forcibly

1) 423 in Japan (2003), 430 in U.K. (2000), 419 in the Netherlands (2003), 472 in Germany (2003), 503 in France (2003).

2) The minimum residential standard set by the Korean government is based on three factors. First is the minimum floor space (adequate space and privacy). For example, the floor space area for a household of four persons must exceed 37 square meters. The second factor is facilities (the provision of basic services): any housing lacking basic services and facilities such as running water, electricity, or sewerage is judged to be below standard. The third factor is structure and environment: poorly built structures such as tents, communal huts, and barracks that use inadequate building materials are judged to be below standard (Article 5-2, HOUSING ACT).

3) These individuals have a monthly income below 848,000 won (839 USD). 1 USD is equivalent to approximately 1,010 won as of Dec. 2005.

4) *Jjogbangs* and 'vinyl houses' are a new type of rental housing or accommodation for the lowest income groups and the homeless. In most instances, the problems of these kinds of substandard houses are a lack of facilities for washing and food preparation and a complete lack of security.

Table 2. Changes in Average Size of Housing, House Price, and Jeonse Price After Urban Regeneration Projects (New Town Project) in Seoul(2002–2009)

	Before	After
Proportion of less than 60m ² housing units to total units	63%	30%
Proportion of house price less than 5 hundred million won to total units	86%	30%
Proportion of jeonse price less than 40 million won to total rental housing units	83%	0%

Source: Unpublished document for a public hearing, for the Improvement of Residential Environments, January 2009.

Table 3. Changes in Major Economic Indicators

	GDP growth rate (%)	per capita GNP (\$)	industrial production index (1995=100)	average operation rate in manufacturing (%)	unemployment rate (%)	increase in urban household expenditures (%)	increase in whole sales and retail sales (%)	increase in permitted building area (%)
1997	5.0	10,307	114.2	79.0	2.6	4.4	3.2	-0.4
1998	-5.8	6,823	105.6	68.1	6.8	-11.6	-12.7	-55.0

Source: The Bank of Korea (1999), Economic Statistics.

removed (Ha, 2001, p. 41). In addition, the law does not provide strong enough protection to renters, who usually account for 60-80% of the population in redevelopment areas and who are excluded from sharing the benefits.⁵⁾ There has been scant provision for public rental housing in same neighborhoods mainly because of the government's financial difficulties and the opposition from the developers. The redevelopment process and their outcomes have to be understood in association with the 'new town projects' in Seoul. New town projects⁶⁾ are designed to enhance the development of northern and southwestern areas of Seoul, which have lagged far behind the poor southern districts of the city.

Despite the governments' efforts to solve predicaments of the housing redevelopment scheme through the model projects, the problems still remain. Constant urban redevelopment in Seoul has resulted in a decrease in affordable small-sized homes. The new town development over the past seven years(2002-2009) has lowered the percentage of homes sized 60 square meters or

smaller from 63 percent to 30 percent, according to a report unveiled in January 2009 by the Seoul City's Advisory Committee for the Improvement of Residential Environments (SCACIRE).

The average size of homes in the new towns grew from 80 square meters to 107 square meters. However, the proportion of house prices less than 500 million won, which was 86% before the projects, has remarkably decreased to 30%. The proportion of inexpensive jeonse rental housing units also has substantially declined after the new town projects (SCACIRE, 2009) (Table 2).

With the launch of IMF reforms, house prices in Korea had steadily declined (Table 3). During the first and second quarter in 1998, as the real estate depression had come in earnest, house prices fell so rapidly that it raised the possibility of real estate deflation (KRIHS, 1998;). After the late 1997, there was a sudden flood of homeless people in urban areas, mainly in Seoul (Ha and Lee, 2001). The number of the homeless in Seoul has increased substantially since the economic crisis.⁷⁾

Since the last quarter of 2008, when the financial originating from the subprime mortgage problem in the USA resulted in a full-blown global crisis after the bankruptcy of Lehman Brothers on September 15, both exports from and imports to Korea have rapidly decreased, whereas macro financial instability has increased. The GDP growth rate of Korea (one of the lowest among OECD countries) shrank to -5.6 percent from the preceding quarter.

5) The tragic death of five protesters and a policeman in a fire on January 20, 2009 in Yongsan (the administrative district of Yongsan is located in central Seoul) left many people criticizing the eviction process of Seoul City's urban redevelopment projects. The fire broke out during a police crackdown on squatters demonstrating against the inadequate compensation for their eviction from a commercial building slated for redevelopment. Civic groups and alliances of the evictees have been staging rallies ever since, urging the government to come up with better redevelopment policies.

6) This is an urban redevelopment project (a "revitalization and beautification" plan) devised by the Seoul City government; it aims at building eco- and dweller-friendly communities and has been in effect since 2002.

7) The number of homeless increased dramatically from 840 in February 1989 to 4800 in February 1999 (Seoul Metropolitan Government, 1999; Ministry of Health and Social Welfare, 1999; Korea Center for City and Environment Research, 1999).

Korean financial markets have suffered from massive financial deleveraging by foreign investors as well. As a result of this financial deleveraging, the Korean currency has sharply depreciated (one of the highest depreciation rates among major currencies) and has since fluctuated widely against the U.S. dollar.

Fears about the global financial crisis had sent house prices plummeting and caused construction companies serious liquidity problems. House prices had rapidly declined even in high-demand residential areas in southern Seoul, where mortgages are most common. According to a recent survey by Budongsan 114, a local real estate consultancy, the average apartment price in Seoul dropped 1.57 percent in 2008, the first decline in eight years (2000-2007). Housing prices in the so-called “bubble seven” regions⁸⁾ have plummeted in 2008, hit hard by the global credit crunch and the consequent economic downturn. Housing prices in some of those popular residential regions have even dropped lower than before late 2006 (The Korea Herald, December 19, 2008).

The number of unsold new houses surged across the country. The number of unsold apartments has reached its highest rate in 11 years.⁹⁾ Due to the increasing number of unsold houses, a total of 251 construction-related companies had gone bankrupt in 2008. The market situation had been similar to that in 1997 when the country suffered from the currency crisis.

Moreover, land prices in Korea dropped sharply in November 2008, the first decline in eight years, and transactions were also reduced to the lowest level in more than seven years. (Ministry of Land, Transport and Maritime Affairs, 2008). The downward trend in land prices is double the decline in house prices adding to the frustration of homeowners amid the deepening economic downturn. The collapse in property values has led to a slew of bankruptcies, with builders reeling from unsold homes and tighter lending, and housing construction nationwide dropped in 2008 as companies scaled back on projects.

The key to resolving the unsold house issue is the recovery in demand, which could be realized if financial regulations were eased, including relaxing or eliminating the loan-to-income ratio and the debt-to-income (DTI) ratio.¹⁰⁾ Lehman's impact was

quick and intense. For the domestic property market, however, as rapid as the fall was, the comeback was also brisk. Unlike most other cities of the world, the prices of for-sale housing in upscale southern Seoul districts have soared from the Spring of 2009 to approach the levels of 2006 (Kookmin Bank, 2009).¹¹⁾

3. Confronting Assumptions on Housing Policy Transfer

Learning lessons from overseas has in reality been a common activity with some national governments often looking to particular countries. Moreover, comparative study broadens the researcher's horizons and brings new experiences against which own country experiences can be compared and contrasted. Comparative study can help the policy makers and planners to make a better integrated programme. In any given country, it is extremely difficult to compare housing policies or judge their effects. As Doling (1997) points out:

There is a prima facie for arguing that comparative study facilitates lessons learning both in terms of theory and policy. Unfortunately, the gains are neither so straightforward research nor so easily realized (p.22).

With respect to the comparison housing policies and policy transfer between countries¹²⁾, it can confront us with our assumptions judging by the Korean context:

3.1 Homeownership

Homeownership is a key cultural icon in Korea. . Some homes are constructed by the owners with the intent to occupy. Many are inherited. In Korea, a house is usually the most expensive single purchase an individual or family makes, and often costs at least several times the annual household income. Probably the most frequently quoted example of this in Korea is home ownership which has been widely considered ‘as being innate desire for all groups’.

Homeownership is not everywhere extolled with the same characteristics. As we have known, Germany, Denmark and Switzerland, for example, homeownership is minority activity.

percent from 60 percent in 2008 in and around Seoul.

- 8) The bubble-seven areas are Gangnam, Songpa, Seocho and Mokdong in Seoul and Bundang, Yongin and Pyeongchon in Gyeonggi Province, where officials believed property prices were pushed up by speculative investors.
- 9) The number of unsold apartments nationwide totaled 123,371 in January 2008, up 9.9 percent from a month earlier. The figure was the highest since July 1996 when the figure stood at 127,573.
- 10) The government has lowered the loan to value (LTV) ratio to 50
- 11) The outstanding amount of mortgage loans also jumped 4.5 trillion won to total 337 trillion won (\$275 billion) in July 2009 in another sign of the reviving housing market. Thus, the government has been moving to reduce the amount of mortgages as property prices have risen for four consecutive months in 2009 and have shown signs of overheating, especially in Seoul.
- 12) In this study, the concept of comparative approach and policy transfer is not wedded to any particular methodological stance.

Table 4. Housing Tenure in Korea (1975-2005)

Units: (%)

	1975	1985	1995	2000	2005
Owner occupied	63.6	53.6	53.3	54.2	55.6
Jeonse	17.5	23.0	29.7	28.2	22.4
Bojeongbuwolsoe	-	10.1	10.3	10.7	-
Wolsoe and Sakwolsoe	15.6a	9.7	4.2	4.1	19.0b
Others(no rent)	3.3	3.7	2.5	2.8	3.1
Total	100.0	100.0	100.0	100.0	100.0

Notes: (a) and (b) include Bojeongbuwolsoe.

Source: Ha (2002); EPB (1987); NSO (1997); MOCT and KNHC (2008).

More importantly, not everywhere is home ownership considered 'as being innate desire for all groups.' In some countries such as Denmark, Sweden and Finland, cooperative or collective ownership and shared facilities are common and usual. On the other hand, in Korea, cooperative ownership is viewed as a most unusual form of ownership.

However, the proportion of owner-occupancy in the country as a whole has declined from 63.6 percent in 1975 to 55.6 percent in 2005(Table 4).

3.2 Unique Housing Tenure: Jeonse

Korea has a unique and unusual tenure system, consisting of owner-occupancy, Jeonse, Bojeongbuwolsoe, and others (Ha, 2002, p.197). Jeonse is a major form of housing tenure, accounting for a 5% of the total housing stock during the last two decades(Table4) and approximately 38% of the total housing stock in the Seoul Metropolitan Region (2005). Jeonse is a rent system where the tenant pays a lump sum to the landlord and receives the same money back when he or she leaves the rental unit. The earned interest on the Jeonse constitutes the landlord's rental income. The landlord will usually invest this fund and the earned interest represents the imputed rent. Landlords benefit during prosperous times by investing the deposits, generating good returns. Renters also benefit by not having to make monthly payments for the duration of the contract.

Bojeongbuwolsoe is a type of a security deposit with monthly rent provisions. At the beginning of the contract period, the tenant makes a refundable deposit but pays a monthly rent. In case of non-payment, the rent would be deducted from the deposit.

Sakwolsoe is a declining Jeonse system. The tenant makes a one-time deposit from which a given amount is deducted. Hence the total amount of rent is the deducted amount plus the interest earned on the remaining deposit. Wolsoe is a monthly rent system, which is similar to the monthly rent system found in most countries.

With respect to the income level of different tenure types,

homeowners earn relatively higher incomes than other tenure groups. The lowest income households usually have the Ilse, a daily pay system, arrangements. Jeonse households in large cities are relatively better-off, earning higher incomes than other rental households. The level of income declines from owner occupiers to Ilse.

Every human society has its own sociocultural system: a particular and unique expression of human culture as a whole. Housing norms help to explain why particular types or components of housing tenure fulfill needs of different types of households and why and how housing helps accomplish the needs outlined in Maslow's hierarchy.¹³⁾ In Korea, Jeonse and Bojeongbuwolsoe are very unique types of housing tenure and these tenure types possess their housing norms. In terms of housing tenure system in Korea, Jeonse norms include the full range of rules that society promulgates in more or less formal ways to govern the way people live and behave. Housing norms may change in response to the chronic existence of housing problems and development situation in Korean society.

In order to make comparison tenure types and their policy implication between countries, we should carefully consider sociocultural system, particularly housing norms and components of human culture as a whole. As Tim May (1993) pointed out: comparative research is clearly a two-way edged sword having both potential and problems (p. 163). To compare housing sector performance among countries, we must first recognize that comparison, particularly tenure system, is about differences rather than commonalities.

3.3 Jjogbang for the poor

It is important to examine rental accommodations, particularly

13) Maslow's hierarchy of needs is a theory in , proposed by in his 1943 paper *A Theory of Human Motivation*. Maslow subsequently extended the idea to include his observations of humans' innate.

Jjogbang, for the poor in Seoul. Jjogbang¹⁴⁾ has emerged as an important rental accommodation which has been the result of housing renewal projects in inner city areas and the financial crisis. A number of squatter settlements have been demolished since the early 1980s as a result of city beautification or redevelopment projects. The evicted squatters have scattered around the city and some of them still remain in inner city areas. For the evicted tenants, Jjogbang is an alternative form of shelter. Since the IMF crisis, Jjogbang has bridged the gap between the unemployed and the poor's housing needs and supply in Seoul.

The principal characteristic of Jjogbang is very small rooms averaging approximately 3.3 square meters, rented rooms, bed or bed hours in boarding or room houses, illegal lodging or rental system, relatively low cost and central-location, lack of facilities and poor services.¹⁵⁾ The tenants are mostly poor and homeless people. One of main characteristics of Jjogbang is the daily pay system¹⁶⁾.

In order to make comparative housing policy studies, the most important thing is to get information and data on housing. Major constraints on the housing information in many countries, particularly in developing nations, are inaccurate, inconsistent and incomplete figures for production, tenure and stock. In Korea, for example, unfortunately there are no accurate data on substandard housing such as Jjogbang. Sometimes official bias plays a part, as when government statistical agencies under sample or ignore substandard residential areas, particularly in squatter areas, for political or legalistic reasons in many developing countries. In Korea, for example, the National Statistical Office conducts a detailed and systematic annual survey of mainly incomes and expenditures in urban areas. However, the survey excludes all households in squatter areas (vinyl houses, Jjogbang, etc), presumably because such areas are illegal. Comparative analysis and policy transfer between countries are not, therefore, necessarily an easy option.

14) According to the Korean dictionary, the literal meaning of Jjogbang is to divide the room or to emphasize small. However, 'Jjog' means a part of a divided thing or a unit to calculate a split article, and 'bang' means a room or sleeping space. There are no data available on Jjogbang in the census or other government statistics.

15) Most of Jjogbang have not cooking facilities or kitchens for the renters and toilet or washing room is commonly used. There were about 5,000 Jjogbangs in the study area-located mainly in the inner city of Seoul.

16) The day rent was usually from 3-5 US \$ for a room and the monthly rent was from 100-120 US \$ in 1999.

3.4 Financial Crisis and Low-income Housing Policy

According to a survey, the problem with respect to the poor was not their unwillingness to work but the scarcity of job opportunities in the IMF era. Although they face economic difficulties, they had a positive attitude toward future and are diligent. Most poor people tried to overcome the economic hardship and maintain sound morals (KOCER, 1999).

After the IMF crisis, many people have become trapped in a cycle of homelessness and unemployment. Without work, it is difficult to find a place to live, but it is almost impossible to get a job without a permanent address. Considering the absence of a social safety net in line with the financial crisis, the most important role of the government was to support civilian movements that were working to enable the unemployed to regain their ability to self-support.

In the Korean context, civil societies' methods of approach to the unemployment and homeless problems were as follows. First, led by religious circles, including Catholics, Protestants, and Buddhists, they helped unemployed and homeless persons through the establishment of shelters. As of 1999, 200 such shelters were in operation throughout the country, with financial support from the Health and Welfare Ministry. Second, led by the Citizens Coalition for Economic Justice (CCEJ) to save the economy (the unemployed Self-support Movement), they offered employment information, organized self-support efforts, and provided job counseling through a nationwide system of centers for unemployed persons. CCEJ also carried out fund-raising campaigns and monitored the government's unemployment policy and budget implementation.

In most countries in the developing countries, relatively few low-income households can afford to purchase a house. There is a recognition that new kinds of housing finance institutions are needed and that conventional housing finance or mortgage institutions which many governments set up or strengthened in the 1980s and 1990s were not fully serving low-income groups.

In most developing countries, the lack of formal sector credit for low-income households arises for many reasons. One of important reasons is that low-income household's lack of verifiable or regular flow of income and of collateral that is acceptable to housing finance agencies. The second is a belief that the poor will not repay (UNCHS, 1996).

It is argued there is a role for government to ensure low-income households can obtain housing credit. Credit programmes to enable low-income households to build or purchase their own housing are therefore a solution emerging from conventional

economic analysis of the housing needs of low-income communities. Housing credit programmes have proved to be an effective and efficient way of delivering subsidies because they avoid or reduce problems such as the selection of recipients and dependency. Households and communities are in part, self-selected (World Bank, 1993; UNCHS, 1996)

Major government programs such as FONHAPO in Mexico and the Community Mortgage Programme (the Community Development Office) in Thailand, for example, have been innovative offering loans through communities or providing ‘collective credits’. One of most important programmes is that such loans can be designed to support the formation and strengthening of community organizations that then have a central role in the development process within low-income settlements.

In the past two decades, the community savings process in Asia has grown from a few scattered experiments into a very large regional movement. Community savings and credit are a kind of revolution among poor people who are tired of waiting for solutions from governments or NGOs and want to change their lives – a change that they find they can begin themselves with the simple rituals of collective saving and lending within their communities. What poor communities in some developing countries have realized is that a community development process that is owned and managed by people themselves can only be strong when they manage the money- beginning first with the money that they save and manage themselves, collectively. But while this huge revolution was going on in countries all around it, Korea has lagged behind.

In Korea savings are just starting in poor settlements. A few micro-credit schemes have popped up in recent years, but community-managed savings and credit is still something very new. A few substandard residential areas (vinyl house communities) in Seoul and Kwacheon have now started savings groups, with support from ACHR, and are beginning to form a network.¹⁷⁾

4. Policy Implications

Many researchers and policy makers believe that comparison is a valuable tool for learning. Over the past two decades there has

17) The Asian Bridge is a non-profit organization helping socially vulnerable and disadvantaged people (disabled people, women and children) all over . The Asian Coalition for Housing Rights is a regional network of grassroots community organizations, NGO's and professionals actively involved with urban poor development processes in Asian cities.

been a significant growth in comparative research and policy transfer in recognition that, on the foot of globalization, similar problems exist and excite the interest of policy makers and researchers all the world over. Many of the problems faced by housing and planning professionals are common or familiar, but the solutions are many and varied, reflecting the diversity of contests within which these disciplines operate.

4.1 Benefits of comparative analysis

At this stage I would like to raise a question: what are the benefits and dangers of housing policy transfer between countries with respect to low-income housing? Across the world, however, it is perhaps surprising that there are many common issues and problems that potentially we learn from each other's experience. In order to make the housing policy transfer, we may need to have a comparative analysis. A comparative analysis and research may have following benefits (Doling, 1997; Oxley, 1991; Angel, 2000):

- broadens researcher's horizons and bring new experiences.
- aid hypothesis testing, generation, and examine the theoretical techniques.
- provide and obtain more data, information and accumulate knowledge.
- learning lessons from success and failures of others.
- postulate a housing system and examine the interrelationships of housing system variables to other variables.
- get ideas for new policies and help policy innovation

If a policy maker tries to apply policy tools and programs from other countries based on the comparative analysis, there are some difficulties and uncertainties. There are may be hassle in trying to measuring devices developed in one country or other countries where the cultural differences, particularly differences of housing norms, may give them very different meaning. In broad terms, convergence to efficient, equitable, and sustainable housing policies appears to be gradually taking place with increased learning and cross-fertilization between countries. But, in practice, this convergence is replete with mistakes, reversals, and failures.

4.2 Benefits (Do's) and Dangers (Don'ts) of Housing Policy Transfer

Recommendations concerning operational instruments that are necessary to policy transfer, particularly from the developed nations to developing countries, to work effectively are summarized

Table 5. Benefits (Do's) and dangers (Don'ts) of housing policy transfer

Instrument	Benefits (Do's)	Dangers (Don'ts)
Public housing Programmes	<ul style="list-style-type: none"> - Creating egalitarian society - Avoiding exploitative landlordism - Adapting social safety nets - Decentralization of the ownership of public housing 	<ul style="list-style-type: none"> - Poorly designed and sloppy maintain - Bureaucratic allocation system and expansion of public bureaucracy - Allocating to middle income or higher income groups - Reduce geographical mobility
Developing housing finance	<ul style="list-style-type: none"> - Increasing popular access to mortgage - Allow private sector to lend - Introduce better loan instruments - Community savings and credit 	<ul style="list-style-type: none"> - Neglect resource mobilization - Allow high default rates
Developing property rights and housing renewal	<ul style="list-style-type: none"> - Regularize land tenure - Community based and residents participation 	<ul style="list-style-type: none"> - Engage in mass evictions - Disregard of involvement of low-income Group and CBOs in projects
Regulating land and housing development	<ul style="list-style-type: none"> - Reduce regulatory complexity - Remove price distortions 	<ul style="list-style-type: none"> - Impose unaffordable standards - Maintain unenforceable rules
Organizing the building industry	<ul style="list-style-type: none"> - Eliminate monopoly practices - Encouraging small-firm entry 	<ul style="list-style-type: none"> - Allow long permit delays - Continue public monopolies
Developing a policy and institutional framework	<ul style="list-style-type: none"> - Balance public/private sector roles - Developing enabling strategies - Monitor sector performance 	<ul style="list-style-type: none"> - Engage in direct public housing delivery - Neglect local government role - Disregard of CBO, NGOs participation
Indicator and housing minimum standards	<ul style="list-style-type: none"> - Collect housing indicators systematically - Considering local housing norms and sociocultural system: 	<ul style="list-style-type: none"> - Preconceived middle-income assumption - Applying developed countries' standard

Source: World Bank, 1993, pp. 46-47; UNDP, 1996; ACHR, 2010; Angel, 2000).

Table 6. The Korean experiences of public housing: Advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> - discourage the formation of slums and substandard settlements - bring housing directly to those in most need. 	<ul style="list-style-type: none"> - directly affects very few of the needy - often subsidize those who do not need it - create and expansion of public bureaucracy - form of social exclusion between income groups - reduce geographical mobility and accessibility

in table 5. There are numbers of benefits and dangers, or do's and don'ts in policy transfer between countries.

4.3 Discard Middle-income Assumption and Developed Countries' Standard

Experts in low-income housing have repeatedly attempted to set minimum housing standards in the interest of the occupants. Residential standards involve three aspects. They are: (1) house size, (2) density, and (3) road and services (Lim, 1980). It is disappointing that those dealing with low-income housing do not establish standards from first principles, i.e. health, safety and what the occupants can afford to pay. If the government is seriously attempting to cater for the urban poor in developing countries, middle-income assumptions and Western European and North American housing and environmental standards should be discarded. We recall that standards for shelter should

be compatible with local resources, be evolutionary, realistic and sufficiently adaptable to local conditions, culture, and housing norms.

4.4 Korean Experience of Policy Transfer: Public Housing

Public rental housing programmes¹⁸⁾ in Korea have been pursued the goal of housing provision for the low income families. However, several problems and difficulties have been pointed out.

First, according to the Yoon and Kim' survey (1997), among the

18) In Korea, public housing has been defined as: (1) Housing whose construction and inconsequence rents are subsidized from public funds (Korea National Housing Funds). (2) It is provided by the KNHC and local governments at a price which is not principally determined by considerations of profit. (3) Political decision making has an important influence on the quantity, quality and terms of provision.

tenants of public rental housing provided from 1991 to 1996, only 46% of them could have been qualified as target households. Households residing in public housing were middle income households who were no longer qualified for public housing. It is apparent that public housing often subsidizes those who do not need it.

Second, most of newly built public housing estates were constructed in suburban areas mainly because of cheap land prices. According to the KNHC (2008), more than 82% of public housing estates have been developed in suburban areas. The estates are merely bedroom communities in the SMR. The public housing estates are functionally dependent on and fill the role of Seoul's suburban residential area.

Third, the public housing estate consists of 100% high rise apartments in order to maximize land use and accommodate more people (KNHC, 2008). And it is difficult to see a housing type mix or tenure mix in the public housing estates.

Fourth, according to a recent survey (Ha and Seo, 2009), one of most crucial findings is that about half of homeowners have a negative view on social mix: a mixture of social housing and non-social housing within same community would become an issue. It is apparent that they have no intention of getting along well with their poor neighbors, and they are likely to think it is desirable for similar income group to live in the same neighborhood. It means "birds of feather flock together. Since Korea is a racially homogeneous nation, it is difficult to see any racial discrimination. But a form of social exclusion between income groups has come to light. Some people recognized that social housing would give a negative impact to the neighborhood. Non-social housing residents speculate that because of neighboring social housing in line with the negative impression on poverty, there has been relative decline in the value of their housing.

Korean governments have been supplied public housing during last 20 years adopting Western European countries' way of subsidized rented housing which allocated with reference to need. The application of public housing system of provision in Korea is not a success. The unsuccessful outcome of public housing programme was mainly due to "merely imitating public housing system from Western model," not fully considering differentiation of policy environment and factors.

In Korean context, I should point out four key dimensions for housing policy differentiation. The first is the structure of the housing supply system. The nature of the building industry and the diversity of promotion are vital to understanding the varying nature of output between countries. The second is that ideological factors are crucial in understanding the long-term approach

towards housing in any one country. Third, wide variations in economic size and tended to generate divergent policy options and strategies among countries. Lastly, that every society and nations have their own sociocultural system, particularly housing norms and components of human culture as a whole. Korean society, for example, has a unique tenure system.

4.5 Enabling Role

The importance of policy differences in shaping housing sector outcomes is supported by the data on 52 countries collected by the Housing Indicators Program, a joint program of the United Nations Centre for Human Settlements and the World Bank. Among the most important of these indicators are physical measures, such as crowding or structural durability, and house prices, rents, and the house price-to-income ratio, which often reflect the relative efficiency of housing markets. Comparison of such measures indicates, for example, that the responsive housing market in Bangkok provides better, more affordable housing, even for the poor, than the heavily regulated market in Seoul. In Thailand where regulation is simple and efficient, housing supply is more than 30 times as responsive to shifts in demand than in Korea where regulation is complicated and cumbersome (World Bank, 1993, p. 3).

In the Korean context, we may need to take and apply some instruments which the developed nations, even low-income countries, have implemented already with successful outcomes. Korean government is advised to abandon her earlier role as producers of housing and to adopt an enabling role of managing the housing sector as a whole. This fundamental shift is necessary if housing problems are to be addressed at a scale commensurate with their magnitude—to improve substantially the housing conditions of the poor—and if the housing sector is to be managed as a major economic sector. In addition, past policies which have emphasized investments in residential infrastructure and housing finance must be complemented with policies that emphasize the need to rationalize the broad regulatory framework within which the sector operates.

Finally I suggest that the enabling framework gives government a central role in setting the framework for low-income housing. The enabling framework developed in response to housing problems and the failure of conventional public-sector responses (UNCHS, 1996). It is an idea that government actions in regard to housing should concentrate on 'enabling' and supporting the efforts of residents and community organizations to develop their own housing.

To make the enabling process successful, the role played by communities regarding planning and management must be increased; in order to increase efficiency, citizens should be given more control over what happens. And the active participation of NGOs and CBOs at all levels will ensure legality of tenure, avoid discrimination and lead to more access to low-income housing by poor residents (Ha, 2004).

5. Conclusions

In every country, without exception, there is a modern history of housing policy debates and housing legislation that attempt to provide lasting answers to difficult issues. National and municipal housing policies are now becoming globalized, informed, as it is, by what is happening. The housing sector has always suffered from a dearth of comparative statistics. In the absence of reliable international comparative statistics, a comparative housing policy and policy transfer analysis between countries are impossible to do. Needless to say, this lack of data makes comparisons between countries less than useful, and inhibits cross-country learning. There is a need to invent and refine housing indicators and means of measuring them precisely. And the accurate data collecting activities of governments may be worth investigating not just over time but also between countries.

There is no doubt that as economies mature their housing policy regimes become more similar, and that policy differences among industrialized countries are narrower than the policy differences among the less-developed countries. For the developing countries, it is no longer needed the preconceived middle-income assumptions and advanced countries' housing and environmental standards. It should be underscored that standards for shelter need to be compatible with local resources and sufficiently adaptable to local housing norms and culture.

For the Korean governments, one of the key issues is then – what kind of enabling institution needed that best compliments the efforts of individuals, households, communities and NGOs and ensures more coherence between them all so they all contribute towards ‘adequate housing as a component of the right to an adequate standard of living’. The challenge is not only how to direct and contain housing provision, but also how to mobilize human, financial, and technical resources to ensure the social, economic and environmental needs are adequately addressed. Considering the limited effectiveness of current methods and approaches to low-income housing policies, new processes and approaches have to be devised, which can be adapted to each society's conditions and circumstances.

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