

# Public Rental Housing Program in South Korea

Housing Policy and Financing System



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**LHI, Land and Housing Corporation(LH)**

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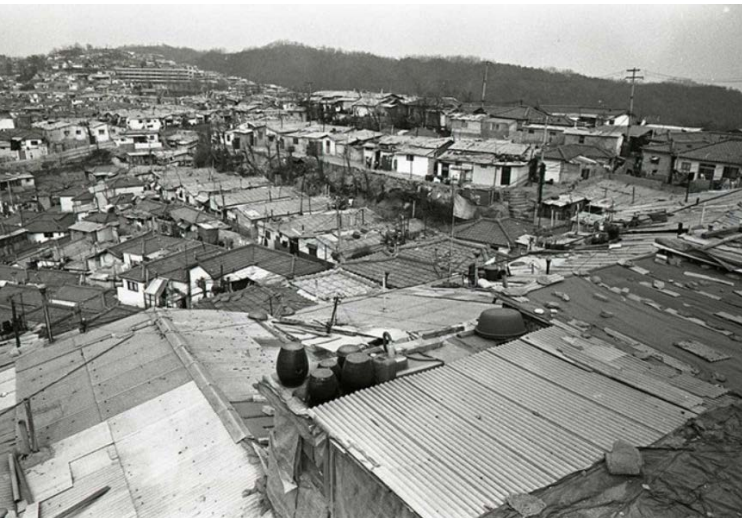
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## ✓ The Growth Pathway in Housing Sector

- (Korean War in 1950s) Absolute quantitative shortage, prevalence of substandard living environment
  - (State-led) Fast & large-scale construction through public bodies under ‘5 year plan for Economic Growth’
    - Korea Housing Corporation(1962), Korea Land Corporation(1981), **Korea Land and Housing Corporation(LH) in 2009**
  - (Apartment) Building high-rise and super block apartment complexes in urban area
- **Establishment of Public Rental Housing(PRH) production Base**

Moon Village (1960s)



Zamsil APT Complex (1978)



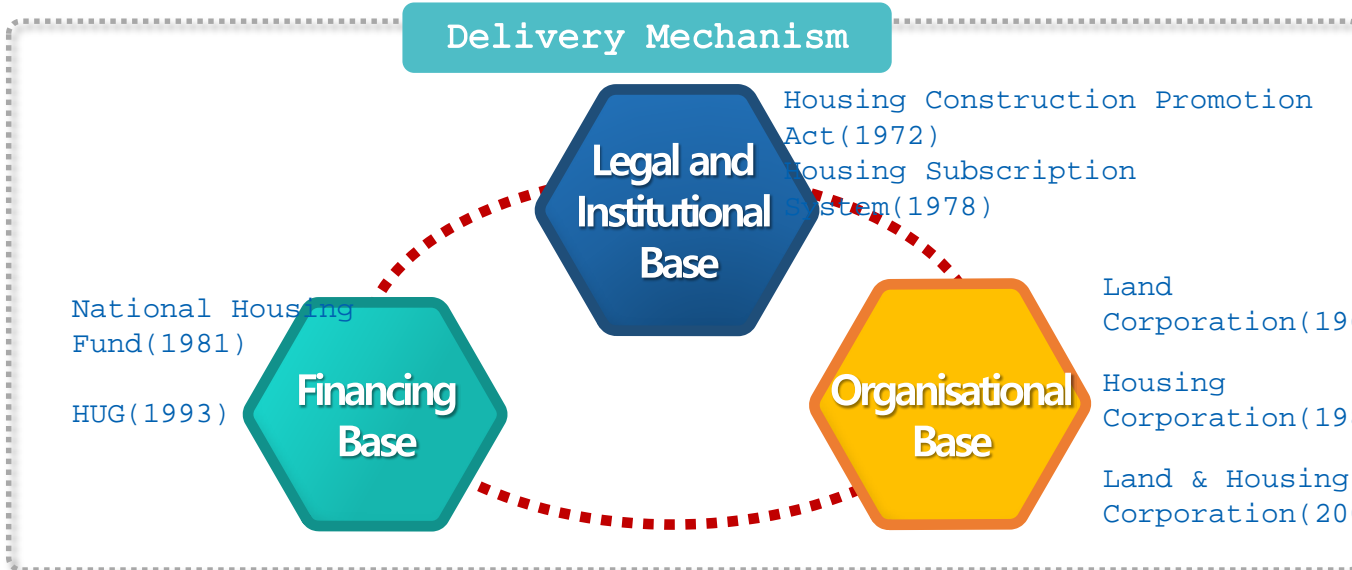
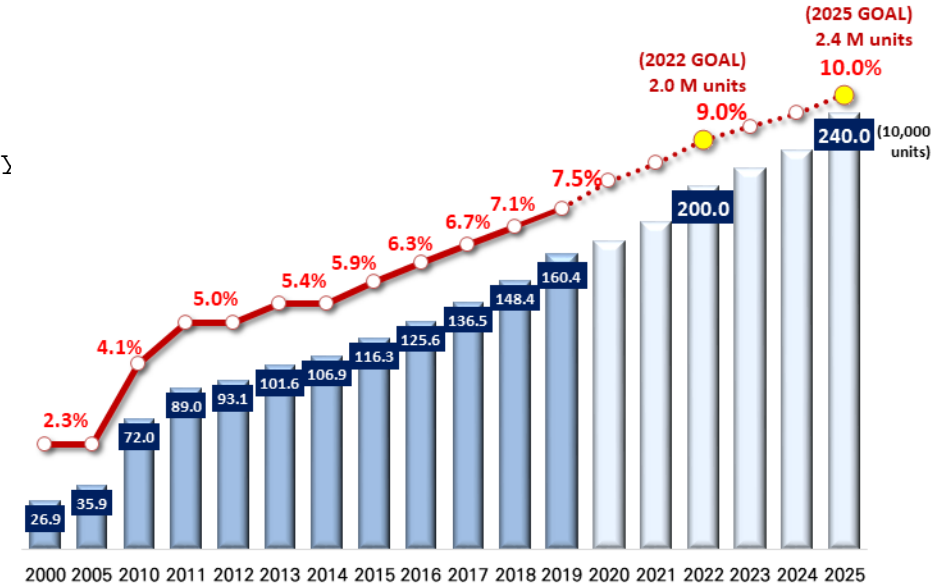
Dongtan APT Complex (2020)



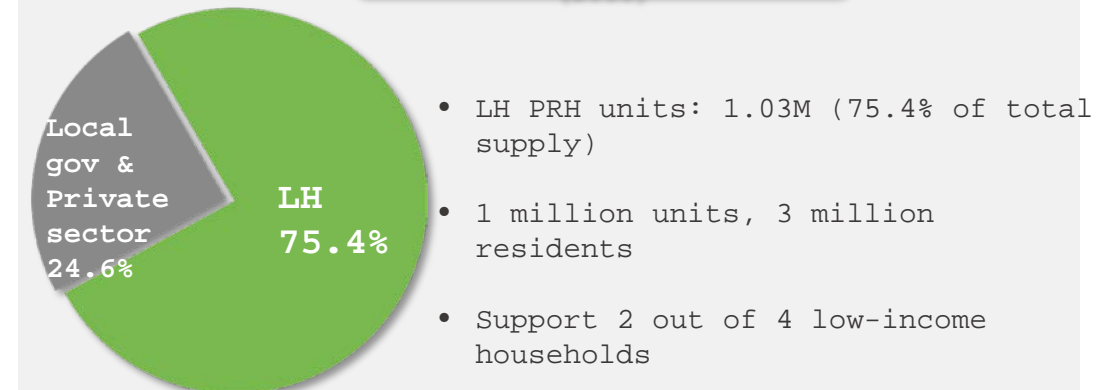
## ✓ Central Government-driven Housing Model

- State-led housing system
  - Developmental welfare regime or Productivism (Holliday)
- Housing construction-First Strategy
  - LH dominant model (75% of PRH units in Korea, 2020)
  - Mass production model (Uniformed apartment style)
- Land expropriation right and Public funding

Supply progress of long-term PRH

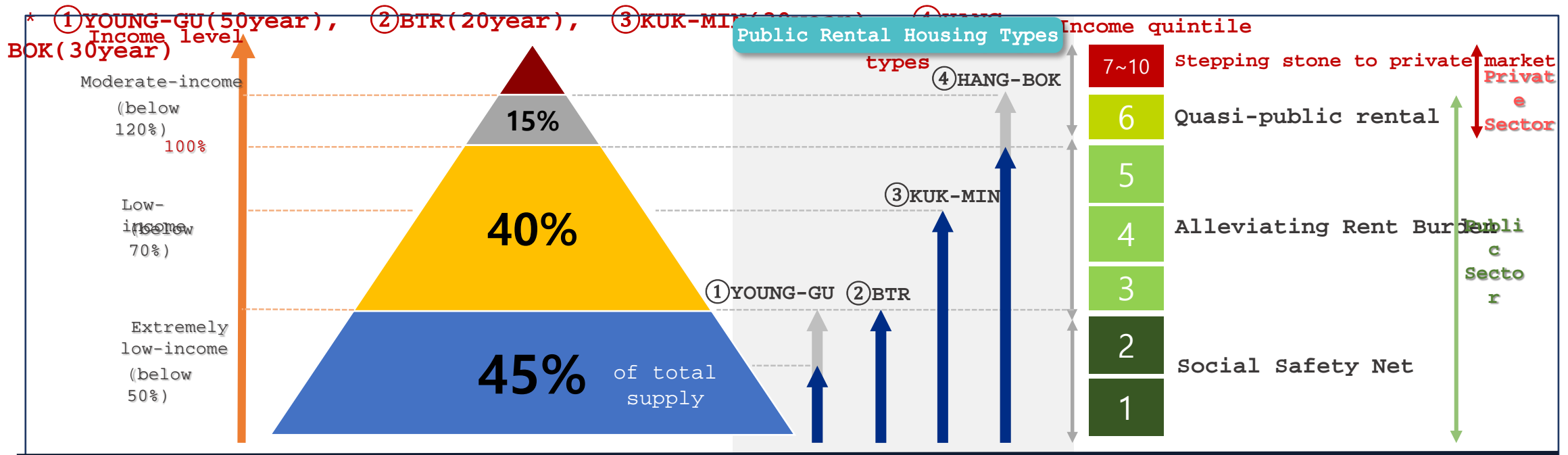


Supply Ratio of long-term PRH (2018)



## ✓ Multi-Layered Housing Support System

- Eligibility: Income and asset ceiling requirements
  - \* Regarding income level, about 60% of national population are eligible
- Different Public Rental Housing types apply by income level



※ 'Income level' is based on average monthly gross income of urban workers published by National Statistical Office

※ 'Income quintile' is an 10 level of index divided by 10% according to income level published by National Statistical Office

Social safety net → Alleviating rent burden → Stepping stone to private market → Home ownership



## ✓ YOUNG-GU Rental Housing

- Extremely low income group (under 30~50%/up to 2 income quintile) or socially vulnerable class
  - The elderly, disabled, beneficiary of national basic livelihood, single-parent family etc
- Over 50 years or permanent

Young-Gu Rental Housing

et price / housing



## ✓ Buy to Rent

- Low-income group (under 50% / up to 2 income quintile) • Young adult • Newlywed
- Utilizing existing houses / 30 years rent / below 30% of the market price
- Dispersed pattern in inner city areas / Less poverty image or stigma effect / Social mix

BTR Housing





### ✓ KUK-MIN Rental Housing

- Low-income group (under 70% / up to 4 income quintile)
- 30 years rent / below 60~80% of the market price / housing unit size: 59 m<sup>2</sup>
- Less poverty image or stigma effect / Social-economically mixed communities

KUK-MIN Rental Housing





## ✓ HANG-BOK Rental Housing

- Focusing younger class(university student · newlywed · young workers)
- Moderate-income group(under 120%/ up to 6 income quintile) / housing unit size: 51 m<sup>2</sup>
- 6~10 years rent(younger group·newlyweds), 30 years(the elderly group)/below 60~80% of the market price

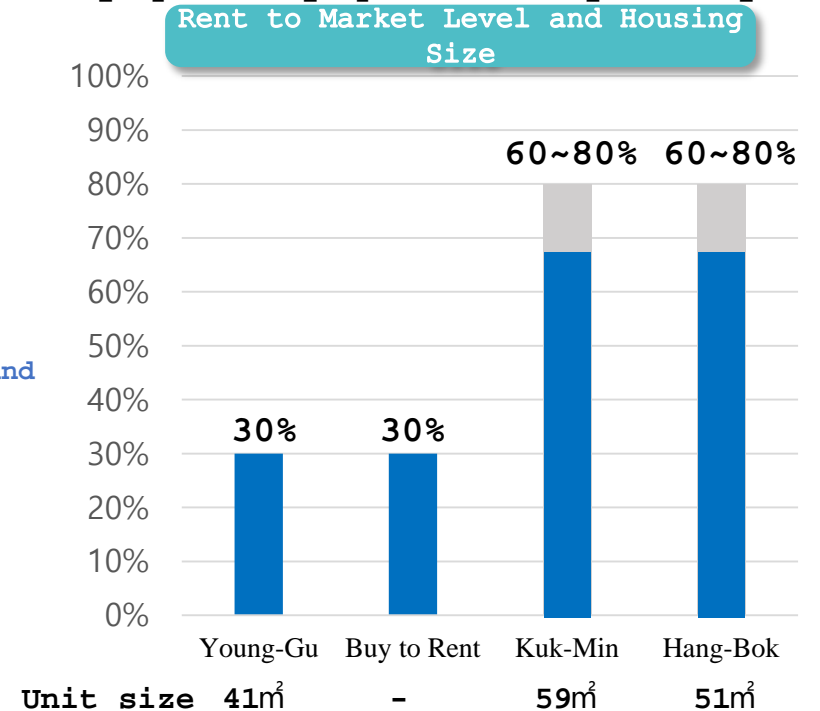
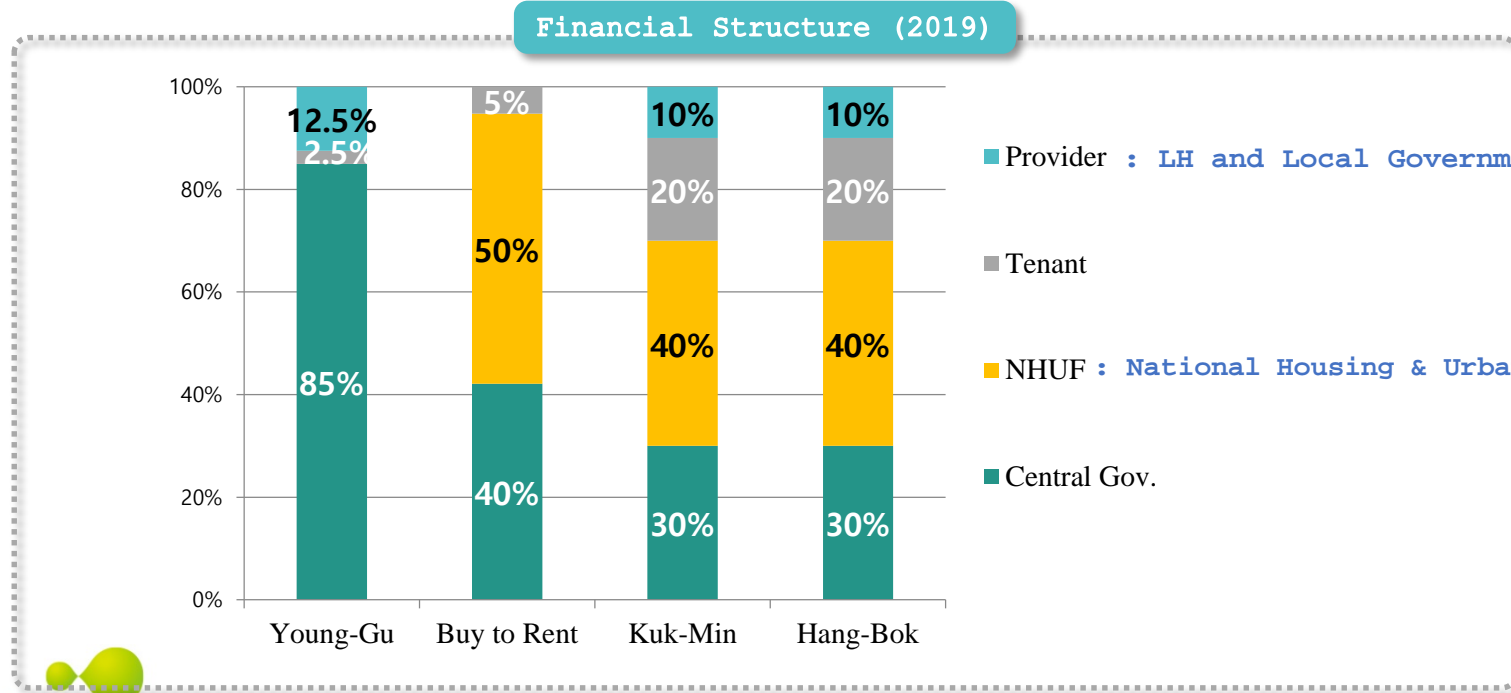
HANG-BOK Rental Housing

- Living space + Community space (library etc.)



## ✓ Public Rental Housing Financial Structure

- Different level of government support and subsidy by PRH type
- More subsidy for lower income household → More rent affordability / Capital m<sup>2</sup>
- National Housing & Urban Fund(NHUF) loans given at low interest rate with long - 30year grace period(payment of interest only) and 15year repayment(payment of principle



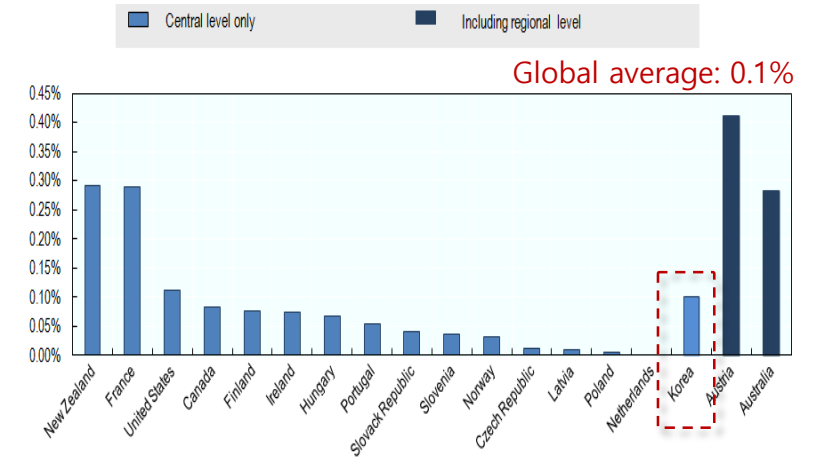
## ✓ Central Government Support (2003~2017): 0.1% of GDP

- Capital Fund (Central Government): Total 14.0 billion US\$
- National Housing and Urban Fund : Total 42.2 billion US\$(for PRH)

## ✓ National Housing and Urban Fund

- Specialized public funding agency for operating housing construction and management
  - Loan support 5.3 million housing units during 1981~2017
  - Long-term(45year) and low rate loan for house builders, providers and households
- Total asset: over 100trillion KRW(89 billion US\$)
  - Operating 6.23 billion US\$ a year / 50% for Public Rental Housing
  - Main income : national housing bond, subscription deposit, stamp tax etc.
- Korean Housing & Urban Guarantee Corporation(HUG) : operate and manage NHUF under NHUF ACT

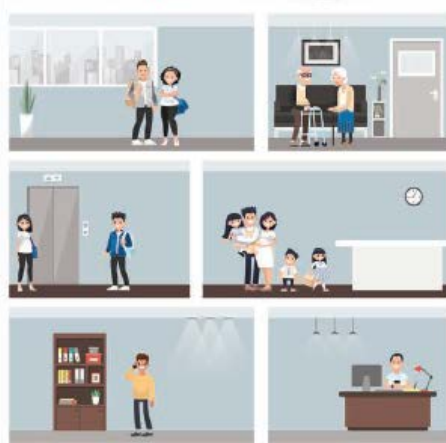
Total government spending on PRH & as % of GDP (OECD,2015)





## ✓ K-Lifecycle Housing Assistance Model

Younger group   Newlyweds   The elderly   Disabled group

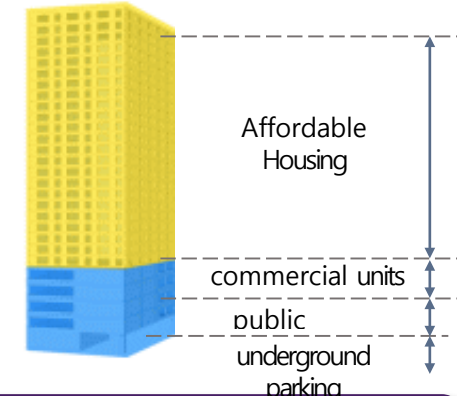


Social Mixing Model: Live Together, Better Life

## ✓ New version of Affordable Housing

Design Concept  
mixed  
redevelopment of  
old public office

public office



Before and After mixed development project of old public office (Resident community center)



→ Regenerate a non-decent space into a decent & adequate space within existing urban space

**Thank You**

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