

BUILDING AN AFFORDABLE HOUSING POLICY IN KOREA

An examination of Alternative Models of Private, Non-market Housing

BY

HyunShim Lee

A Practicum

Submitted to the Faculty of Graduate Studies

In Partial Fulfillment of the Requirements for the Degree of

MASTER OF CITY PLANNING

Department of City Planning

University of Manitoba

Winnipeg, Manitoba

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Abstract

The focus of this study is to identify programs that will resolve the shortage of housing for moderate-income South Koreans. The aim is to explore new, emerging, private, non-market housing (deed-restricted, owner-occupied housing, community land trust, and limited-equity condominiums) used as low-income housing in America and to examine the possibility of applying similar approaches in the Korean context.

Results suggest that key characteristics for new alternative housing programs are attractive for the moderate-income group who seek for affordable housing and homeownership in Korea. All the programs examined held possibilities for implementation after adjustments and slight modifications. The “blended” model of community land trust and limited equity condominium is suggested for its adaptation to the Korean context.

While the American housing programs held the promise of a possible solution, some key features would be impossible to implement in Korea, because of the political and institutional differences between the two countries.

Keywords: social housing; third sector housing; low-income housing policy; deed-restricted owner-occupied housing; community land trust; limited-equity condominium;

Acknowledgements

I wish to acknowledge the great contributions I have received from the many people who helped me to achieve my goal. I thank my advisor (Dr. Sheri Blake) to whom I deeply indebted. Dr. Blake's guidance and advise helped my throughout my studies. I also wish to express my gratitude to my committee members. Dr. Tom Carter and Dr. Jerry Buckland for their constructive suggestions while writing my practicum.

I also wish to acknowledge the support and help I got from my friends during the course of my studies special thanks to Agnes, Charles, Gertrude and Martin for embracing me as part of their families. Without their emotional support, I do not think I could have been able to achieve my goals. Their generous hospitality and friendship will be treasured for years. I also thank Jen and Warren for being there for me during difficulty times. I can only say that I was blessed to be surrounded by all of you wonderful people.

However, this thesis could not have been a reality without the financial and emotional support and encouragement from members of my family. I truly appreciate the sacrifices my parents and my two brothers made in the past few years to ensure that I complete my studies in Canada. The distance between us was unbearable but I endured. I, therefore, wish to dedicate my accomplishments to all members of my family.

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Chapter 1: Introduction

1.1 Overview

Rapid urbanization and industrialization in South Korea from the 1960s through the 1980s resulted in two important and inter-related housing issues. The first was the shortage of low-income housing units and the second was the increasing price of affordable housing. The affordable housing shortage coupled with the rising cost of available units made it increasingly difficult for low-income households to maintain an acceptable standard of living in Korean cities. People demonstrated in huge numbers to make the government aware of their needs and demands. Some even publicly burned themselves to death in order to attract attention to the housing crisis. Such tragic acts showed how desperately the citizens needed the government's support.

As the number of demonstrations and suicides increased, the issue was fast becoming a social threat to the central government. The central government began to recognize that affordable housing was a critical issue to the poor. In response, the government decided to provide its citizens with two million housing units within a five-year period (1988–1992). It was hoped that this would solve both the housing shortage and price control problems (Kim, Ji Youn, 1998). As a result of this policy, the rate of housing shortages decreased, as did housing prices (see Table 1). However, problems soon arose because the policy was not intended for low-income households. The central government operated by the trickle down theory that states that if the public sector provided for the housing needs of the middle class, these citizens would move to better housing and the poor would be able to occupy the houses the middle class had left behind (Jang, Jung Eun, 1996). Unfortunately, this process did not happen as the government had anticipated.

Table 1: Trends in the Housing Supply Rate in Korea

Year	National			Seoul		
	Households	# of Housing Units	% of Housing Supply	Household	# of Housing Units	% of Housing Supply
1960	4,198,000	3,464,000	82.5%	-	-	-
1970	5,576,000	4,360,000	78.2%	-	-	-
1975	6,367,000	4,734,000	74.4%	1,321,000	744,000	56.3%
1980	7,470,000	5,319,000	71.2%	1,754,000	968,000	55.2%
1985	8,751,000	6,104,000	69.8%	2,168,000	1,176,000	54.3%
1990	10,167,000	7,357,000	72.4%	2,557,000	1,431,000	56.0%
1995	11,131,000	9,579,000	86.1%	2,595,000	1,692,000	65.2%

Source: The Statistics, Annual Report of the Survey for Population and Housing (1997)

Household = total household number- single family number.

In fact, low-income people did not automatically take on the cost of middle-class housing, due to limited income. In turn, the central government decided to provide 250,000 permanent rental-housing units for the poor. The plan served as a significant step toward improvements in low-income housing policy. Ultimately the plan could not be completed because of political barriers. Later, in the early 1990s, an economic development plan was implemented; in it the majority of housing issues were addressed by the proposed provision of two million housing units. However, this new low-income housing plan became a controversial issue for politicians who argued that in pursuing a low-income housing plan, the government did not consider

economic efficiency. They argued that it would cause an excessive supply within the housing market that could result in negative economic impacts. As a result, housing policies were reformed for a while, but by 1993 the government concluded that there should be no further construction of permanent rental housing by the public sector¹.

1.2 The Problem Statement

The Korean housing problems had come about because the majority of low-income housing policies had been developed piece-meal in a time of political and economic crisis, rather than as a holistic strategy for positive change. Korean low-income housing policy was viewed as reactive rather than proactive, because changes occurred to avert crisis, not to address the housing conditions faced by the poor. The policy had consisted primarily of formulating plans without proper deliberation and research into the needs of the citizens (Lee, Young Hwan, 1995; Park, Yoon Young, 1997). The government had treated its people as passive followers of whatever policy it deemed fit to implement. This government attitude made it difficult to incorporate a housing policy, and also prevented the concept of a welfare social safety net erected by the government to protect its people. In addition, barriers to grass-roots participation in low-income housing policy also existed.

In 1994, the government stopped providing permanent rental housing for low-income people as a matter of economic efficiency. However, this did not spark extreme reactions from the low-income class, as was the case in the mid 1980s, because the private sector was annually supplying a small number of undersize apartments (less than 42.9 m²) for the poor, especially in redevelopment areas. The

¹ Two million housing units were provided between 1988 and 1992, but these units did not target low-income people. In 1989, the initial permanent rental-housing (social housing) project was launched, and 190,000 housing units were provided by 1993 (Choi, Chun Shik, 1995).

Asian financial crisis affected both the political and economic systems of Korea in 1997. The resulting chaos had an impact on low-income housing issues. Although the economic impacts of restructuring the economy after the crisis seem to have been overcome, the status of low-income housing had further deteriorated, and matters had become worse than before. Furthermore, the administration regressed toward a policy approach that was reminiscent of 1970s low-income housing policy. It was clear that alternative programs were needed to replace those that were currently employed.

1.3 The Purpose

The focus of this study was to identify programs that will resolve the shortage of housing for low-income Koreans. The aim was to explore new emerging programs for low-income housing policy in United States, and to examine the possibility of applying them to the Korean situation. A number of studies have been conducted on Korean low-income housing problems, but most of the research has concentrated on reviewing the policies that led to systemic problems. Therefore, numerous researchers have suggested how policy should be reformed and what efforts were needed to improve the situation, instead of considering the use of alternative programs (Jang, Se Hoon, 1996).

This study examines a number of successful housing programs in United States that have resulted in better living conditions for citizens with less support from government. Housing programs such as community land trusts, deed-restricted owner-occupied housing, and limited-equity condominiums have been reviewed. The study examined how these programs could be applied to the Korean situation, taking into consideration the country's political obstacles and different land economics. The study also examined what steps should be taken to make these programs adaptable to the Korean context.

Another intention of this study is to identify American low-income housing programs that could be applied in Korea to improve living and housing conditions for the poor.

1.4 Scope of the Study

The subject of affordable housing policy in Korea was vast. This study focused on moderate-income housing policy, because the percentage of moderate-income people in Korea has increased, while the percentage of middle-income class has decreased as a result of the Asian financial crisis². The socioeconomic impacts of the crisis caused the rich to become richer and the poor to become poorer, so that the economic gap between income brackets became increasingly wider (Youn, Ju Hyun and Kim, Hai Seung, 2000). Yet, this study did not deal with very low-income rental housing programs or homeless people. Also, this study focused on urban rather than rural context.

The target group for this study consisted of those people who had the capacity to move upward to the middle class with some help from the government, not the entire low-income population. This population would be referred to as “moderate-income”. It should be noted that there was no clear distinction between low- and moderate-income housing policy in the literature reviews. In addition, there was no clear definition of “moderate-income class” based on income. According to the Korean National Statistical Office (KNSO), there was no clear guideline to distinguish between low- and moderate-income people. Therefore, it was assumed

² The Asian financial crisis was also referred to as the Asian Currency Crisis that started in July 1997 in Thailand. This economic crisis affected currencies, stock markets, real estate and other asset prices in several of Asian countries. Indonesia, South Korea and Thailand were the countries most affected by the crisis. This economic crisis even led to political changes in Indonesia and Thailand (International Monetary Fund, 2000).

that “low-income” was below 50% of the national average monthly income and “moderate-income” was 50–75% of the national average monthly income. Based on KNSO data, the national average monthly income was 2,224,740₩ (Won)³ in 1999, so monthly income of low and moderate-income class should be between 1,110,000₩ and 1,500,000₩⁴. Based on this assumption, the population rate of low-income was 32.6% (indigent-income class 11.6% and low-income group 21%) and moderate-income was 25.6% in 1999 (Korean Statistical Information System: KOSIS).

1.5 Research Methods

For this study, qualitative research was conducted using survey questionnaires and key informant interviews. Interviews were conducted with housing specialists in Korea to identify specific programs that could provide insight into the current low- and moderate-income housing situation in Korea. Participants received a survey questionnaire along with an introductory letter describing the background of the research. The survey’s purpose was to gather information about the participants’ low- and moderate-income housing policy experiences in Korea. Participants were provided with an article to read, “Beyond the Market and the State: the Diverse Domain of Social Housing” (Davis, 1994), and were asked to provide comments on the alternative housing programs discussed in the paper along with their perception of the applicability of these alternatives to the Korean context. Additionally, qualitative data was collected by asking interviewees to respond to open-ended questions about the housing programs discussed in the assigned reading. The purpose of the interviews was to gather empirical evidence based on the experiences of the participants. This was intended to assist in making the data relevant to real-life

³ 2,224,740₩ is equivalent to \$2,853 (CDN) based on 1999 exchange rate of \$1 (CDN) = 780₩.

⁴ Equivalent to \$1423–\$1923 Canadian currency in 1999.

situations in order to search for possible adaptations for alternative housing programs in the Korean context.

1.6 Importance of the Study

This study focused on establishing an affordable housing policy for moderate-income people in Korea. It did so by examining existing housing programs in the United States. The American housing programs are significant for several reasons. Studies of low- and moderate-income housing policy in Korea did not take into account how residents could actively participate in the planning process. Furthermore, public housing structures were being vandalized or neglected by tenants due to their feeling a lack of ownership. Therefore, it was important to find alternative programs from another country that would help reduce Korea's low- and moderate-income housing problems. By examining specific programs implemented in the United States, it would be possible to determine what lessons, if any, could be adapted to the Korean context. In addition, this study attempts to address the practical issue of applying planning knowledge to real situations so that housing practitioners could apply findings from this study to their everyday practices. Finally, this study would benefit participants because they have been involved first-hand in housing research. Participation in the study would also result in some of the participants' learning about current programs for low- and moderate- income housing in the United States.

1.7 Biases and Limitations

1.7.1 Biases

This study was based on the belief that people have the power to change society and that moderate-income people have the desire to modify their living conditions but lack the knowledge that would enable them to do so. The probable

cause was thought to be a lack of information and the absence of public policy education. In Korea, elite, policymakers prohibited the accessibility of information to the general public. They dictated what to do without explaining how, why, or what it was they were doing. If people were allowed access to information resources and education, they would be better equipped to improve their living situations without the need for strong intervention by the central government.

1.7.2 Limitations

This study was confined to specific interviewees who were predominantly from the public sector. There were no surveys administered to private or non-profit housing providers. This may have resulted in the findings of the study being skewed, because they reflected only the perspective of the public sector. This should be mitigated, however, by the fact that the approach to housing programs by the public (top-down approach) and non-public sectors (cooperative approach) was fairly different. The study, therefore, leads to conclusions that predominantly reflect the government's perspective.

Another limitation of this study was conducting the interviews with Korean professional planners. It was difficult to organize the interviews, as there were various obstacles of time zone differences, physical distance, and the manner in which the interviews would need to be conducted.

In addition, this study applied private and non-market housing programs (community land trust, deed-restricted owner-occupied house, and limited-equity condominium) to the Korean context based on practices in the United States. These two governments have different approaches to housing policy and political decision-making, due to cultural and ideological differences. Therefore, policy adaptation from one country to another was another obstacle. In addition, the study intended to find

possible applicability of alternative solutions for moderate-income groups within the Korean context based on American's programs; finding housing experts was a key factor in the completion of the research. To find experts for this study presented an obstacle because of the two separate countries (Korea and America), language barriers, and the context of the research questions. The survey questionnaires were mostly open-ended questions, so it was not a simple task for participants to respond. Also, the participants found it somewhat frustrating to complete a research survey and interview, because the assigned reading was in the English language. Moreover, the top-down research method was used to explore bottom-up community-based programs in this study.

1.8 Outline of Chapters

Chapter 2 reviews the literature on moderate-income housing policy in Korea. It begins with a historical overview of policy from the early 1960s to late 1990s. The chapter reviews the development of public housing, rental housing, and rental subsidy programs.

Chapter 3 examines the status of moderate-income housing programs by introducing the American perspective on private, non-market housing. This chapter reviews such housing programs as the community land trust, deed-restricted housing, and the limited-equity condominium. This chapter explains why these programs were selected for the study, their characteristics, and possible applicability to the Korean context.

Chapter 4 outlines the research methods. Specifically, this chapter explains the approach that was used to collect data, the type of data that was collected, the survey itself, the interview process, and the comparison method used for data analysis.

Chapter 5 discusses the problems and obstacles encountered during the

research process as well as additional recommendations of alternative approaches for future study improvements.

Chapter 6 analyzes and presents the research findings. It identifies the main concerns and opinions of the respondents as to whether or not programs would be applicable to South Korea.

Chapter 7 discusses the study's findings. It provides a detailed discussion of the issues identified in the literature as well as those identified by the study participants. The chapter concludes the study by looking at the applicability of the American programs within the Korean housing context, draws implications, and makes recommendations for future Korean planning and housing policy.

Chapter 2: Literature Review

According to the literature reviewed, moderate-income housing policy had, over the years, been primarily shaped by government, not by public opinion. As a result, there were very few positive changes made until the 1960s. Until that time, the central government considered poverty to be the result of an individual's inability to work hard. The government encouraged poor people to work harder to overcome poverty. It saw no need to intervene by proposing or implementing moderate-income housing policy reform. When the democratic movement came into power during the 1970s, it brought a new ideology that advocated social reform. Encouraged by this environment for change, citizens began to exercise their political rights by requesting that moderate-income housing reform be addressed. The literature review conducted in this study will consist of two parts:

1. A brief review of moderate-income housing trends in Korea to show how housing policy has been shaped from the 1950s to the late 1990s.
2. An overview of moderate-income housing reform efforts of the Korean government, including a look at recent research efforts and critiques of current moderate-income housing policy.

2.1 Comparative Background Information on Korea and the United States

2.1.1 Korea

Before discussing the literature review, some brief background information on Korea may serve to explain the differences between Korean and U.S. demographics and housing. With a land size slightly larger than the state of Indiana (38,031 square miles), Korea's total population was estimated at 47.6 million with a density of 479

people per square kilometers (Korean Statistical Information System: KOSIS, 2000). The nation's rapid industrialization and urbanization in the 1960s through the 1980s was accompanied by the migration of rural residents into the cities, particularly the Seoul region. This resulted in heavily populated metropolitan areas (Seoul: 9.9 million, Busan 3.7 million, Daegu: 2.5 million, Incheon: 2.5 million, and Gwangju: 1.4 million) (KOSIS, 2000). Due to rapid industrialization and urbanization, the urbanization rate⁵ increased from 40.7% in 1970 to 81.9% in 2000 (International Statistic Data (KOSIS), 2002). This caused significant housing shortages in urban areas. However, in recent years, an increasing number of people have begun moving to the suburban areas of Seoul because of a government plan to ease the high-density population in the Seoul region. This movement has caused rapid suburban population growth in Korea.

In order to solve the housing problems in Korea, the central government intervened in the housing market to stabilize the situation. Between 1982 and 1997, the government controlled prices for new apartment housing construction. They also set strict regulations on distribution of units, designating how and to whom a new unit could be offered (Korea National Housing Cooperative (KNHC)). From 1998, the government set to modify the policy direction in favor of the private sector, along with mortgage financing. During this period, shortages of land and high population density resulted in an increase in the popularity of apartment housing units. At the same time, single-family detached housing units decreased from 66% in 1990 to 37.1% in 2000 (KOSIS). As a result, apartment households increased from 22.8% in 1990 to 47.7% in 2000 (KOSIS). Today almost 60% of the urban populations are apartment dwellers.

⁵ Urbanization rate conveys the % annual growth in the city areas of a country (<http://www-scf.usc.edu/~yucekus/january29-lecture2.html>, accessed in 2004).

The central government continued to play a significant role in the provision and intervention in the housing sector both through provision and intervention. Due to strong intervention from the government in housing, Non-Government Organizations (NGOs)⁶ and Non-Profit Organizations (NPOs)⁷ did not play as a big role in the provision of housing in Korea as compared to the United States.

2.1.2 The United States

Demographic factors and housing matters were slightly different in the United States. Though its land size and population makes it the third-largest country in the world (World Factbook, 2002), the United States' average population density and its urbanization rate are lower than Korea's. According to the U.S. Census Bureau, the total population was estimated at 281.4 million with population density of 79.6 people per square kilometer (2000) and the urbanization rate was 77% (2001). However, detached single-family housing was the most common style in the United States, which has one of the highest levels of home ownership in the world (Rossi and Weber, 1996). According to the U.S. Census Bureau Census 2000, the rate of detached single-family housing was 60.3%, while the multi-unit property (10 to 20 or more units) rate was 12.6%. This data demonstrates that different perspectives on housing supply exist

⁶ Non-Government Organizations (NGOs) are an independent from governments and their policies. The main functions of NGOs were providing aid and relief, developing human resources, or representing a corporate agenda.

(<http://www.sil.org/lingualinks/literacy/ReferenceMaterials/GlossaryOfLiteracyTerms/WhatIsANongovernmentOrganizati.htm>, accessed in 2004)

⁷ Non-Profit Organizations (NPOs) are organized as a not-for-profit corporation, trust or cooperative that are usually controlled by its members who elect the Board of Directors. Their functions include various activities in public services and interests. NPOs are recognized and authorized by Congress in the United States. The Congress determine which organizations should have tax-exempt status and other benefits (www.encyclopedia.thefreedictionary.com, accessed in 2004).

between Korea and the United States.

In order to resolve shortages of affordable housing and improve living conditions, since the 1980s municipal governments and community-based organizations in the United States increasingly played a role in producing affordable housing units and maintaining them after construction (Davis, 1994). Davis indicated that, to provide affordable housing for low and moderate-income groups, municipal governments and community-based organizations created non-market alternative housing programs⁸ that were privately owned, but socially oriented and restricted on property sale. While the central government strongly intervened to control housing matters in Korea, in terms of planning the nation's housing policies, financing, and construction, some of these tasks were carried out by third-sector organizations⁹ in the United States. These non-market alternative housing programs and third-sector organizations would be discussed in detail at Chapter 3.

2.2 Overview: History of Moderate-Income Housing Policy in Korea

From the 1960s to the 1980s, the rationale for Korea's housing policy was that it be about the development of a *practical* economic development plan. By controlling the housing supply, the central government could regulate speculative investment in real estate and revitalize the economy in response to an economic depression (Yang, Jae Sup, 1990). Based on this approach, moderate-income housing policy was

⁸ Davis (1994) defines non-market alternative housing as "limited equity housing" or "perpetually affordable housing." He classifies the following as non-market, alternative-housing programs: deed-restricted, owner-occupied housing, community land trust, mutual housing, limited equity cooperatives, limited equity condominiums, and non-profit rental housing.

⁹ A third sector organization is privately owned and controlled, but meets public and social needs, without seeking a profit. Third-sector organizations responded to the social need for affordable housing units for low- and moderate-income groups in the United States (Davis, 1994).

considered subordinate to general housing policy, and as such it was subject to the whims of the political decision-making process. Subsequently, until the mid 1980s, moderate-income housing policy was often promoted as a way of rearranging the pre-existing urban space rather than improving housing conditions for the poor (Jang, Se Hoon, 1998).

Before discussing the development of moderate-income housing policy in Korea, the forms of housing supply and demand in Korea will be briefly defined. According to Turner (1976), the forms of housing supply and demand in developing countries can be delineated into three sectors: public, private, and popular sector¹⁰. The Korean housing supply structure is aligned with Turner's classifications. The private sector provides housing to middle- and upper-income people, while the public and popular sector provide housing to low- and intermediate-income people. Ha, Sung Kyu (1999) classifies the forms of housing in Korea into four distinct types based on the housing stock categories reviewed below: squat housing, slum housing, public housing and private housing.

Squat Housing

Squat housing is an illegal housing form in Korea, but for the poor it is an easy and accessible way to obtain urban housing. Squatting provides basic shelter for the poor, who cannot afford to pay high housing costs. In this form of housing, land is owned either publicly or privately, but not by the squatters who have erected temporary shelters on it.

¹⁰ Popular sector housings are usually self-help housing forms which to serve urban poor (i.e. slum housing units) in developing countries (Turner, 1976)

Slum Housing

Slum housing is viewed as a source of affordable housing for the urban poor. In spite of inferior conditions, slum housing is still considered a form of lawful land ownership; therefore, this type of dwelling is considered legal housing stock. However, the structural integrity of slum housing frequently does not meet safety regulations. Furthermore, slum housing is often regarded as responsible for spoiling the appearance of a community.

Public Housing

Korean public housing policy was adopted from the American and British program to serve as a housing solution for Korea's poor. However, when the policy was adapted to the Korean context it was not properly administered by the central government. Abuses of the system occurred when housing units were awarded to individuals on the basis of political support rather than financial need.

Private Housing

Private housing focuses on meeting the housing demands of the middle- and upper-income classes. Private companies seek to derive profit from the construction of new housing starts. Because less profit can be made building moderate-income housing units, it is difficult for the government to ensure that construction efforts are centered on this type of housing rather than on housing for the middle to upper classes. Although the government provided financial incentives (taxation subsidies) for the private sector to build moderate-income housing units, the number of moderate-income housing units constructed has been insufficient to meet the demand.

Of the four housing types discussed above, the majority of moderate-income housing units in Korea can be categorized as federally controlled public housing. According to the literature reviewed, this is often the approach for shaping housing policy in developing countries. The literature review focused on both public and private sector policies from the 1950s to the 1990s.

2.3 Events Shaping Housing Policy in Korea

1) 1950s and 1960s

The period after the Korean War was characterized by a critical shortage of housing, as the population migrated to the major cities, and the country began to feel the effects of industrialization (see Table 2). The government became devoted to economic recovery and growth instead of housing provision. At this time there was no political support for slum areas and, as a result, housing needs of the poor went unmet. In addition, until the late 1950s the government gave tacit permission to lower income people building temporary residences on vacant lots. The government soon realized that these unauthorized buildings decreased the effective use of urban space and spoiled the city's beauty. Consequently, government agents began demolishing the illegal shacks with no thought to the inhabitants' welfare. This method of displacement did not succeed in eliminating slum areas. It only served to displace the slums to locations farther outside the city limits. While the legal basis for a moderate-income housing policy had not yet been established, the government attempted to provide temporary solutions to the housing crisis. The solutions included the legalization of unlicensed buildings, the creation of new settlements, and the construction of apartments for residents who had been evacuated from the slums (Jang, Se Hoon, 1998).

Table 2: Number of People Migrating Nationally¹ or to Five Major Cities in Korea

Year	Nationally	Seoul	Busan	Daegu	Incheon	Gwangju
1970	4,046,536	1,742,813	448,577	-	-	-
1975	9,011,440	3,396,662	805,979	-	-	-
1980	8,258,573	2,767,816	904,252	523,378	314,711	-
1985	8,679,097	2,784,387	821,207	539,361	409,361	254,634*
1990	9,459,209	2,726,492	761,684	526,547	567,863	330,810
1995	9,073,069	2,165,332	676,037	534,013	481,438	307,188
2000	9,009,441	2,219,407	595,975	477,595	531,318	301,498

¹ Nationally: Includes migrant numbers to all cities in Korea.

*Gwangju: 1985 data is based on 1986 data.

Source: Korean Statistical Information System (KOSIS) Web site.

(http://kosis.nso.go.kr/cgi-bin/sws_999.cgi, accessed in 2003)

2) 1970s

The central government began to set laws and lay a legal framework for improving the conditions of illegal housing stock. Through the *Temporary Act of Illegal Shack Improvement* (1973) and the *Act of Urban Renewal* (1976), they tried to prohibit new unauthorized housing construction. At this time the administration encouraged people to renovate their existing houses and bring their unlicensed houses up to code (Yuom, Don Mae: 1994). However, since the residents were struggling daily to earn a living, it was inconceivable that they would have the resources or time to complete the government-required improvements. As the central government became increasingly aware that their policy could not be implemented, they chose instead to focus their energies on slum demolition rather than on policy improvement. During the 1970s, the government annually dismantled ten thousand illegal housing

units (Jang, Se Hoon, 1989). This caused extensive problems between the government and the residents, because the branch of government in charge of demolition did not take into consideration the housing needs of the displaced citizens.

3) 1980s

In the 1980s, the government adopted “collaborative redevelopment,” a moderate-income housing policy aimed at reducing levels of residential conflict. Collaborative redevelopment was structured to facilitate joint efforts between the government, private construction companies, and residents. The goal was to have residents and private companies work together in efforts to renovate slums. These efforts were to follow government-established guidelines for redevelopment. The purpose of this approach was to decrease conflict between the public sector and citizens, and to supplement the insufficient funds from the private sector to expand the numbers of moderate-income housing units. As a result of this policy, the government succeeded in reducing illegal shacks by up to 25% (Kim, Soo Hyun, 1996). However, it also caused a reduction in the amount of cheap housing that was readily available to the people. The government’s plan targeted those people who could afford the housing in the short term (within five years) rather than those who demonstrated the need for more affordable housing. The government’s neglect of the welfare of its people and the government’s participation in speculative real estate investment led the citizens to take drastic measures in order to bring attention to their plight. Some people even resorted to suicide, as they could not continue to live under their current housing conditions. As the moderate-income housing issue became a significant social problem, the government promised it would provide 250,000 permanent rental houses (Jang, Se Hoon, 1989). The late 1980s became an important period for moderate-income housing policy, because this was the first time the government recognized the

massive housing needs of the poor.

4) 1990s

In the 1990s, the development of moderate-income housing policy met with several political and economic obstacles. In the early 1990s, the policy was supposed to affect the long-term housing plan, as the initial permanent, rental housing (social housing) project was launched in 1989. However, this project could not accomplish the primary objective of supplying adequate moderate-income housing stock due to lack of political and financial supports from the government. As a result, the government compromised by reducing social housing units up to 24% compared to the original plan (Choi, Chun Shik, 1995). By the mid-1990s, moderate-income housing policy had lost public support, because the policy had made only marginal improvements in the lives of the poor.

In addition, the Asian financial crisis (see Chapter 1, section 1.4) had a negative impact on the economy in 1998. The entire nation as an economic whole was affected, not just the moderate-income housing market. This crisis caused a high rate of unemployment throughout Korea. Companies began to downsize their operations in hopes of maintaining profit margins. This had a negative effect on the job market and led to a reduction in the average income. It caused the housing market to bottom out in terms of supply and demand. Housing demands dropped as consumers experienced difficulties meeting their current mortgage obligations and were not in a financial position to upgrade. On the supply side, many construction companies declared bankruptcy, which resulted in a reduction in housing supply. Although these impacts caused actual housing prices to drop substantially (-12.4% in 1998, see Table 3), the average income had also decreased significantly, by 15.2% (Park, Jae Ryoung 1999).

Table 3: Change in Housing Prices from 1996 to 1999

	Period		
	1996 to 1997	1997 to 1998	1998 to 1999. Jan.-July
Housing Price	2.0 %	-12.4 %	2.3 %
Rental Price	0.9 %	-18.4 %	11.2 %

Source: Youn, Ju Hyun and Kim, Hai Seung, Market Impacts on the Housing Policies After The Foreign Exchange and Financial Crisis, 2000

Despite the price reduction in housing units, the cost of housing was still prohibitive for moderate-income households (Lee, Jung Shik, 2000). Moreover, it was difficult for people to find affordable family housing, as the private sector was more focused on providing luxury houses than small-sized apartments. In spite of enormous efforts by the government to control the housing crisis, housing and real estate markets faced uncertainty due to dramatic changes in housing and land values. Table 4 shows the dramatic trends in land price fluctuation rates for the last 25 years. The data indicate that land values increased greatly, especially during the period of urbanization and industrialization (1970s to 1980s), but that there was an exceptionally large dip in 1998, due to the Asian financial crisis.

Table 4: Annual Survey of Average Land Price Fluctuation (%)*

Year	National	Seoul	Busan	Daegu	Incheon	Gwangju
1975	26.99	31.63	-	13.59	-	23.05
1976	26.60	16.06	-	21.21	-	26.11
1977	33.55	31.70	48.53	33.01	43.29	57.70
1978	48.98	135.70	93.59	51.50	98.45	60.76
1979	16.63	6.40	14.20	82.62	16.99	9.43
1980	11.68	13.42	24.01	12.64	12.59	28.41
1981	7.51	3.56	6.81	4.05	11.15	24.0
1982	5.4	8.7	4.3	1.3	7.0	4.4
1983	18.5	57.7	15.4	7.0	34.3	11.5
1984	13.2	23.3	10.3	6.9	27.9	2.3
1985	7.0	8.1	8.7	6.6	4.8	1.8
1986	7.3	3.7	9.9	5.4	6.5	4.5
1987	14.67	6.29	46.50	57.68	6.9	19.53
1988	27.47	28.06	35.25	38.17	16.11	59.98
1989	31.97	33.54	17.49	35.15	46.72	42.99
1990	20.58	31.18	15.82	27.42	29.14	22.43
1991	12.78	11.15	14.69	13.74	22.81	16.50
1992	-1.27	-2.78	-1.57	-2.61	0.11	-0.33
1993	-7.38	-8.72	-6.77	-7.77	-6.62	-6.36
1994	-0.57	-1.36	-0.35	0.87	0.07	-0.26
1995	0.55	0.18	0.14	1.27	0.58	1.44
1996	0.95	0.94	0.40	1.09	0.78	1.16

Year	National	Seoul	Busan	Daegu	Incheon	Gwangju
1997	0.31	0.29	-0.90	-0.71	0.28	0.67
1998	-13.60	-16.25	-16.52	-15.24	-13.79	-10.25
1999	2.94	2.66	1.24	1.93	3.51	1.30
2000	0.67	0.05	-0.53	-1.05	1.07	-0.31
2001	1.32	1.89	0.49	0.42	1.17	-0.37
2002	8.98	15.81	3.28	2.09	11.51	1.03

Source: Korean Land Cooperation (<http://www.iklc.co.kr/estate/price/>)

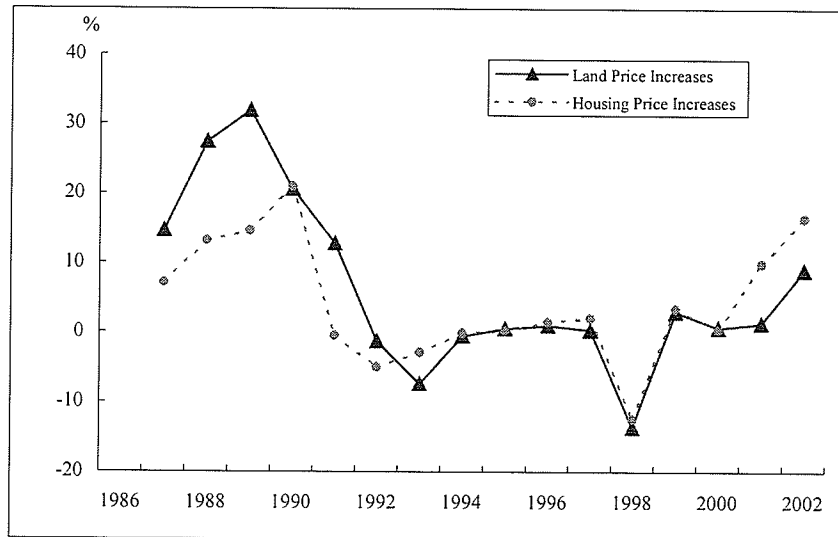
Data is based on average land price fluctuations. The actual fluctuation of land values could be higher.

* An increase or decrease in the rate of land value, compared to the previous year.

According to Kim, Kyung Hwan (1999), investment in new housing and real estate accounted for a large portion of total capital formation (18% to 22%) and GDP (6% to 8%) throughout the 1990s. These new developments focused on provision of housing for the middle to upper-income classes. Thus, Korean housing and land policy had been used to develop economic growth (e.g. by providing construction jobs) rather than to resolve the housing crisis for the low and moderate-income groups.

The change in housing prices was related to fluctuations in land cost. Figure 1 shows that the rate of housing price increases was closely related to inflated land prices. The rate of land price increases reached its highest point in 1990 and fell steadily until its largest drop in 1998, and this pattern was consistent with the housing price increase rate.

Figure 1: Housing and Land Price Increases Rate



Source: Kookmin Bank and Korean Land Cooperation website
(http://est.kbstar.com/quics?page=s_est, <http://www.iklc.co.kr/estate/price/>)

Although there was a direct correlation between housing and land price fluctuations to date there has not been significant information to reveal a clear correlation between the price of land and the price of the housing unit itself. Division of data gathering authorities could be one of the obstacles in finding the actual contribution of the land to the total cost of housing units. Data collection agencies for housing and land values in Korea were divided between the public and private sectors. Property assessment and land price fluctuations were surveyed by municipal governments and the Korea Land Corporation¹¹. Housing price assessments were conducted by the Housing and Commercial Bank and Kookmin Bank. In addition, property assessment described land values based on the cost of a parcel of land per 10.89 m². The value of any buildings on the land was excluded. Statistics on appraised housing prices were based

¹¹ The Korea Land Corporation (KLC) was established to support effective use of land resources by acquiring, managing, developing and supplying land. It played a role in carrying out national land policies.

on apartment units only, due to the absence of standard guidelines for estimating single-family housing values. Single-family housing prices were generally subject to the land value, the building's condition and its age. In spite of the absence of evidence with which to define the correlation between land and housing prices, the housing unit cost represented 20–30% of the land cost, general speaking. The fact that land was more expensive than housing had an impact on the main form of housing units supplied. Due to the high cost of land in Korea, the most common housing form has been high-density apartment buildings rather than single-family dwellings.

2.4 Korean Public (Social) Housing Programs

The public housing program was initially established in 1989 as a major government effort to increase the number of housing units for the poor. These housing units were mostly designed to be long-term rental units. This was a way for the government to provide cheap housing for moderate-income people, regardless of the high cost of housing units on the open market. The administration considered that people with moderate incomes would find it hard to meet the financial obligations of home ownership, because of inflated housing prices. Over time, public housing had shifted in character, concept, and even name. Initially, it was called “permanent rental housing,” but the government abandoned the initial plan and it became public housing, which could be divided into short- and long-term housing plan programs (Ha, Sung Kyu, 1999).

Permanent rental housing was considered a positive agent for change because it was the first step by the government to intervene in the housing market in a way that was aimed at moderate-income citizens. The housing problems of moderate-income people lessened after the 1980s due to the co-operative housing redevelopment plan (Kim, Soo Hyun, 1996). To supply large numbers of housing

units for its moderate-income citizens, the government would have to provide large settlement areas for the poor. Originally, the permanent rental-housing plan was to supply 250,000 units between 1989 and 1992, but the numbers were reduced to 190,000 units (see Table 5). The government believed that inadequate housing supplies would not support economic and social stability (He, Phil-Chang, 1998). In spite of the reduction in quantities, the program did help provide shelter at a bargain price that amounted to one third of the actual market price.

Table 5: Actual Number of Permanent Rental Housing Units Constructed (1999)

Year Provider	1989	1990	1991	1992	1993	1994	1995	Total
Municipality	13,227	19,250	15,432	1,583	176	Suspension	Suspension	49,668
KNHC*	30,026	40,754	34,175	35,123	-	Suspension	Suspension	140,078
Total	43,253	60,004	49,589	36,661	176	-	-	189,746

* KNHC: Korea National Housing Corporation

Source: Choi, Chun Shik, A Study on the Scheme for the Rationalization of Permanent Tenement Houses as Public Housing, 1995

Since 1993, when the government stopped funding assistance for the permanent rental housing policy, there has been no more housing units constructed under this program. Instead, the government began another program in which they provided public housing according to short- or long-term rental plans. Although the permanent rental housing served as affordable housing for the targeted group, some individuals were unhappy with it because of the location, size, and type of housing

offered. A long-term public housing program, in which eligible applicants were to lease for 50 years without sale was established. However, the central government discontinued the funding for this program from the National Housing Fund, thus making further construction impossible. Instead the central government began to construct short-term public housing that could be sold after the expiration of the contract period (Yim, Sung Hwan, 2000).

The main role of the municipalities was to expedite agreements between developers and residents for redevelopment plans. However, municipalities also administered a public housing program whose aim was to provide public housing for people who were forced to relocate to provide room for implementation of urban renewal plans. This was done so that residents could avoid extra financial burdens, and to prevent formation of additional slum areas. Furthermore, providing public housing for people in redevelopment areas meant that income could not be a determining factor in homeownership (Kim, Soo Hyun, 1996).

Table 6: Major Public Housing Programs

Classification	Permanent Rental Housing	Public Housing (50-year lease)	Public Housing by Municipality (Redevelopment site)
Year of Application	1989	1993	1989
Housing Provider	KNHC (1) Municipality	KNHC Municipality	Municipality
Housing Size	Less than 42.9 m ²	Less than 59.4 m ²	Less than 59.4 m ²
Target Group	The Needy (2) Veterans (2) Single Female Parent-Headed Households (2) Comfort Women ¹² <i>(by Japanese Gov't)</i> Defectors <i>(from North Korea)</i> Others <i>(who were approved by the Minister of Construction & Transportation, or the Mayor of a municipality)</i>	Veterans Comfort Women <i>(By Japanese Gov't)</i> Tenants from slum areas which were supposed to be demolished	Tenants who were staying at potential redevelopment sites over 3 months, before renewal plan notices were posted <i>(They did not own their housing)</i>

¹² The periphrasis "comfort women" (called *ianbu* in Korea) was coined by imperial Japan to refer to young females of various ethnic and national backgrounds and social circumstances who became sexual laborers for the Japanese troops before and during World War II (source: <http://www.icasinc.org/s2000/s2000css.html>, accessed in 2004).

Classification	Permanent Rental Housing	Public Housing (50-year lease)	Public Housing by Municipality (Redevelopment site)
Financial Source	<ul style="list-style-type: none"> • 1989 Central Gov't: 85% Rental Deposit: 15% • Since 1991 Central Gov't: 50% The National Housing Fund: 20% Rental Deposit: 30% 	<ul style="list-style-type: none"> • 1993 Central Gov't: 50% The National Housing Fund: 20% Rental Deposit: 30% • Since 1994 The National Housing Fund: 70% Rental Deposit: 30% 	<ul style="list-style-type: none"> • 1989 Municipality: 70% Rental Deposit: 30% • Since 1994 The National Housing Fund: 50% Municipality: 20% Rental Deposit: 30%
Rent Rate (Currency: Won)	<ul style="list-style-type: none"> • Standard Measurement (Seoul Region): 39.6 m² (Metro Seoul) Eligible low-income citizens (3) Deposit: 2,757,000₩ (CDN \$3,676) Rental Cost: 51,300₩(CDN \$70) The Others (moderate-income and others) Deposit: 5,920,000₩ (CDN \$7,895) Rental Cost: 66,900₩ (CDN \$90) 	<ul style="list-style-type: none"> • Standard Measurement (Seoul Region): 42.9 m² Deposit: 8,727,000₩(CDN \$11,632) Rental Cost: 134,700₩(CDN \$180) 	<ul style="list-style-type: none"> • Standard Measurement (Seoul Region): 42.9 m² Deposit: 8,727,000₩(CDN \$11,632) Rental Cost: 134,700₩(CDN \$180)

(1) KNHC: Korea National Housing Corporation

(2) Target groups should have support from the government as legal, moderate-income households, making a minimum income (less than CDN \$1300 per month). Additionally, their status had to be proven by a public administrator.

(3) Eligible moderate-income citizens: the needy, veterans, and women who were dependent on the government subsidy for their living without extra income
1\$ (CDN) =750₩ (Current exchange rate: 2002)

Source: Kim, Soo Hyun, *A Study on the Characteristic of Public Housing Policy of Korea*, p. 145, 1996

Kim, Byoung Chil, *A Study on a More Effective-Rental Housing Policy*, p.2, 1999

Yim, Sung Hwan, *Guideline of Moderate-Income Housing Policy (Seminar discussion)*, 2000

Based on a review of moderate-income housing programs (see Table 6), it was clear that the perception of public housing in Korea was very different from that in western societies. According to Kim, Soo Hyun (1996), there were two reasons Korea would not develop western-style public housing:

“The first reason why Korea fell behind other countries in public housing policy could be derived from the fact that it took a very long time before the so-called ‘citizen society’ of the Western concept, which was concerned with the welfare of the whole people, appeared in the nation. And the second reason was that the housing policy of the nation refused to consider aspects of class and ideology.”

Therefore, it was difficult to judge whether or not the approach of moderate-income housing policy in Korea was appropriate. Numerous moderate-income policy critiques have emerged over the years and these critiques are described below.

2.5 Critiques of Korean Housing Policy

1) Lack of information about beneficiaries of public housing

The nation’s public housing policymakers could not make a decision regarding the question “To whom should what type of housing be supplied?” Housing policy had been formulated without advance information on how many people there were that could not afford homes in the open market system. This policy had been set to resolve people’s grievances; it was not based on consideration of the differences in people’s income levels (Kim, Soo Hyun, 1996).

2) Insufficient funding support

Initially the primary targets of public housing were low-income people, those who were receiving minimal subsidies from the government. Without regard for the financial situation of this class of people, the government imposed unrealistic deposit requirements. These deposits served to exclude from target group those individuals that the policy had originally set out to help. The deposit restriction did not take into account the fact that low-income people led a daily existence in which impending poverty was a reality. Therefore, saving enough money for a deposit to improve their future was unfeasible. Subsistence living made it impossible to raise enough money for them to afford to purchase a house within their lifetime. Consequently, the amount of deposit alone served as a barrier to people in the low-income class, who would have been willing to move into the housing if it had been affordable. Without the appropriate financial assistance from the government, the low-income group could hope for no better than an impoverished and possibly homeless future (Kim Byoung Chil, 1999).

3) Selection of residence

To construct the required number of public housing units, a substantial portion of land would need to be secured. It was considered impossible to obtain the required amount of land within urban areas while remaining within the budget constraints of the public housing program. As a result, the majority of housing would have to be situated in suburban areas where land was less expensive (Han, Sang Sam, 1995). This relocation from urban to suburban areas resulted in displacement problems, as prospective tenants would be located farther away from their current places of employment. New sites for public housing were located in areas with poor accessibility using public transportation. In some cases, it took more than one and

half-hours for tenants to get to their work place (Park, Shin Young, 1991). Also the cost of transportation was sometimes expensive for tenants. Several tenants-to-be felt it was in their best interest to turn down their opportunity for public housing, because they did not wish to jeopardize their current source of livelihood (Park, Shin Young, 1991).

4) Inefficiency of housing scale

The size of housing was standardized to fall within the 23.1m² to 42.9m² range (KNHC Web site, accessed in 2002). Public housing distribution did not take into account that this scale of housing would be inappropriate for large families (Park, Jae Ryoung, 2001).

5) Absence of community membership

Long-term public housing recipients were considered to be in a transitional stage of low-income earnings, a stage that would improve through the availability of low cost housing and one that recipients would eventually pass through to become earners of higher incomes. Once this increase in earnings occurred, the housing tenants were apt to migrate to more affluent areas of the city. The transient nature of these homeowners did not foster a sense of community, and as a result neighborhoods with large numbers of public housing units quickly fell into disrepair. As well, residents of public housing tended to avoid contact with their neighbors. This could be explained by the fact that the massive concentration of these types of units resulted in ghettoization. Residents did not want to be associated with the city's poor quarters. The perspective of residents of short-term rental housing was very different. Tenants of short-term public rental housing could become actual homeowners after five years. As a result, they were usually more organized and united in fighting for their rights

and preserving their neighborhoods (You, Young Woo, 2000).

Several obstacles emerged during this period of policy development. However, it was evident that public housing programs had positive aspects that served as beneficial agents for change in Korean moderate-income housing policy. Further studies have been directed toward minimizing future policy limitations. According to Han, Sang-Sam (1995), public housing should be built in locations where potential tenants currently reside. Various scales of public housing units should be provided to allow people to have appropriately sized homes for their families close to their source of employment. Moreover, the policy of housing subsidies should be revised in order to revitalize the private market rather than expand the number of units constructed by the public sector.

2.6 Rental Housing and the Tenant Protection Act

Rental-housing units were built for tenants and they were “lease-only” properties. In Korea, rental housing was defined as housing units for rental purposes regardless of contract periods (short-term or long-term) and rental classification. Rental housing in Korea was usually divided into two types (see Table 7): Formal Rental Housing and Informal Rental Housing (Ha, Sung Kyu, 1999). Formal Rental Housing units were registered by municipalities. Due to official registration of these rental-housing units, this made it possible to conduct statistical surveys of rental housing units, and management guidelines were drawn up and administered by the government. Informal Rental Housing units did not require official registration and tenants usually leased whole or part of a single-family housing unit or an apartment.

Table 7: Type of Rental Housing

Classification	Rental Term	Payment	Registration	Housing Type
Formal Rental Housing	- Permanent rental housing - Long-term rental housing - Short-Term rental housing	Deposit & monthly payment	Yes	Public (rental) housing (1) Public construction (rental) housing (2) Private construction (rental) housing (3) Purchase rental housing (4)
Informal Rental Housing	- Long-term rental housing - Short-term rental housing	- ChonSei (5) - Deposit & monthly payment - Monthly payment	No	- Part of housing (ChonSei) - Whole house (ChonSei) - Multi-family housing

(1) Public (rental) Housing: Provided by KNHC (Korea National Housing Corporation); mostly apartment units

(2) Public Construction (rental) Housing: Provided by public and private sector (funding source: National Housing Fund); mostly apartment units

(3) Private Construction (rental) Housing: Provided by private sector only; mostly apartment units

(4) Purchase Rental Housing: Purchase house for personal use and then transfer to a rental house later; mostly apartment units

(5) ChonSei: Unique system in Korea. Tenants deposit money (i.e. it is dependent on the housing size: \$30,000 to \$140,000 or more) instead of a month's rent as deposit to a homeowner for a contract term (long or short-term: usually one to two years) on moving into the house. On moving out, the person would get back this full deposit.

Source: Ha, Seung Kyu, Housing Policy, 1999, p. 376.

Most rental housing in Korea was arranged informally, rather than through the Formal Rental Housing program. Rental housing demands have increased since 1995, but sufficient rental housing units were not formally provided for (Park, Jae Ryong

and Park, Yung Kyu, 2000). The government did not focus on increasing the number of available rental units. It directed its energies, instead, toward expanding the supply of owner-occupied units to achieve its goal of a 100% housing supply rate. Since most public moderate-income units did not target moderate-income renters, a majority of moderate-income people were forced to focus on the informal rental housing market. This market was more accessible to people due to its large housing stock reserves and the fact that it offered a wider choice of housing types (Ha Seung Kyu, 1999). This type was also more popular with prospective tenants because there were a greater variety of appropriate housing types and they could negotiate their preferred payment mode. Therefore, informal rental housing was generally seen by moderate-income people as transitional housing to be used as a stepping-stone to home ownership.

However, compared to the official public rental housing market, the informal rental housing market was unstable. Housing prices could not be controlled and tenant rights were not protected by legislation. It was impossible to investigate cases against “bad landlords” in order to protect the rights of the tenants. Due to this ambiguity, landlords had absolute power to set rental prices and lease terms. This led to a call for the government to initiate legislation and regulations that would preserve the rights of tenants against bad landlords. In order to prevent excessive abuse from these landlords, the government established the *Tenants Protection Act* in 1981.

The initial purpose of the *Tenants Protection Act* was to provide legal protection for moderate-income tenants against landlord abuse. It provided clear guidelines on proper rate increases and rental fee prices. These regulations served to protect moderate-income tenants. The *Tenants Protection Act* guaranteed that tenants got their rental deposit back from ChonSei¹³, when they moved out the house. Also,

¹³ ChonSei is a unique rental system in Korea. The tenants pay a large deposit to the homeowner when they first move into the house, instead of a month's rent as deposit. After the contract term has expired,

the *Tenants Protection Act* ensured that homeowners could not increase the rental fee by more than 5% during the life of the contract after the contract had been signed (Ha, Seung Kyu, 1999). Since its inception, the *Tenants Protection Act* has been revised more than once and serves as clearly defined legislation that protects tenants' legal rights.

Although successive Korean governments devised various policies and programs to control the range of affordable housing prices for moderate-income people, these policies and programs seem not to have induced proper management of housing programs for the target group. In particular, housing prices have risen rapidly since 1999, making it more difficult for moderate-income people to find affordable housing. A number of studies were conducted to determine the main factors causing housing inflation. According to Park, Jae Ryong (2002), a monetary policy that set low interest rates, coupled with lower prices for housing maintenance costs, resulted in the inflation of housing prices. Due to low interest rates the middle and upper classes were seeking better returns on their investment funds than those offered by the financial market, and they found this alternative in the housing market. Housing market investments became attractive investment products, because they either retained or increased in value. Furthermore, government assistance for housing market investments increasingly fuelled this market trend.

2.7 Summary

In the literature review the following major findings about Korean moderate-income housing policy have been identified. First, the low-income housing policy in Korea has been subject to political decision-making. Second, the lack of clarity in target group definitions has resulted in unfocused policy. Third, the Korean

the tenants receive a full refund of their deposit.

government was interested in supporting housing providers (public or private sector) rather than housing consumers. Subsidies for low-income people did not exist¹⁴. Finally, limited research for examining alternative programs for low-income housing programs in Korea existed. Most studies were focused on how the government could reshape existing programs and policies. In order to find a promising solution for low- and moderate-income housing problems in Korea, it may be useful to investigate programs for the provision of affordable housing units to moderate-income groups in developed countries. In the following chapter, existing alternative affordable housing programs in the United States, that target low- and moderate-income groups have been reviewed and discussed in detail.

¹⁴ The needy and very poor people benefit from government subsidy program, However, the purpose of the subsidies is to cover some daily living costs not housing. In fact, the amount (monthly subsidy is about CDN \$300-400) barely covers food costs.

Chapter 3: Alternative Private, Non-market Housing Programs and Their Applicability to the Korean Context

Since the conclusion of the Korean War, the government has tried to implement various policies in attempts to provide people of moderate-income with viable housing solutions. To date no single moderate-income housing policy has stood out as the solution. The housing market's perpetual state of flux has resulted in housing costs rising rapidly since 1999. As a result it has become increasingly difficult to ensure both the expansion of new affordable housing starts and the necessary maintenance of existing stock reserves.

Recently, the government announced that it had achieved a housing supply rate of 100% in 2002 (*Joong-Ang*, April 23, 2003). This would mean that each household seeking to own an affordable home would have an opportunity to do so. However, there was no proof that this had actually occurred. In contrast, another recently published newspaper article (*Mun-Haw*, January 7, 2003) stated that in the majority of Korean cities there was a significant shortage of housing for moderate-income people. In particular, the article cited the metro Seoul region as having reached a critical level in the shortage of moderate-income housing. Within this area, an immediate increase in the number of affordable housing units was recommended. Despite the aforementioned claims of the Korean government, the reality was that moderate-income individuals' affordable housing needs were not being met. The government regarded moderate-income housing as "self-help housing,"¹⁵ which it considered a matter of low priority (Ha Seung Kyu, 1999). To meet moderate-income housing demands, land and construction services would be required. The government also needed to commit to improving existing policies. To determine if there were

¹⁵ Self-help housing refers to units built by the actual residents

alternative strategies that could be adapted, an examination of policies and alternative housing programs in the United States as conducted.

3.1 Overview: History of Moderate-Income Housing Policy in the United States

In this section, the history, development and challenges of moderate-income housing programs in the United States have been reviewed. Public housing and various rental supplement programs were common programs for moderate-income housing in the United States. Unlike the Korean situation, which was characterized by a lack of information about policy formation prior to World War II, the United States possessed a lengthy and well-documented history of policy development. According to Hulchanski (2003), western nations offered housing assistance to moderate-income households under two categories. The first was cash assistance to individual households. The assistance was to go toward the payment of rent. The second was the construction of non-market alternative housing projects. These met the need for reduced monthly rental costs with the provision of government-subsidized housing units.

In the United States, they began to build public housing during the 1930s in response to the need for moderate-income housing as a result of the Great Depression. At this time, the concept of public housing in cities was controversial, because enormous socio-economic problems needed to be resolved. Low and moderate-income housing units were constructed in order to reduce housing costs for the poor. Until the 1960s, the primary role of moderate-income housing was to facilitate the relocation of the poor from centralized city districts to redevelopment sites (Coulibaly, Green and James, 1998). This resulted in segregation within cities based on income and race. From 1964 to 1992, moderate-income housing policy in the United States was characterized by attempts to reduce the presence of racial segregation and

discrimination in government housing programs (Coulibaly, Green and James, 1998). The federal government approached moderate-income housing programs as transitional settlements geared toward creating co-operative city spaces and reducing the number of large-scale relocations of the poor. To achieve this, the federal government applied a new program of subsidized housing and direct rental supplement that was similar to the "Section 8" housing assistance program¹⁶. This new method was provided to moderate-income households looking for affordable housing in the private market.

3.2 Events Shaping Housing Policy in the United States

1) 1930s to 1950s

At the conclusion of the Great Depression in the late 1930s, affordable housing units for low- and middle-income classes were insufficient. As a result, the federal government intervened directly to ensure the production and maintenance of low-cost housing units (Listokin, 1991). Initially, public housing reformers believed that federal public programming would eliminate the slums that threatened cities' safety, health, and economy (Hoffman, 1996). While the concept of public housing was established during the 1930s, the expansion of public housing units occurred from the 1940s to the 1950s. During the mid-1940s, the urban renewal movement¹⁷

¹⁶ Section 8 housing assistance program (changed to *Housing Choice Voucher Program* (HCVP) in 1999) was a rental assistance program administered by the Housing Authority. This program provided rental subsidies for very-low income households who resided in privately owned rental units. To be a beneficiary of the Section 8 program, household income should not exceed its income limit, which adjusted in each year (http://www.hacsc.org/income_limits.htm, accessed in 2004).

¹⁷ The urban renewal movement cleared and redeveloped urban slum areas from the late 1940s to early 1970s. It has had a massive impact on the urban landscape in States and resulted in the loss of thousands of very low-income housing units. It is also referred as slum clearance (<http://www.fact-index.com>, accessed in 2004 and *Dictionary of Human Geography*, 1987)

began achieving the goal of “decent housing and a sustainable environment” (Listokin, 1991). The urban renewal movement continued until the 1950s, and public housing units were built in an attempt to replace the lost housing stocks caused by the urban renewal activity.

2) 1960s

In the 1960s a variety of housing subsidy programs were established to target the needs of specific groups, such as the elderly and the handicapped. The Section 221 (d)(3) program began and this program served to subsidize the rental costs of moderate-income families. It used the Below-Market Interest Rate (BMIR) mechanism to provide recipients with rental housing that was 15–20% below its current market value (Orlebeke, 2000). Despite the positive effects of the expansion of subsidized housing programs in the 1960s, the government chose to withdraw essential funding to these programs, citing budget cuts and declining rental costs as the rationale. At this time, housing reformists began to realize that public housing policy alone was not enough to solve the social problems of the day.

3) 1970s to 1980s

During the 1970s and 1980s, subsidized housing programs were reappraised and guided in new directions (Listokin, 1991). In the early 1970s, subsidized housing programs were reformed, resulting in the new Section 8 program. The Section 8 rental assistance program was federally administered, and its goal was to subsidize the difference between fair market rent and 25% of tenant’s income¹⁸. The Section 8 program clearly specified that only “lower-income” households were eligible and that

¹⁸ Rental housing web site: <http://rental-housing.com/rental/section8.htm> (accessed in 2003)

the subsidy could be applied to rehabilitated and privately owned housing during the 1970s. In the 1980s, the range of eligible recipients to receive Section 8 program benefits was narrowed; the majority of Section 8 rental assistance program was applicable primarily to only “very low-income” households¹⁹ (Listokin, 1991).

4) 1990s

During the 1990s, federal housing programs were viewed as an inheritance of legislation passed down from former governments. Housing and Urban Development (HUD) had provided various subsidized housing programs for the poor in the United States, in spite of cuts to financial assistance programs. The administration of housing programs has been altered since the mid-1990s. Subsidized housing programs ceased to be administered by the federal government and became the responsibility of local governments and private citizens. So municipal governments began to develop new sources of funding for affordable housing units and preserving them.

3.3 Low and Moderate-Income Homeownership in the United States

Most of the rental assistance programs for low and moderate-income populations were not able to resolve existing housing problems. In order to reduce the problems in rental (public) housing units, such as litter, vandalism, and the accompanying high maintenance costs, the government had begun to assist homeownership programs for low- and moderate-income families. According to Rohe and Stewart (1996), homeownership for low- and moderate-income families was an

¹⁹ A household should meet very-low income requirements to be a recipient of Section 8 assistance. The very-low income households paid 50 percent of their income for rent (extremely low-income: 30% Low-income: 80%). The very-low income households should not have more than \$16,400 (US) income (three person household) in 1996 (<http://rhol.org/rental/section8.htm>, accessed in 2004).

important factor in stabilizing neighborhoods. Homeowners were more likely to maintain property values, physical conditions and social conditions (i.e., reduced crime rates). To provide the opportunity for homeownership to low- and moderate-income groups, the federal government made major efforts since Section 235²⁰ and the Turkey III program²¹ terminated in the early 1970s (Rohe and Stegman, 1992). In 2003, the Department of Housing and Urban Development (HUD) provided various homeownership programs supported by the federal government for low and moderate-income families. The purpose was to stabilize low and moderate-income neighborhoods and create sufficient affordable housing units. In this section, various homeownership programs assisted by HUD, as well as other programs of affordable homeownership programs, have been described.

1) Public housing homeownership program

Since 1985, the public housing homeownership program has been operated by Public Housing Agencies (PHAs). These agencies had HUD's authorization to sell public housing units to principle residents at below market prices (Rohe and Stegman, 1992). This program was administrated under Section 32 of the U.S. Housing Act of 1937 (HUD Web site, accessed in 2004). Section 32 was a new regulation that defined how the homeownership program was administered by PHAs in terms of creating public housing units, their development, and their availability for purchasing by tenants (Federal Register, 2003). According to HUD, PHAs could implement a Section 32 program to carry out several tasks. These tasks included subsidizing public

²⁰ Section 235 was the law that provided the privilege of taking property for public use by municipal and other corporations (www.keguslature.state.al.us, accessed in 2004).

²¹ Turkey III program was homeownership opportunity program. Its mechanism was that occupants should build up sufficient 'sweat equity' by carrying out their own maintenance to purchase their units (Daniel, 1978).

housing for residents or other low-income families, providing below-market financing, and selling public housing units to eligible buyers. However, there have been doubts regarding whether or not this program was for or against providing affordable housing units in low-income neighborhood areas. Supporters of the public housing homeownership program emphasized that this program helped to improve the quality of life of low-income families. The emphasis was placed on how ownership increased tenants' self-esteem and physiological health, as well as granted financial security (Rohe and Stegman, 1992). Moreover, sales of public housing resulted in a reduction in the ongoing housing subsidies that supported public housing programs and also reduced the annual operating subsidies to local housing authorities (Butler, 1984). In contrast, critics of the public housing homeownership program argued that this program was inappropriate because it resulted in reducing the low-cost housing inventory, without long-term controls on resale prices (Dreier, 1986). According to HUD, Section 32 regulations did not require a resale provision. Therefore, housing units sold through the public housing homeownership program could pass into the hands of wealthier buyers, thereby reducing the stock of affordable housing units.

2) Homeownership tax credit

The home ownership tax credit was available to developers and investors who provided or rehabilitated housing units for low-income families in low-income areas (Community Homeownership Credit Coalition, 2002). Through this program, States would use the credit to offset the developer's gap between the cost of housing development and the price attained from eligible buyers. States could also use the program to provide new housing units for appropriate buyers at a cost based on local market conditions (Egan, 2003). According to the National Low Income Housing Coalition Guidance (2003), the home ownership tax credit program could aid in

closing the low-income homeownership gap, stabilize troubled neighborhoods, and stimulate additional community development. In order to be a beneficiary of the program, a development site should be in an eligible area that represents 80% or less of the median income of the area or State. In addition, only buyers with an income no greater than 80% of the area or State median income may qualify. Single-family houses, condominiums, and co-operative units would all be eligible for this program. However, the maximum tax credit may not be more than 50% of the cost of construction, renovation and building acquisition, and the eligible cost may not exceed the single-family mortgage limits (National Low Income Housing Coalition, 2003).

3) Co-operative housing

Co-operative housing was managed by non-profit corporations that jointly owned multiple-unit properties. Its organization may be governed by a private developer, government, or non-profit community organization. To support low- and moderate-income homeownership, a 1972 Urban Institute study established federally assisted co-operative housing (Silver, 1998). Cooperative housing resembled rental housing. Tenants paid monthly rent of a unit that they did not own. In cases where a cooperative housing unit was owned by an individual, the cooperative housing unit resembled traditional homeownership (Silver, 1998). The residents of a co-operative were never evicted from the property unless they violated the lease agreement. Although co-operatives were not popular homeownership programs for people of low and moderate incomes in the United States²², they had strong financial advantages over rental housing units. The cost of housing in a co-operative was less than other

²² Housing stocks of co-operatives are less than 1% in United States, compared with 25% in some Scandinavian countries (Silver, 1998).

subsidized houses, and individuals could deduct mortgage interest payments from their income taxes (Rohe, 1995). However, it was difficult to organize co-operatives without technical assistance, federal subsidies, proper information and technical skills.

3.4 Challenges of Low-Income Housing Policy in the United States

Social housing and rental supplement programs in the United States played a significant role in providing affordable housing for low- and moderate-income households, but these programs were faced with a great number of difficulties. Primarily, public housing programs in the United States sought to remove the poor from the inner cities and relocate them to the outskirts and suburbs. Public housing has been criticized for relocating the poor to certain sites, thereby creating “ghetto towns.” Additional problems occurred when these buildings were cited as hot spots for domestic violence and vandalism (Popkin, Gwiasda, Olson, Rosenbaum, and Buron, 2000). The other limitation of current social housing programs for moderate-income housing was the reduction of federal financial support. Since the mid-1980s, the funding for federal assisted housing units has declined as the government has cut federal support for public housing construction, revitalization of moderate-income housing, and assistance to tenants (Skelton, 1998). Other obstacles to public housing and rental supplement programs have been the maintenance of facilities and the identification of eligible beneficiaries. Due to tenants’ feeling the lack of ownership, vandalism has increased; this raises maintenance and repair costs in the moderate-income housing facilities. The selection of qualified housing recipients was viewed as difficult and hard to supervise, as was the “policing” of recipients to ensure subsidy funds were spent on housing rather than on other living costs. Both factors were beyond the scope and budget of the program.

The federally assisted homeownership programs, such as the public housing

homeownership program and homeownership tax credit, have been successful for the majority of households. Yet these programs have been criticized because minority groups such as immigrants and native Indians did not have equal access to the programs' benefits (Ratner, 1996). In addition, federal support in housing matters has been insufficient to its growing needs. It has not filled the gap between accessibility and affordability or preserved the housing units that were assisted by the federal agency (Egan, 2003). Egan also emphasized that most federally subsidized homeownership programs have often failed to reflect the community-to-community variations in housing demands and costs. The federal homeownership programs should have been carried out in the context of local and community characteristics. However, it was hard for federal homeownership programs to implement variations from state to state and community to community. In order to address local needs and variations in housing problems, municipalities started to develop new funding sources to produce affordable housing units that were publicly assisted but privately owned. This movement has shaped private, non-market housing programs for low- and moderate-income households in the United States so as to create affordable housing and to maintain its stock for future residents (Davis, 1994). Private, non-market housing has mostly relied on non-profit community-based organizations to implement local housing needs. According to Goetz (1993), the new paradigm of moderate-income housing programs involves linkages between housing, community development, and urban revitalization strategies.

3.5 Review of Private, Non-market Housing in the United States

According to Davis (1994), new third sector housing programs for affordable housing for low- and moderate-income classes in the United States were developed in the earlier 1990s in response to rapidly increasing costs of market-rate rentals and

market-priced sales. These included deed-restricted, owner-occupied housing, community land trusts, limited-equity co-operatives, limited-equity condominiums. Most of these alternative housing programs were characterized as privately owned but with restricted resale. They were also referred to as private, non-market housing. Davis (1994) explained that the housing unit was titled to the individual, but the property was owned by community-based (municipal or non-profit) organizations. In addition, regulations were in place to restrict resale prices, so that private, non-market housing units permanently preserved their affordability for the target group.

In order to examine the applicability of new alternative housing programs in the United States to the Korean situation, three specific programs were chosen: deed-restricted, owner-occupied housing; community land trust; and limited-equity condominiums. The characteristics of these programs are explained in detail as well as the reasons for selecting them. Before discussing the three alternative housing programs in detail, general descriptions of all four programs were provided.

1) Deed-restricted, owner-occupied housing

Deed-restricted, owner-occupied housing was very close to traditional homeownership, but this program had resale controls in order to keep it affordable (Davis, 1994). The residents of deed-restricted, owner-occupied housing may resell the unit only at the price set according to a formula that allowed for a small amount of appreciation. This amount did not allow a windfall due to market-rate real estate investment margins. In addition, the seller was required to find a potential buyer whose income qualifies under the resale restrictions. The intent of the deed-restricted housing program was to allow the building's occupants to build some equity and move up into the private market (Web site: www.homebrick.com, accessed in 2004).

2) Community land trust

A community land trust was a non-profit organization that acquired and held land for the benefit of the community. Its intent was to provide and preserve secure, affordable housing units for the community's residents (Web site: www.policylink.org). A non-profit organization owned the land, and the occupants were responsible for maintaining and improving their housing units. By owning the land, the community land trust had the power to decide how the land would be used to provide decent, affordable housing (Gotez, 2000). As with other private, non-market housing programs, the community land trust program had resale restrictions related to price and income levels of potential buyers. If residents decided to resell their housing unit, they sold the home to the community land trust or to another qualified low- or moderate-income family. The occupants of housing in a community land trust must sign an agreement that limited the resale profits of housing units in order to obtain all of the advantages the community land trust provides at the time of purchase (Web site: www.lazerlink.com, accessed in 2004).

3) Limited-equity condominium

Limited-equity condominiums were almost identical to standard market condominiums, except that they could not be sold for more than a specified price, based on tenant agreements (Davis, 1994). The restriction of property resale on limited-equity condominiums had a common purpose with other alternative housing programs. It ensured that housing units remained affordable in the future by providing units at below market rates. The occupants of limited-equity condominiums owned their housing units. They were responsible for paying their own property tax and mortgage. However, all residents shared the cost of common property such as halls, stairs, and basements.

4) Limited-equity co-operative

A limited-equity co-operative was another form of affordable, resident-controlled housing. It differed from traditional co-operative housing in that the purchase price of membership shared and the rate of appreciation are limited in order to preserve affordability (Miceli, 1994). Co-operative housing units were not owned by individual residents, and the traditional form was market-equity co-operatives²³. Instead of owning a unit, the resident shared stocks in the co-operative, available only to residents. In the limited-equity co-operative program, the individual did not need a mortgage and the purchase price of a housing unit was lower than the market rate (Silver, 1998). Though limited-equity co-operatives could provide various housing types with a low burden of cost, this program has not been as popular as the community land trust and limited-equity condominium programs in the United States. The reason was that limited-equity co-operative housing program required technical assistance, federal subsidies, proper information and technical skills to develop the program as like other cooperative housing units. As well, it required constant training to maintain the program (Davis, 1994).

The above alternative housing programs and financing tool had common traits that produced and preserved permanent affordable housing units for target populations (low and moderate-income), or aimed to finance its construction (i.e. housing trust fund). Most of them involved tenants of the building and community members taking a significant role in the initiation of the program. Previously described programs could be referred to as third sector housing. Third sector housing was in a non-governmental domain that was not seeking private profits. Also, third sector housing

²³ Market equity co-operatives allow the resident to share the profit from resale at the market rate, if the unit was individually owned (Silver, 1998).

programs tended to depend on non-profit, community-based organizations to implement the community's housing plans. Non-profit organizations played a key role in community transformation, as residents came together to resolve local problems and create better living conditions. Also, non-profit community-based organizations were often the beneficiaries of third-sector housing programs and were assigned to apply the local housing policy (Davis, 1994). Non-profit community-based organizations helped ensure that each alternative-housing program had its autonomy and reflects the local concerns, social needs, financing and direction of municipal housing policy. These organizations also helped preserve non-market housing units from market-rate prices for potential low-income residents. Most affordable housing units created by federal programs, on the other hand, were not assured permanent affordability. The federal programs did not have a housing provision that requires limited sale restriction for affordable housing units in order to preserve its existing stocks for future use. Thus, the affordable housing programs assisted by federal programs could easily lose their affordability status. Additionally, major cutbacks in federal funding for low-income housing required municipalities to look for other funding sources to support affordable housing policies.

All alternative housing programs reviewed appeared to have some applicability to the Korean context. As mentioned in Chapter 2, current low and moderate-income housing programs in Korea have been criticized for lack of ownership, lack of involvement by members of the community, high cost of management, and shortage of affordable housing units. In order to resolve Korea's existing problem of "homeownership accessibility" for people of low and moderate-incomes, it was important to understand tenants' needs and desires. If homeownership opportunities were provided to a building's occupants, they may work hard to achieve homeownership, which could result in less vandalism, reducing the high costs of

building maintenance.

In the following section, three alternative housing programs that served as affordable housing mechanisms in the United States have been reviewed. These included deed-restricted, owner-occupied housing; community land trust; and limited-equity condominium. These programs had the highest accessibility for autonomy and homeownership as well as residence equity. The reasons for selecting these programs would be discussed in detail after summarizing the scope and nature of each program. Each program has been summarized from the literature reviewed with emphasis on the findings of the article “Beyond the Market and the State: the Diverse Domain of Social Housing” (Davis, 1994, p. 78–106).

3.5.1 Deed-restricted, Owner-Occupied Housing

1) What was deed-restricted, owner-occupied housing?

First, it was necessary to clarify the meaning of “deed”. According to Carr (2000), a deed was a legal instrument to represent evidence of ownership of a real estate title. Carr also stated that, to be a valid deed, it should be a written document that contains information about an individual’s title and nature of ownership. The deed should cite a specific address as a means of identifying the property in question and include a clear intention to transfer title. Davis (1994) chose to call this program “deed-restricted, owner-occupied housing” instead of “resale-restricted housing” or “limited-equity housing.” The deed-restricted, owner-occupied housing program closely resembled traditional homeownership, the only difference being that there were restrictions on the property’s resale.

2) Occupants' interest

“Deed restriction” was accompanied by limitations on the resale price of the property (Abromowitz, 2000). Davis (1994) further clarified the details of the property's resale. Davis indicated that the homeowners should not make any profit from increases in value of the land or property. These included rises in market values, participation in cosmetic or structural improvements, or the selling of development rights. Therefore, the home occupants could not sell their property at fair market value. This served to safeguard affordable housing for the low- and moderate-income class.

3) How did deed-restricted, owner-occupied housing work?

According to Davis (1994) and Abromowitz (2000), deed-restricted, owner-occupied housing gave “initial sellers”, such as members of a public body, non-profit organization, or private-sector company, the first option to purchase the property unit at a discounted price, below fair market value. Alternatively, if initial sellers refused to execute their rights, the owner of the property could resell to income-eligible people at a restricted price based on a “restrictive covenant.” To make sure that this policy was carried out as it was intended, future eligible buyers or interested groups could ask to block the sale of the property on the basis of enforcing the provision of affordable housing.

4) Obstacles to deed-restricted, owner-occupied housing

The ideology behind deed-restricted housing could be applied to various housing types, such as single-family dwellings, town houses, and multi-unit apartments. This housing form was similar to owner-occupied housing in that it was considered the responsibility of the occupants to maintain the property. A dissimilarity was that occupants could not make a substantial profit from the resale of a deed-

restricted house. Resale prices were fixed, so occupants had no incentive to improve the property. Therefore, efforts were focused solely on property maintenance.

3.5.2 Community Land Trust (CLT)

1) What was a community land trust?

A community land trust (CLT) was a non-profit organization created as a form of dual homeownership. A nonprofit, community-based corporation held the land ownership rights, while individual family households were charged with the responsibility of housing improvement (Davis, 1994). As a mechanism for providing affordable housing, the CLT program could provide lower-priced housing compared with the private housing market. That is, the CLT keeps the land in trust for the benefit of the local community, and the cost of the land was not rolled into housing prices. Therefore, qualified buyers were able to purchase housing units without paying for the associated land values. This made homeownership possible for people with limited incomes.

2) Occupant's interests

The occupants had homeowner rights similar to those of traditional homeowners. The entitlements of ownership include private land use, reimbursement of some equity on resale, and the ability to alter their own living space to suit their tastes and needs. Occupants did not hold the rights to the land. The most important factor of a CLT was that the occupants were able to hold a long-term lease²⁴ contract for the land (Gotez, 2000). Additionally, the occupants could renew the lease or pass on their rights to housing in a form similar to inheritance. The occupants were

²⁴ The lease usually runs for a lifetime or ninety-nine years, unless state law indicates a shorter contract.

required to get prior permission from the CLT board when they wanted to sublet the house or make any structural changes or cosmetic improvements.

3) How did a CLT work?

The greatest benefits of a CLT were the removal of land cost from the purchase price and the prevention of profit making from housing sale transactions, due to “limited-equity” prices (Abromowitz, 2000). The regulation of resale prices in a CLT was designed to return, to occupants, only their initial capital investment. In this way a CLT limited the amount of profit that the occupants could make from housing resales. This restriction on resale pricing allowed the CLT board to maintain permanent affordable housing stocks for the community and to ensure that housing remained affordable for future moderate-income buyers.

A CLT was a community-based non-profit corporation with membership open to interested local community members. The CLT members elected the board of directors, who were leaseholders (1/3), neighborhood residents who understood the value of the CLT (1/3), and external representatives who usually had key technical skills (1/3). The CLT board set policies and strategies for the organization, and held annual general meetings (AGM) for members. In these AGMs the previous year’s accomplishments and changes to policy were reviewed and further improvements are discussed.

To qualify for the CLT, applicants must have an established monthly income base that is sufficient to pay their mortgage. In this respect, the CLT program failed to meet the housing needs of very low-income people, but served instead as a mechanism for increasing affordable housing stocks (Webster, 2000). The CLT board carefully reviewed applications and selected qualified applicants according to self-established guidelines. CLT tenants or “homeowners” could build up equity in the

CLT property based on mortgage repayments and home improvements.

When CLT occupants intended to resell their property, the CLT board set the sale price. Additionally the seller had to find income-eligible buyers. Otherwise buyers were selected from the CLT waiting list. These strict guidelines served to ensure the maintenance of an established number of affordable housing units. The CLT program could apply to commercial use units as well as housing units, and the program could work together with other forms of alternative housing programs. Examples of these programs included limited-equity condominiums and limited-equity co-operatives. Webster (2000) provided an example for revitalizing disinvested areas and providing decent housing for community residents in Massachusetts, where a combination of CLT and limited-equity condominiums was successfully implemented.

4) Obstacles of a CLT

Despite the CLT aim of providing affordable housing for moderate-income people, the CLT program could not assist the very poor. To meet the criteria, applicants must be “bankable” in order to ensure their ability to pay their mortgage. Applicants with a fluctuating income source or bad credit history could not qualify.

3.5.3 Limited-Equity Condominium

1) What was a Limited-equity Condominium?

To understand a limited-equity condominium, it was necessary to note the differences between limited-equity condominium and traditional condominium forms. A condominium was defined as a single property that was occupied by one or more homeowners. In this form of ownership, the individual had sole homeownership of a unit in a multi-unit property, together with a divided portion of ownership in areas and

facilities that were shared with the other homeowners (Clurman and Hebard, 1970). Condominium association guidelines served as regulations for homeowners. In this form, there were no restrictions on the sale of the property at fair market value set by the association guidelines. In addition, the condominium was regarded as an alternative housing type for low or moderate-income people, substituting for traditional public housing.

A limited-equity condominium (LEC) differs in that it involved resale restrictions. A LEC usually developed as a small part of a "linkage" program²⁵ for residential development in rural areas (Davis, 1994).

2) Occupants' interests

Except for the resale restrictions, limited-equity condominiums were similar to the traditional condominium housing form. Both were limited by typical condominium guidelines for ownership and use of common areas. Occupants were responsible for the mortgage, insurance, and property taxes. The condominium association managed common-use facilities, the collection of taxes and the payment of property insurance.

3) How did a LEC work?

The condominium association may control or restrict the resale of the property. Therefore, the association could stipulate repurchase options and the limited-equity prices of the property in the contract. However, most condominium associations were interested in making a profit for condominium units at market prices. As a result, they

²⁵ A linkage program requires developers who are making major investments in an area (usually commercial) to provide affordable housing units as a condition of approval of a development permit (Goetz, 1998)

did not pay attention to monitoring and enforcing the affordable housing unit policy. Therefore, in the hands of a private organization it was not a really effective way to maintain affordable housing units for moderate-income people. To solve this, the LEC units were assigned to a municipal agency or a non-profit organization, which enforced the restrictions on property prices.

4) Obstacles to a LEC

When LECs were compared with CLTs they were inadequate, because they were not powerful enough to ensure affordable unit price restraints (Davis, 1994). The program's shortcomings may be attributable to the fact that there was no directing body to develop and sustain affordable housing.

3.5.4. Overall Assessment

All three alternative housing programs may be considered as alternative programs to address moderate-income housing problems in Korea, because they allowed for accessibility to homeownership with below-market housing prices (see Table 8). Current low- and moderate-income housing programs in Korea did not support various homeownership opportunities, so a high degree of self-sufficiency for homeowners would be a very attractive feature. The government also provided a tax deduction program for first-time homebuyers in Korea. It was limited to the reduction in the acquisition tax rather than a tax deduction for interest on housing loans. Moreover, low- and moderate-income homebuyers must pay all taxes, such as acquisition tax, property tax, registration tax²⁶, etc., at the same time as they purchase

²⁶ In Korea, homebuyers pay acquisition and registration taxes within 50 days of purchasing the housing. The amount of these taxes is 5.6% (acquisition tax: 2% and registration tax: 3.6%) of housing value (Lee, Sung Wook, 2004).

the housing unit. These taxes were a burden for moderate-income people trying to access homeownership opportunities. Thus, the advantages of tax deduction benefits combined with financial systems designed to assist first-time homebuyers could be another reason to consider the applicability of these programs to the Korean context. Although development costs were comparable, these programs demonstrated that housing units could be provided at less than market-rate prices. Most housing in these programs consisted of single-family housing units, because it was the most preferred housing form in the United States, even for low- and moderate-income populations (Rossi and Weber, 1996). The single-family housing forms would not be applicable in the Korean situation, due to the high cost of land values²⁷. Therefore, the form of housing units may require modification to fit Korean circumstances. Furthermore, the level of income required in order to qualify for the program would need adjustment, due to the discrepancy in low and moderate average incomes in the United States and Korea. However, all three reviewed programs, reviewed above, were still worth examining the Korean context.

²⁷ According to Lee, Sung Wook (2004), the 1991 land cost, compared with Gross National Profit, is 10 times as expensive in Korea as in the United States.

Table 8: Comparative Advantages: Three Programs of Alternative Housing

Deed-restricted, Owner-occupied Housing	
Advantages	Disadvantages
<ul style="list-style-type: none"> ➤ Maximum self-sufficiency for homeowner ➤ Marketability: close to traditional homeownership ➤ Tax deduction for interest and taxes ➤ Few administrative costs for sponsoring agency ➤ Financial system designed to assist first-time home buyers 	<ul style="list-style-type: none"> ➤ High per-unit cost for single house on single lot: impossible for very poor households ➤ Requires maximum responsibility to maintain the property ➤ Household should have balanced income
Community Land Trust	
Advantages	Disadvantages
<ul style="list-style-type: none"> ➤ High self-sufficiency for home owner ➤ Purchase price reduced by removing land cost ➤ Financial system designed to assist first-time home buyers ➤ Tax deduction for interest and taxes on building ➤ Support of non-profit sponsor for first-time homebuyer eases transition from renting to owning ➤ Non-profit sponsor's ownership of land enhances enforceability of affordability restrictions 	<ul style="list-style-type: none"> ➤ High per-unit cost for single house on single lot, though the value of land excluded: impossible for very poor households ➤ Household should have balanced income ➤ Financial system not yet familiar with mortgaging house on leased land ➤ Marketability: removing land from homeowner's interest causes concerns, especially in rural areas ➤ High administrative costs for non-profit sponsor ➤ Requires individual responsibilities for the property

Limited Equity Condominium

Advantages	Disadvantages
<ul style="list-style-type: none"> ➤ Lower per-unit cost gives greater initial affordability than a detached house ➤ Tax deduction for interest and taxes on building ➤ Financial system designed to assist first-time home buyers: system familiar with condominium program ➤ Less risk and fewer responsibilities for common property ➤ Popular familiarity with condo 	<ul style="list-style-type: none"> ➤ Household should have balanced income: “bankable” ➤ Continuing affordability may be lost through “self-enforced” restrictions or by outside enforcer not being vigilant ➤ Lower-income units in the minority, the condo association may assess unaffordable fees ➤ Requires individual risk and responsibility for unit

* Source: Davis, J.E. “Beyond the Market and State: The Diverse Domain of Social Housing” *The Affordable City*, 1994, p. 96-97

3.6 Reasons for the Selection of Programs

1) Reduction of housing price

The selected programs were effective programs for providing affordable housing for the moderate-income class, as they restricted and imposed property resale regulations. In order to be effective, these programs removed land value from the housing cost or apply specific restrictions on a deed. The ability to secure land was a critical factor in the reduction of housing prices.

In Korea, providing affordable housing for the moderate-income class was a difficult task to accomplish, due to the high value of land and inflated cost of housing. According to Park, Jae Ryoung (2000), housing costs were too expensive in Korea, based on income ratios. He indicated that the average housing costs in the metro Seoul region were such that urban workers, who earned relatively high incomes, would have to save the equivalent of 76 months (6.3 years) income in order to purchase a 69.2m² size housing unit in 1998. Therefore, to purchase an individual housing unit for a middle-income class family was a lifetime commitment in Korea. It was predicted that it would take a much longer period for low- and moderate-income people to save enough to achieve homeownership.

Considering the high cost of housing in Korea, the three reviewed programs were examined for possible adaptation into the Korean context. Moreover, the selected programs had restrictions on making a profit from housing sales, so it was concluded that they served to deter housing market profiteering.

2) Accessibility to homeownership

The three alternative housing programs reviewed were closer to that of the traditional homeownership concept than tenant-occupied housing. Although some portions of the units from each program were tenant-occupied housing, these

programs were motivated by the chance to increase homeownership for target groups.

The initial purpose of permanent public housing in Korea was to expand housing units for moderate-income people, so that they would be able to obtain affordable housing. Permanent public housing units were for renters. These were considered the initial step toward future homeownership. Although public housing partly promoted homeownership by giving residents a “preemptive option” to buy out their contract after its term had expired, only a few people could purchase their housing units when they were priced at fair market value.

These U.S. programs had strong frameworks for homeownership that could be suitable for possible adoption into the Korean context.

3) Resident equity

Deed-restricted housing, CLTs and LECs allowed for the reselling of housing units for standardized prices. Therefore, it was possible for occupants to realize a small profit, which tended to foster feelings of responsibility and vested ownership. These programs were also based on community organizing, which may promote a feeling of belonging.

Even in Korea, permanent public housing and long-term public housing units have been vandalized and neglected, due to an absence of ownership rights. It has been suggested that homeownership could prevent this (You, Young Woo, 2000). So “where residents belong” could become an important factor in deterring vandalism and violence in moderate-income housing units. These programs could provide partial equity that could lead to improvements in the housing units. This may contribute to an increase in property values. Therefore, by expanding on the limitations of public housing, these programs could be adapted to become suitable alternative housing programs for the Korean context.

4) Affordable financing

These programs were not designed to maximize profits. Unlike private sector housing, the rate of rising housing prices could be controlled. As a result, financial institutions may agree to provide mortgages at below market rates or increase mortgage application approval rates by lowering debt service ratio quotas.

5) Providing various housing types

The main housing type of a moderate-income household in Korea was a high-density apartment. This style aimed to increase the efficiency of limited land resources. As a result, it was usually not able to provide various housing styles for the moderate-income class, even though some groups (e.g., seniors or the physically challenged) desired to reside in places other than high-rise apartments. The three specific programs reviewed provide various insights into the available types of housing forms, ranging from single-family housing to multi-unit apartments. By adopting these programs, it may be possible to incorporate various housing styles in new residential developments.

3.7 Summary

Throughout the literature review, it was evident that public housing and rental supplement programs played significant roles in the improvement of conditions for the moderate-income class in the United States. Recent newly emerging programs have been successful in the provision of affordable housing units. Community-based organizations and active resident association participation spearheaded these programs. New alternative housing programs differ slightly in terms of homeownership accessibility and private property use. However, each program seemed to be based on a foundation of local community revitalization and

improvements in the living conditions of the low- and moderate-income classes. A common characteristic of these alternative housing programs is that each uses the mechanism of "restricted" resale in order to maintain the affordable housing units for future owners or tenants. Each program also uses "pre-emptive options" to maintain its initial target group. As well, these programs were mostly run by public or non-profit organizations.

Chapter 4: Research Methods

The purpose of this study was to review new and emerging American policies for moderate-income housing and to explore the possibility of adapting them to the Korean context. This research was conducted through the use of qualitative surveys and interviews. These two methods of data collection were selected because they were appropriate for conducting long-distance interviews, which must be completed in a quick and concise manner. The targeted group for the survey included a city planner, an academic researcher, an architect, and several moderate-income housing specialists. This group of distinguished experts had amassed a great deal of working knowledge about current moderate-income housing programs in both the United States and Korea. It was appropriate to consult these individuals for this study because, in Korea, housing policies and programs were predominantly reformed by elite groups of professionals who have appropriate field expertise.

4.1 Research Process

1) Survey

According to Fink (1995), a survey is a system for gathering information to describe or compare explicit knowledge. This survey's intention was to gather general information about the housing problems of the moderate-income class and to document existing and emerging alternative housing programs in Korea.

Survey questionnaires and introductory letters were sent to respondents via e-mail. The introductory letter described what the study was about, what respondents were expected to do, and in what format they were to respond to the survey questions. An estimation of how long it would take them to complete the survey questions was included. In addition, the introductory letter requested further personal interviews by

telephone with the respondents. These in-depth interviews were conducted after respondents had returned their completed surveys. The majority of the survey's questions were open-ended, with only three of the questions being formatted as "yes" or "no" questions.

Open-ended questions were chosen because they tend to describe situations seen from the respondent's point of view not the surveyor's. This is useful when issues are unfamiliar (Fink, 1995). The questions were intended to gather information in two parts. The first part was to discuss Korean housing policy with the respondents in order to identify whether or not they cited moderate-income housing policy problems similar to the findings of the primary literature review. The second part was to explore whether or not the American alternative housing programs reviewed in the literature possessed characteristics that could, in part or in whole, be incorporated into the Korea context.

When the introductory letter was sent to the eight respondents, an assumption was made that a quick response rate would be achieved, because prior arrangements had been made. Initially six of the respondents were supportive and the survey questions were developed. At this time the respondents were asked to complete the survey and return it within a week. However, only two of the respondents granted interviews. The rest of the respondents either withdrew from the survey or failed to correspond. Four respondents formally declined, because they felt they were no longer eligible to participate in this study. They indicated that they had not studied moderate-income housing policy for awhile and that they did not feel they fully understood the American programs assigned for review. Even after several attempts to contact them, the majority of initial respondents withdrew from the study.

As the initial attempt at polling had failed to elicit a sufficient number of interested candidates, alternative respondents for the study were sought. The study

was to focus on public-sector researchers and planners. However, due to the narrowing field of qualified candidates, the focus was broadened to include private and public sector professionals. Sources from national and local research institutions, government organizations, private consulting companies, and universities that offered graduate City Planning programs were contacted. It was difficult to obtain eligible respondents for this study, because it required that candidates be familiar with both Korean and American housing policies and to have a good command of the English language. English-language comprehension was necessary to ensure that the respondents were able to understand the context and framework behind the American programs.

A second attempt to obtain eligible candidates began with an additional forty-five e-mails being sent to potential respondents. The response rate from the second group was poor. Only fifteen people responded and, of these, only three were willing to participate in the study. People working in private consulting felt uncomfortable about completing the telephone interview. Although it was suggested they could respond to the interview questions in writing, they still could not be convinced to participate. Respondents also expressed concerns that their responses may be considered inadequate for a survey at the graduate level, especially since, in order to understand the programs, they would have to read the assigned articles in English. The respondents felt that it was an additional burden for them to have to conceptualize and interpret each program on their own in a foreign language, even though a Korean summary of the programs had been provided. At this time, two respondents chose to withdraw from the study. One was an academic planner who felt unqualified to participate in the study because it had been a long time since this person had studied housing policy. The other respondent required an extension past the survey due date in order to formulate a proper response. At last, three respondents agreed to participate

in the survey and interview. However, one survey was not used in the analysis, due to ambiguous answers.

2) Qualitative Interview

The survey section's purpose was to examine the existence of new alternative housing programs or try to find similar programs that have unique concepts, such as the housing programs reviewed in Chapter 3. The interview section asked the respondents to discuss two main areas. First, the respondents were asked to discuss how these programs could be applied to the Korean context given the different political and cultural environments. Second, they were asked to discuss what steps they thought should be taken in order to adapt these programs to the Korean context.

When the respondents sent back their survey responses, a date and time for an in-depth telephone interview was set for each of them. The interview date and time were established two months in advance and confirmation e-mails were sent. Setting a schedule for interviews, however, proved to be a challenge. Scheduling conflicts occurred with some respondents, making it difficult to establish a date and time that was convenient for them within the study timeframe. Although these conflicts in schedules were eventually resolved, they served as obstacles to meeting earlier deadlines for the study's completion.

Before conducting the interviews, the survey results were carefully reviewed in order to clearly define the scope of the study (Foddy, 1993). In introductory letters, it was clearly explained to interviewees that the interview would not go on for more than 30 minutes. With this time limitation in place, the set of questions had to be trimmed. For some respondents, the questions had to be reworded in order to clarify their meaning. However, the content of the interviews remained consistent throughout the study. Therefore, the work associated with the interview process became a double

task of ensuring that interviews adhered to the set timeframe for asking essential questions and also reflected the survey response results.

According to Fowler and Magione (1990), interview techniques need to solve two problems. One is to clarify the meaning of the questions for respondents, and the other is that the interviewer should modify the respondents' original answer to meet the question's criteria. In accordance, respondents were asked whether or not they had found any difficulties when answering the survey questions, and key factors of each program were emphasized in order to minimize inadequate answers. During the interview, respondents were also asked to clarify the positions they held and their academic field. This procedure usually took five to ten minutes, with the remainder of the time devoted to clarifying the interview questions and survey responses. The majority of the interviews were completed on time, but one interview was concluded early because the respondent could not provide relevant and adequate answers to the clearly defined questions.

The plan was to make an audio recording of each interview and transcribe it later, allowing for further analysis of the respondents' responses. However, two respondents asked that the recorder be turned off, because they felt uncomfortable using it and communicating through a speakerphone. The other respondents did not object, but the quality of the tape was compromised by background interference from the international telephone line.

4.2 Data Analysis Strategies

1) Survey data

The purpose of the survey was to examine various opinions on new, alternative housing programs, and to have the respondents present their views on what they thought about these programs. The views of those surveyed were assessed by

comparing the answers of each respondent to those of the others. Some answers did not contain sufficient data to compare and analyze the results. This prevented the generation of a more comprehensive conclusion for the study. In addition, some respondents' answers were rather ambiguous, making it difficult to generalize the findings for each question.

To minimize these difficulties, data was analyzed and the primary results were categorized under four separate headings: 1) current moderate-income housing problems in Korea, 2) deed restricted owner-occupied housing, 3) community land trust, and 4) limited equity condominium. The applicability and obstacles of the American housing program's to the Korean context were discussed under categories 2 to 4. This made data analysis and generalization of the research findings easier.

2) Qualitative interview data

To ensure consistency and reliability, the results were analyzed in the same way as the survey data (individually compared with each questionnaire). The interview transcripts were later reviewed and compared to the survey responses. The review and comparison of the interview transcripts led to the identification of key factors and procedures for adaptation to the assigned programs in the Korean context.

4.3 Summary

This research made use of long-distance surveys, telephone interviews and correspondence by mail and e-mail. This made adhering to the research schedule difficult. In order to reduce these difficulties, research respondents were determined in advance, and their consent to participate in the study was obtained. Yet, the oral agreement did not provide a perfect guarantee that the initial respondents would participate in this study. Unfortunately, the research process took longer than was

originally planned.

Due to unexpected problems, the research faced a lack of sufficient respondents who could yield further discussion on the primary findings and make recommendations for alternative housing programs applicable in the Korean context. In the following chapter, the problems that occurred during the research process will be discussed in detail.

Chapter 5: Obstacles to Conducting Research

As was briefly described in the previous chapter, obstacles to the research arose as the study progressed. Some were expected before the survey and interview were conducted, but some of them were not evident until the fieldwork was underway. In this chapter, the problems and obstacles encountered during the research process are discussed, along with additional recommendations for alternative approaches in the future.

5.1 Research Process Problems

Most difficulties occurred during the survey process. Since early attempts to collect data from the selected respondents failed, gathering sufficient data sets became a challenge. Prior to the survey, respondents willingly agreed to participate in the study. However, some of the original respondents withdrew before the study began, and replacements had to be found. Various problems arose in obtaining qualified replacement respondents. Language and cultural differences proved to be barriers to explaining assigned programs and to obtaining quality research results.

1) Finding an expert

Of those first approached to participate, only two individuals responded. In order to obtain a sufficient amount of data for the research, additional respondents were required. However, identifying and contacting qualified respondents was difficult, as contact information for specific individuals was not easily obtained. In order to find other respondents, various levels of research institutions, public agencies, and academic institutions were targeted. What proved to be most difficult was finding out who the real housing policy experts were within these organizations. This study

required respondents who were qualified and able to provide accurate insight into Korean housing policy in a manner that would lend itself to analytic study. Although online respondent information was available, the information proved to be insufficient in determining whether or not the candidates met the qualifications. Of the qualified respondents who were approached in the second trial of the survey, the majority failed to respond. The few individuals who did respond felt that Korean moderate-income housing fell beyond their area of expertise and they declined to participate. As a result, many of the e-mails sent out did not receive responses from potential respondents and some of the candidates clearly stated that they did not consider themselves to be housing policy specialists. For the purpose of this study, respondents who had not specialized in moderate-income housing issues would not be able to provide sufficient answers for questionnaires. Therefore, finding an expert for housing issues was a critical factor to the success of this research. While respondents possessed strong planning/housing policy backgrounds, finding experts who specialized in moderate-income housing policy was difficult.

2) Difficulty of understanding new alternative housing programs

Most respondents were not familiar with the assigned programs. This was the main reason for their decision to withdraw from participation in the research. Those who were first contacted were well versed in their respective fields and in Korean housing policy. However, they did not have a full understanding of the United States programs. This was a result of the differences that exist between land systems and the public perception of housing between the two nations. Additionally, there were gaps in the updating of current alternative housing programs, and limitations to accessing newer information for alternative housing programs, in terms of language barriers and political interests. Most of the respondents were unfamiliar with the concept of non-

profit organizations, one of the main foundations for delivery of many alternative housing programs. Due to the previously stated barriers to understanding, the survey received a poor response rate. The answers that were supplied demonstrated that the concepts discussed in the article had not been fully understood. This made it difficult to perform data analysis and to conduct further discussions.

3) Context of research questions

The questions for the survey and the interviews were structured to require a comprehensive understanding of the material. The purpose was to elicit in-depth answers, not simply yes or no replies, which made it difficult for some of the survey respondents to provide the appropriate type of answers to some of the target questions. Since the respondents were required to read and comprehend the assigned article, a considerable time commitment was involved. Although the respondents realized the potential benefits of the study, they felt it would be hard to encourage their co-workers to participate in the study as well, because of this time commitment. Additionally, research questions required respondents to consider modified programs in light of similar Korean programs. To do this, respondents needed to review contemporary Korean programs that had characteristics similar to those of the new alternative housing programs. This added to the research respondents' time.

4) Obstacles of research methods

The fact that research respondents resided in Korea during the period of research presented major challenges to the data collection process. One constraint on the gathering of information using an interview method was the limited time for telephone conversations. Some respondents needed more time to clarify certain facts related to the survey and interview questions, while others needed more time to go

through the description of programs before filling in the research questionnaire. Although critical information and supplementary explanations were available to the respondents, either through oral or written (telephone or e-mail) responses for clarification, at times the respondents felt they required further support to correctly answer the questions. The article was provided in English, in order to prevent misinterpretation of the alternative housing programs. Despite this, language became another barrier to completing the research. The majority of the respondents mentioned that they would have preferred more time to complete the reading and that they experienced some difficulty with the English-language translation. One group of people who worked at a consulting company declined to participate in the research study because it was in English.

5) Cultural difference barrier to conducting the research

In order to conduct successful research, it was essential for respondents to have a comprehensive understanding of the assigned programs. However, due to the level of expertise possessed by the respondents, at times there was resistance to learning from a surveyor who possessed a lower level of education and social position than their own. If the approach to delivering the new information was considered inappropriate, it could have easily resulted in failure to complete the research, as respondents could take offence and refuse to participate. Therefore, finding an appropriate method for delivering information to professional people was significant to completing the research. Additionally, preparation in the area of social etiquette was required. Knowledge of the respondents' personal backgrounds (gender, educational background, brief personal history, and age) during the survey process was necessary to showing them an appropriate level of respect.

5.2 Further Recommendations

In this section, suggestions for future research under similar circumstances are made. The research was carried out over two-and-a-half-months (from the beginning of May to middle of July 2003). This timeframe proved to be quite limited and led to some potential respondents not being able to join the study. Thus, allowing more study time in future research could increase the flexibility needed to recruit all potential respondents. This factor was not the main recommendation for future research, but it would be useful to keep in mind. There were several recommendations for similar studies that may be conducted in the future including: select a research institution to find qualified respondents; ensure there are connections to resources inside housing research institutions; consider financial compensation for research respondents; and consider using alternative research methods, such as on site person-to-person interviews, rather than telephone interviews.

1) Select a research institution for finding experts

In order to find an expert for research participation, numerous researchers were contacted in federal and local research institutions as well as other possible organizations. From the survey result, it was clear that researchers who worked at federal research institutions had more knowledge and understanding of new alternative housing programs. Though they had never researched a similar program, they had the capacity to make linkages to other existing programs. The majority of survey questionnaires were sent to potential respondents in the Ministries of Construction and Transportation, Land Use Planning, and Public Works (30%) and academic planners (30%). However, the rate of response and understanding of programs was lower than for federal research institutions.

2) Ensure there are connections to resources inside housing research institutions

Networking within a federal research institution is another key factor in the success of the survey. Although candidate respondents understood the purpose of the research, they felt that responding to the survey questionnaire was not a simple task. Several attempts were made to get respondents from government ministries but this proved impossible due to the lack of inside connections. Information within government agencies was inaccessible to the public. Therefore connections to resources inside federal research institutions could help in carrying out a survey more smoothly. Also it would be easy to find other respondents for the research through networking rather than through other means.

3) Consider financial compensation for research respondents

The biggest obstacle to this research was the very small number of responses from randomly selected respondents and the inadequate quality of their responses. As mentioned briefly in the previous chapter, some answers did not include adequate data for the comparison and analysis of the results. In addition, it was not an easy task to find a sufficient number of volunteer respondents for the research. In order to make the research more accurate, detailed opinions from various respondents would be required for future studies. To resolve these problems, financial compensation for research respondents should be considered. It would be a more efficient way to conduct the research and collect sufficient data to compare and analyze the research results. Financial compensation may serve as an inducement for respondents to devote more time to review research materials and answer survey and interview questions.

4) Consider using alternative research methods

Other research methods could be utilized for this study instead of survey questionnaires and key informant interviews. A face-to-face interview method would be more appropriate for this research to deliver survey information more clearly. The cost would be high, but a face-to-face interview method would be better able to yield valid research results. With phone interviews, there was a time limitation, and conveying all the information required to complete the survey form was difficult.

Furthermore, other obstacles to conducting research in foreign countries should be considered along with the personal difficulties involved. Common aspects found in researching recommendations for case studies in foreign countries are as follows (Napier and Taylor, 1995 and United Nation website, accessed in 2004):

- Be aware of the types of frustrations, challenges, and situations that could be encountered in the research procedures.
- Be flexible enough to modify western ideas of policy and programs in foreign countries.
- Be conscious of major social, cultural, behavioral, and political differences that could affect the research process and findings.

5.3 Summary

This study faced several obstacles in the research process. There included finding a housing expert, respondents' unfamiliarity with new alternative housing programs in the United States, obstacles in the research methods, and barriers involving cultural and language differences. Altering the research methods could reduce these problems. To find housing experts, federal research institutions should be the target group rather than civil servants working for government ministries. Also,

financial compensation to research respondents and connections to resources inside research institutions could potentially increase the number of respondents. Above all, the researcher should take an objective view when assessing the information, in spite of cultural and language barriers. Additionally, the research timeframe should be flexible to allow for a variety of respondents and to allow time to conduct face-to-face interviews that could convey sufficient data to deliver results that could be compared and analyzed.

Chapter 6. Primary Findings

In this section, the research findings based on the survey and telephone interview results have been described in detail. The four qualified responses were of high quality and lent themselves to further discussion. Also, all of the participants, Lee, Young Hee; Park, Chun Su; Han, Ji Sung; Kim, Sun Hwa²⁸, had relevant experience in moderate-income housing matters. The panel of experts had policy research and academic planning experience at various levels of government and private institutions over a 10-year period.

Primary research findings were divided into three sections. Before participants identified the possible existence of each assigned program, each described his or her own ideas on what the real problems of moderate-income housing policy in Korea were. This helped to identify the existing moderate-income housing policy issues in Korea. These issues were compared with the issues presented in the academic literature. The second part of the research findings explained what aspects of the three reviewed programs were currently being applied within the Korean context. The last section covered the provisions that would be required if the reviewed programs were to be applied to the Korean situation. If the reviewed programs were not applicable, then opinions on the biggest obstacles to their application were examined.

6.1 Background of Participants

This brief introduction to the participants indicated the relevant connections between their experiences in housing matters in Korea and this study. The first participant, Lee, Young Hee (Lee), worked at a federal research institution for over 15

²⁸ These names are not real. As per Informed Consent Conditions, the identification of participants and their work places should be confidential, so names have been disguised.

years. Lee was a specialist in housing policy and land use planning. The second participant, Park, Chun Su (Park), taught at a graduate school of regional planning. Park was a specialist in housing and population. The third participant, Han, Ji Sung (Han), was a specialist in housing and real estate who has worked at a federal-level research institution for over 10 years and is currently teaching planning at a university. The final participant, Kim, Sun Hwa (Kim), was a specialist in housing policy that deals with the provision of affordable housing for the poor and elderly. Kim works as a head researcher for a federal-level institution

6.2 Existing Problems of Moderate-Income Housing Policy in Korea

Participants cited several problems with existing moderate-income housing in Korea. Participant Lee indicated that the target groups in moderate-income housing programs were imprecise. She addressed the point that, because moderate-income target groups were not clearly defined, the beneficiaries of current moderate-income housing policy in Korea were seldom the intended recipients. According to current moderate-income housing programs (see Table 6, Chapter 2), the target groups were the needy, veterans, residents of slum areas and redevelopment sites, or households who have never been able to purchase their own housing. With such inclusive categories it would be necessary to set more definitive guidelines for target groups. Besides the needy and some tenants from slum areas, the target groups were hardly appropriate as beneficiaries of moderate-income housing. The classifications “residents of redevelopment sites” and “households who have never been able to purchase their own housing,” in particular, are very broad and not based on definitive financial need. Consequently, some individuals of the middle-income class could be included in the target groups mentioned. No clear guidelines have been set to ensure that those who have needs as a result of reduced incomes, advanced age or household

type are having their needs met.

Lee indicated that another problem of moderate-income housing programs has been the lack of sufficient housing supply. For moderate-income public housing programs, the government has traditionally provided public housing that was based on short-term rental contracts rather than on long-term homeownership plans. This type of public housing was available for resale only after the expiration of the contract period. Lee argued that long-term rental housing units and permanent rental housing made up only 2.3% of total housing stocks in 2001, while the total number of public housing units accounted for 7.7 %. Therefore, public housing units were insufficient because the government focused more on supplying short-term rental units. The majority of these short-term units were aimed at meeting the housing needs of the middle-income class rather than the needs of the low- and moderate-income classes. Additionally, the public housing program was not consistent in maintaining the quality and context of the program. These programs were influenced by changes in the political environment. The final difficulty was lack of sufficient financial support from the government. Lee stated that the government provided direct and indirect assistance for low- and moderate-income housing programs, but there was not a sufficient financial subsidy from the government. Additionally, the government reduced the amount of financial support for low- and moderate-income housing units.

In participant Park's opinion, the main problem of current low- and moderate-income housing programs was inconsistency due to the lack of a clear definition of eligibility for target groups. The second problem he cited was that the majority of alternative housing programs were aimed at promoting short-term rental plans, and there were no financial support programs for target groups. As was discussed by Lee, public housing programs were based on short-term rental periods where units were resold to qualified buyers, but there were no assurances that they were sold to people

from the moderate-income class. The lack of a supportive financial system for homeownership served as a disadvantage to low- and moderate-income buyers in the face of an unstable housing market subject to price fluctuations. As a result, it was difficult to draft a stable moderate-income housing policy. The last problem Park cited was that speculative real estate investment led to housing unit prices that were over-inflated and too expensive for people of average income.

In participant Han's opinion, there were two main problems with current moderate-income housing programs. He criticized the lack of an adequate supply of moderate-income housing units and questioned why the definitions of beneficiary groups were unable to pinpoint and provide adequately for qualified tenants. When the government selected the qualified tenant they did not consider the applicant's incomes or savings. Consequently, sometimes these programs benefited the middle-income class in their homeownership efforts rather than those in the low and moderate-income classes.

In participant Kim's opinion, the government has tried to improve low and moderate-income housing programs since 2002. Since this time, the government has constructed short-term rental housing units as a public housing program and has committed to the provision of an additional one million units by 2012. However, the development costs for these short-term rental-housing units were too high. As a result, some eligible participants had to be excluded from the program. Housing subsidy programs could have eliminated the problem, but the Korean government would not support them. Therefore, a formal, permanent rental-housing program would be the best solution for low- and moderate-income groups. This type of government-funded program would support the construction of new housing starts by subsidizing up to 85% of the associated construction costs.

The problems of existing moderate-income housing policies in Korea were

defined by all participants. The main problems were that lack of sufficient housing units and funding sources; unclear definition of target groups; and no housing subsidy programs. Participants mentioned that most of the problems with the moderate-income housing policy occurred because moderate-income housing programs were implemented as a short-term housing plan rather than a long-term. Also, they thought that inconsistency of public housing programs over the years resulted in the current moderate-income housing problems.

6.3 Applicability and Obstacles of Each Program

In this section, the degree of understanding of each program and its possible existence within the Korean context is reviewed. The majority of participants stated that they had never heard of these programs before and, to their knowledge, these programs had never been implemented in Korea. Each participant completed the required literature review and answered the assigned questions to the best of their ability, but since the programs were unfamiliar, some participants found the material difficult to understand. Participants stated that while the assigned programs shared some common characteristics with existing Korean housing programs, none of them could be viewed as exact replicas.

6.3.1 Deed-Restricted, Owner-occupied housing

a. Applicability and obstacles

The responses on the applicability of deed-restricted housing were varied among the participants. Only one participant was familiar with the deed-restricted, owner-occupied housing programs currently being practiced in the United States. Participant Lee tried to find common factors between deed-restricted, owner-occupied housing and the housing provided for employees in Korea. Labor housing was first

implemented in the early 1990s, but to date it has not been fully utilized. Labor housing was a “triangulated” housing program, funded by companies, employees and the government. Today government-subsidized labor housing is still being practiced. However, the amount of the subsidy has been criticized as being insufficient. The program provides qualifying employees with rental and for-sale properties. For-sale properties are subjected to “preemptive option” restrictions that limit resale profit, similar to the deed-restricted and owner-occupied housing programs. Candidates are required to meet program criteria for eligibility. Despite the differences that exist between labor housing and deed-restricted housing, participant Lee voiced the opinion that the American program possessed potential for adaptation in Korea. However, the majority of participants discounted transferability of the program to the Korean context.

Participant Park disagreed with participant Lee’s assessment of adaptability, citing the high mobility rate of moderate-income households and increasing housing costs. Park felt that the unique characteristics of the deed-restricted housing program could obstruct the tenant’s housing mobility rights. However, Park did concede that the deed-restricted housing program could possibly be adapted for selected groups, such as the elderly and handicapped. In order to make the program applicable, Park thought that a master plan of implementation would be necessary. The plan would need to focus on implementation throughout the entire nation, not just Metro Seoul. The reason cited was that current housing program applications were concentrated in large cities, particularly the Metro Seoul region. Therefore, moderate-income housing programs should adopt a national perspective rather than a localized one that concentrates only on a few specific urban areas.

Participant Han believed this program was not adaptable to Korea, citing that the leading provider of moderate-income housing, the government, did not have

sufficient funds to sustain the program. Although this program would be difficult to apply directly, because of Korea's existing political environment and housing values, some modifications could be made that would aid in the adoption of the deed-restricted housing program. Sufficient financial subsidies from the government, as well as extra incentives to people who hold preemptions on deed-restricted properties, would be required. Participant Kim concurred with the majority of participants, stating that she was also of the opinion that the program as a whole was not adaptable to the Korean context, citing the high expense of land values in Korea as the cause of inflated housing costs. The cost of land made it next to impossible to provide single-family housing units for the moderate-income class. In order to maximize land efficiency, Korean moderate-income housing units were built in a high-density apartment style. Although the deed-restricted program may be limited in its urban applications, moderate-income housing conditions in rural areas and in outlying areas surrounding Metro Seoul may be improved by its adaptation, due to the reduced costs of land in these areas.

b. Recommendations

To implement this program in Korea, in-depth research into beneficiary income levels would need to be conducted and clear income-eligibility requirement guidelines established. The major housing issues in Korea focused on resolving housing problems in the Metro Seoul region and other major cities, so additional research would need to be conducted to formulate a housing approach that could be applied to the nation as a whole. In addition, sufficient government subsidy funding would need to be earmarked for this program.

6.3.2 Community Land Trust

a. Applicability and obstacles

The majority of participants were unfamiliar with Community Land Trust (CLT) programs. To the knowledge of the participants, no similar programs existed in Korea, in whole or in part. On the matter of CLT applicability to the Korean context, the participants were divided. Participant Park indicated that, in his opinion, the CLT key mechanisms could easily be adapted to existing municipal apartment units because of the similarities between the two housing forms. The program could serve as an alternative way to solve the shortage of affordable housing units. The municipality could provide housing units. This would serve to counteract the adverse effects of housing price inflation. By contrast, the other participants thought the program would not be applicable to the Korean situation, citing the absence of Korean non-profit organizations. Although non-government organizations²⁹ exist in Korea, these organizations lack sufficient governing power to implement policy. Participant Lee stated the opinion that land costs would be prohibitive to housing unit development by non-profit organizations. The formation of non-profit organizations could not take place in a short period of time, therefore the adaptation of the alternative CLT housing program in Korea would need to be a long-term goal. Participant Han expressed the opinion that the moderate-income class would not perceive the adoption of the CLT program as a positive change, citing the reason that the program does not allow homeowners to profit from housing sales. Therefore, the fixed-income moderate classes would not want to purchase this type of housing unit, and it would be viewed as a bad investment because it offered no return. Participant Kim stated that in order to establish the CLT program in Korea, the adoption of a new

²⁹ Non-government organizations lead social movements for the realization of housing rights.

leasehold system and the creation of non-profit organizations would need to take place. Korea's current leasehold system is very different from the one practised in the United States. In Korea, being a leaseholder entitles you only to rent land. As a leaseholder you have no rights to develop the land, either through construction or through development of the site. The landlord holds these rights of land ownership exclusively. This would have to change if the CLT program were to be adopted.

b. Recommendations

In order to adapt the CLT housing program, both government sponsorship and non-profit organizations would be required. However, because non-profit organization formation must be viewed as a long-term goal, it would be important for private- and public-sector involvement during the development stage. Public-sector involvement would come in the form of land development and management while the private sector would be responsible for the provision of newly constructed housing units. Another adaptation of this program that could be considered would be a blending of both the American and the Japanese land lease policy. Recently, the Japanese government applied a similar program, known as the Tsukuba method, to solve the high cost of land in their country. The Tsukuba method employed a long-term (30-year) lease in order to aid in the development of new affordable housing units of good-quality construction. The method separated land costs from housing prices. Homeowners paid just for the house while the government retained ownership of the land. For Korea, a combination of characteristics from both the CLT and Tsukuba housing programs could be a viable solution.

6.3.3 Limited-Equity Condominium

a. Applicability and obstacles

The majority of participants indicated that they found the Limited-Equity Condominium (LEC) program difficult to understand. As a result they came to the conclusion that this program may not be suitable to the Korean situation. Participants Lee and Park expressed the strong importance of homeownership to the majority of Koreans, due to the financial security it provides. A LEC had restrictions on both unit resale and building usage. This did not fit well within the Korean context. Participant Han indicated that he doubted the government would subsidize this alternative moderate-income housing program. The program was less likely to be supported by both the private and public sectors, because it failed to meet their profit requirements. Government subsidies to private contractors would be required, and there was no guarantee that the public sector would ever repay construction expenses. Since housing development for moderate-income groups was not the government's priority, and because it was unlikely that this venture would be profitable, the applicability of a LEC to the Korean context was viewed as limited.

Participant Kim pointed out that the condominium approach in the United States differed from that of the Korean approach. She stated that although the housing form itself was similar in both countries, the role of the condominium differs. In Korea, condominiums are regarded by the wealthy as cottages, not as primary residences. In this way they are similar to the time-share condominium form in the United States. Multiple ownership of this housing form is common. Occupants are required to purchase memberships and select blocks of time for property use. Therefore, participant Kim was of the opinion that a LEC was similar to rental housing units for the moderate-income class in Korea. She thought the property management characteristics of a LEC currently existed in rental housing units.

However, she believed that current rental housing units would be more appropriate than a LEC because of the restrictions on property resale. Although rental-housing units carried long-term rental leases, it was possible to inherit the units from family members, if those who were set to inherit the property met eligibility requirements. The inheritance opportunity, coupled with low rental cost, served to make this type of housing form attractive to moderate-income households. The downside was the lengthy lease term (50 years). In addition, the majority of individuals would rather obtain the property rights to whole housing units rather than only partial rights to condominium units.

b. Recommendations

This program was not considered to be applicable to the Korean urban situation because of the absence of non-profit organizations and the lack of sufficient government subsidy. It was suggested that a LEC may be able to provide a housing policy solution to rural municipalities and specific target groups. In rural areas, a LEC would be applicable because of lower land and property prices. An additional recommendation was that this program would benefit from the development of a moderate-income database that would serve as a resource to policy formation.

6.4 Summary

Current low- and moderate-income housing policy in Korea was problematic, with the majority of problems stemming from unclear eligibility requirements and insufficient government support. In order to overcome the current obstacles of the Korean situations, alternative new housing programs were sought out. Korean housing experts surveyed American alternative housing programs. Based on primary findings (see Table 9), all assigned programs held possibilities for implementation after

adjustments and slight modifications. The housing programs held the promise of a possible solution. However, some key features of the American policies could not be implemented, because of the political and institutional differences that exist between the two countries. Most participants indicated that it was difficult to decide what would be an applicable program within Korea. They were of the opinion that deed-restricted, owner-occupied housing and community land trusts could be applicable. Participants who believed that LECs and CLTs could be adapted were in the minority. However all participants did agree that while the exact assigned program did not exist, they were of the opinion that the programs in part were currently in practice in Korea. Due to innumerable differences in policy approach and political climate it would be impossible to directly apply the programs, but modified or blended applications could serve as solutions.

Table 9: Summary of Research Findings

Deed-restricted, Owner-occupied Housing				
Name of Respondent	Existence of the program	Applicability of the program	Applicability and Obstacles	Recommendations
Lee	O	O	<ul style="list-style-type: none"> • Similar to current Labor Housing Program in Korea • Transferability of deed-restricted housing program to the Korean situation 	<ul style="list-style-type: none"> • Need to establish clear income eligibility guidelines • Requires sufficient government subsidy funding • Need long-term plan to resolve housing problems across Korea rather than in Metro Seoul region alone • May be applicable in rural areas due to lower land costs
Park	X	Δ	<ul style="list-style-type: none"> • Program characteristics could obstruct tenants' mobility rights • Worth considering for select groups, e.g., elderly or handicapped 	
Han	X	X	<ul style="list-style-type: none"> • The government lacked sufficient funds to maintain the program 	
Kim	X	X	<ul style="list-style-type: none"> • Due to high land costs, single-family housing form would be impossible to be apply • Impossible to implement the program due to high land values and inflated housing costs 	

O: Program exists / has applicability.

Δ: Program requires modification for applicability.

X: Program does not exist / is not applicable.

Community Land Trust				
Name of Respondent	Existence of the program	Applicability of the program	Applicability and Obstacles	Recommendations
Lee	X	X	<ul style="list-style-type: none"> • Land costs would be prohibitive to housing development by non-profit organizations • Establishment of non-profit organizations could not take place in short period of time 	<ul style="list-style-type: none"> • Requires government sponsorship and non-profit organizations • Non-profit organizations have to be viewed as long-term goal • Consider a blend of both American and Japanese land lease policy (CLT +Tsukuba method)
Park	X	O	<ul style="list-style-type: none"> • Easily adapted to existing municipal apartment units because of similarities between the two housing forms • Program would counteract the adverse effects of housing inflation • Could be applied to solve the shortage of housing units 	
Han	X	X	<ul style="list-style-type: none"> • Would not be an attractive program for moderate-income group, as homeowners would not be allowed to profit from housing sales 	
Kim	X	Δ	<ul style="list-style-type: none"> • May be modifiable for application to Korean context • Applying the program would require new leasehold system 	

O: Program exists / has applicability.

Δ: Program requires modification for applicability.

X: Program does not exist / is not applicable.

Limited Equity Condominium				
Name of Respondent	Existance of the program	Applicability of the program	Applicability and Obstacles	Recommendations
Lee	X	X	<ul style="list-style-type: none"> • Program does not fit Korean context due to restrictions on resale and building usage 	<ul style="list-style-type: none"> • Not applicable to cities • May be applicable in rural areas due to lower land costs • LEC would require the development of a moderate-income database
Park	X	X		
Han	X	Δ	<ul style="list-style-type: none"> • The government would not likely subsidize LEC program because government subsidies to private sector would be requested • Program may have limited applicability within Korean context 	
Kim	X	X	<ul style="list-style-type: none"> • The role of condominiums differs in the U.S. and Korea • Program should be regarded as rental housing units • Current rental housing program in Korea is better than LEC, as rental housing can be purchased after 50 years • Program would not be appropriate in Korea because of resale restriction 	

O: Program exists / has applicability.

Δ: Program requires modification for applicability.

X: Program does not exist / is not applicable.

Chapter 7. Further Discussion and Conclusions

This chapter provided an overview of the research findings and a detailed discussion of the issues identified in both the literature review and by the research participants. The chapter concluded the research by looking at the applicability of the American programs within the Korean housing context. Recommendations for future formulations of Korean housing policy were made, along with their implications.

7.1 Literature Review and Housing Policy Comparison

During the research a critique of current moderate-income housing policy in Korea was undertaken. Three of the participants were of the opinion that the study's primary research was in accordance with those that were discussed in the literature review. Both the literature review and the research findings cited ambiguous eligibility requirements and insufficient government support as impediments to policy development and implementation. In addition, the literature review also cited appropriate housing stock size, development site selection and public housing crime rates as contributing factors. Participants of this study, however, did not consider these factors to be as important. Participants came forth with their own obstacles to policy. They cited instability in the housing market and the lack of policy diversity as factors that have negatively influenced policy implementation. No single policy program can ever fulfill all needs, and a need for change was viewed as evident, especially in the face of the current increasing need for moderate-income housing. In order to solve this problem, housing practitioners suggested that the government implement long-term moderate-income housing programs. Future housing policy should take a holistic approach and the supply of permanent rental housing stock should be increased.

7.2 Further Discussions Based on Primary Findings

In this section, current Korean housing problems and their potential solutions are discussed, based on the research findings. As was mentioned, participants were of the opinion that some of the American alternative housing programs would be applicable within the Korean context if minor modifications were made. The participants' views were divided into two opinions. One opinion argued for the adoption of both the LEC and CLT programs. The other opinion argued for the adoption of the deed-restricted program instead, due to the absence in Korea of non-profit organizations and the presence of high land values.

The participants who thought that deed-restricted, owner-occupied housing could be applicable strongly believed the program existed as the current Labor Housing Program. Although housing units for employees were of the high-density apartment form, the program's characteristics were similar to those of the deed-restricted, owner-occupied housing program. According to the Korean National Housing Cooperation (KNHC), the first housing units for employees were built in Ansan District in 1990. The housing at that time fell into two categories: rental housing and resale housing. Rental housing units were constructed by the public sector, but the units were distributed by an enterprise and were leased to qualified applicants who worked at a participating company. The resale housing stocks were called "welfare housing" for employees. The government built this housing, but a company sold the units to workers (KNHC Web site, accessed in 2003). In order to qualify for this program, the applicants and their spouses had to be first time homebuyers who were employees of the participating companies. There were no regulations controlling the resale price of these housing-units. In this respect, the study participants thought the Labor Housing Program shared similar practices with both the deed-restricted and owner-occupied housing programs.

Due to the high cost of land, the deed-restricted housing program was not an affordable alternative for single-family housing. However, this program could be adapted to the Korean context because of the following reasons:

1. The program gives homeowners the maximum self-sufficiency.
2. The program was similar to traditional homeownership programs, except for the resale restriction.

The participants who doubted the adaptability of deed-restricted housing units in Korea thought that the program would not appeal to members of the moderate-income group due to resale restrictions. In spite of its advantages, the deed-restricted housing program's policy governing resale was viewed as a deterrent to housing purchases, because no opportunity for profit from home investment existed. Therefore, participants were of the opinion that CLTs or LECs would be better suited to adaptation as housing programs for moderate-income individuals. These programs were able to reduce the housing price by removing its associated land costs. The participants who argued against the CLT program believed that a non-profit organization could not cover its high administrative costs. As well, this housing program would not be attractive, since it did not confer the rights associated with land ownership. The participants who favored the CLT program believed that municipalities could play the role of the non-profit organization. This could bring more efficiency to the application of the program in Korea, as the public sector could control the program's regulations. Thus, if the moderate-income housing programs were approached from a financial perspective (cheaper housing) rather than from an ownership aspect, the CLT program would be more appropriate in Korea than the deed-restricted, owner-occupied housing program.

For example, a CLT program that was governed by a municipality exists in

Burlington, Vermont in the United States. The Burlington Community Land Trust (BCLT) was one of the largest and most influential CLTs in the U.S. (Web site: www.policylink.org, accessed in 2004). Due to escalating costs of housing units and real estate during the early 1980s, affordable housing units for people with low- and moderate incomes were threatened, especially in the historic Old North End, Burlington. The CLT program was proposed as a way to prevent the gentrification in low- and moderate-income neighborhoods, thus preserving affordable housing units for low- and moderate-income populations and preventing the displacement of those residents (Davis, 1994). BCLT was incorporated in 1984 for tax exemption (Institute for Community Economics, 1993) and initially focused on community revitalization and the development of affordable housing units.

Unlike other CLT programs governed by non-profit organizations, BCLT had its own characteristics in terms of the contribution of the public sector, funding sources, and target groups. Firstly, BCLT was a non-profit organization governed by the public sector. BCLT was the first municipally funded and locally controlled community land trust program in the United States (Web site: www.bclt.net, accessed in 2004). According to Torpy³⁰, BCLT began with a \$200,000 grant provided by the City to develop a CLT program that protected tenants, preserved existing housing units, and created affordable housing. Its initial housing units were formed through the City's negotiation with a developer. The developer wanted to get permission for a housing development and donated the land to BCLT to preserve housing affordability. Since BCLT had been established by the municipality, the program was able to maintain public subsidies, prevent the displacement of residents, and stabilize rent without rent control (Davis, 1994). In addition, it was able to obtain support from

³⁰ <http://www.ruralisc.org/bclt.htm>, accessed in 2004

other interests groups and form strong partnerships among the various levels of authorities. With other groups' support and partnership, BCLT was able to create unique financial tools to support the program. In order to proceed with the CLT program, BCLT and other Vermont CLTs adopted a policy that municipal subsidies should be used for housing that is continuously affordable unit (Web site: www.policylink.org, accessed in 2004). The program also helped to create financial funds that were applied primarily to community land trusts. For instance, the Vermont Housing Finance Agency offered low-rate mortgages for low-income buyers of BCLT housing units. It initiated the Perpetually Affordable Housing Program. Finally, BCLT provided a range of housing options in order to include minorities, such as single mothers and welfare-assisted families. While the ordinary CLT program's goal was to provide affordable housing units and first-homeownership programs for people with low- and moderate incomes, BCLT supplied housing from single-room to single-family units, to meet the needs of the broader community. One of the biggest accomplishments of BCLT was that it had served a population that was easily ignored by traditional housing policy—female-headed households, welfare beneficiaries, and low- and moderate-income families. According to Davis (1994) and Demetrowitz (2002), the BCLT program was successful in terms of preserving affordability, retaining owner occupancy and affordability (up to 95%), and expanding ownership to the moderate-income population. Its success was attributed to building strong relationships between BCLT members and boards, to communication, and to training as well as to financial support from the banks and the City.

The CLT programs were regarded as applicable to the Korean situation because of the following factors:

1. The public sector (municipalities) could take on the role of non-profit organizations in order to apply the CLT program in Korea within a short time

period.

2. The CLT program was developed for rental rather than resale units.

One participant pointed out that LECs were viable programs in Korea, as these programs were adaptable to the apartment housing form that was prevalent. Configuring this program to a condominium style could mean creating a limited-equity apartment. The common apartment housing units included partial land parcel ownership along with the right to use the common facilities of the complex. Therefore, it was not an unreasonable assumption that the condominium concept could be expanded into an apartment housing form. Based on this assumption, a possible limited-equity-based condominium program could be described as follows. Recently the government outlined their plans for the provision of apartment style housing units (less than 59.4 m²) to total 15% to 20% of all new housing starts. These small housing units were intended for resale purpose, but there were restrictions on resident eligibility. The housing units were not constrained by resale price regulations or preemptive options. This made them similar to the LEC units. Both aimed to assist first-time homeowners by providing affordable housing with less responsibility for common use facilities. Adapting the LEC program would require an alternative interpretation to the current program's approach.

Based on these discussions, some features of new alternative housing programs were presented in the Korean situation as modified programs. All assigned new alternative housing programs were, in some aspects, to be considered as alternative affordable housing solutions for the current moderate-income housing problems in Korea. However, some of the conditions served as obstacles. In order to practice new alternative housing forms in Korea, it would be better if the CLT and LEC programs were combined to form a blended policy solution. The reason is that

the deed-restricted housing program has high costs and the government would not be able to support its expenditures. The main obstacles to low- and moderate-income housing programs in Korea are unstable housing prices, land price fluctuations, and political instability (see Table 4, Chapter 2). Therefore, if the low- and moderate-income housing policy itself could reduce the risks of housing and land market instability, the programs would be more secure, requiring less support from the public sector. In this manner, low- and moderate-income housing programs could be developed as condominium-style residences (apartment units in Korea) in order to capitalize on the advantages offered by the LEC program. If the land parcels of development sites belonged to either federal institutions or local municipalities, the high cost of land would be removed from property ownership. The prices of housing units would decrease, making low- and moderate-income housing units more affordable. Another benefit would be that residents of this shared cost program would not be subject to paying expensive condominium association fees.

This proposed "blended" program of CLT and LEC would be a new alternative program in Korea. However, this blended program has been practiced successfully in both Singapore and Japan, two countries that share similar low- and moderate-income housing problems with Korea. Participant Kim briefly mentioned these countries, pointing out that new alternative housing programs in the United States could be useful as well in the Asian context. Kim encouraged investigating programs in Singapore and Japan. She suggested exploring how the American programs have been adapted in other Asian nations that have similar urban issues to Korea's. In these countries, elevated housing and land prices, along with urban transformations, have in the past led to social problems that are similar to those currently experienced in Korea. Thus it is the opinion of this study that the excellent examples set by Singapore and Japan should contribute to deliberations on the proposed program's application to

Korea.

In Singapore, the Housing and Development Board (HDB) worked toward making homeownership a possibility for low- and middle-income groups.³¹ According to the HDB,³² in 1997, 85% of the population owned or lived in HDB-developed public housing flats. To develop the public housing flats in Singapore, the government acquired the land without paying proper compensation to the landlord.³³ The government was able to use the *Land Acquisition Act* to develop affordable housing flats for low-income groups. Costs were kept low because of sanctioned land acquisition without remuneration. HDB's policy initially aimed to provide its citizens with rental housing only. However, in 1964 the government started the Home Ownership for the People Scheme. They did so at this time because the housing shortage situation had been eased. The Home Ownership for the People Scheme assisted low-income citizens in the purchase of public flats through government loans and subsidies; the government maintained ownership of the land. The owners of the public housing flats purchased 99-year leaseholds for their individual properties, from which the land costs were excluded. Due to the lack of land and its high cost, the main form of public housing units developed by the HDB were high-rise apartments. The public housing program methods utilized by the HDB have been highly criticized on grounds of unjust government intervention. However, their achievement of low housing costs for eligible low-income citizens cannot be denied.

In Japan, the Skeleton/Infill (SI) Leasehold method (Tsukuba Method) was developed in 1994 as a method of improving housing availability and housing price

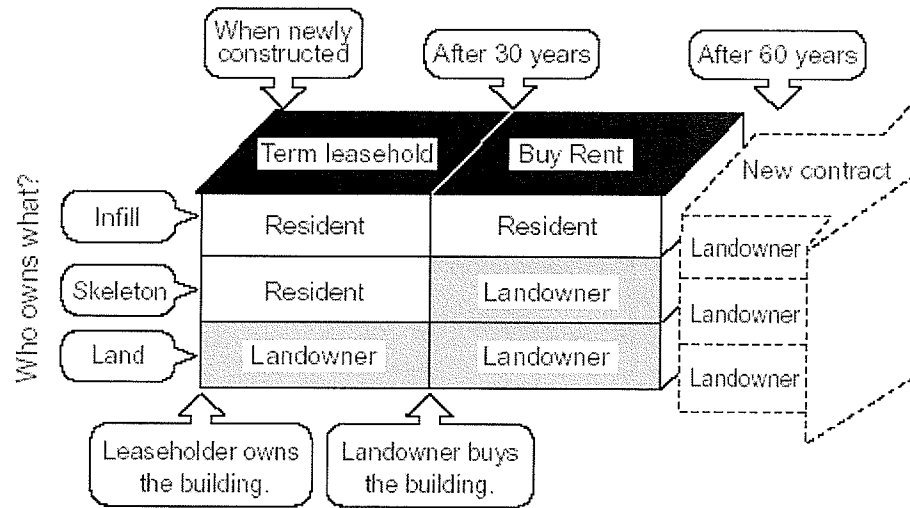
³¹ <http://www.fbe.unsw.edu.au/research/student/SgPubHous/hdb.htm>, accessed in 2003.

³² Provision of public housing in Singapore (<http://tcdc.undp.org>).

³³ It was amended to require the payment of market value for compulsory land acquisition in 1994.

reduction. This program cannot be considered a combination of CLT and LEC, but for the purpose of this study it is deemed worthy of review because of its unique mechanism. Unlike Singapore's low-income housing program, this program is based on short-term leasehold for development site lands. The Japanese government renovates existing apartment complexes that are in need of repair and over 45 years old. In exchange for the renovations, building owners waive their rights of possession and profit for a period of 30 years. After this time, it is agreed that the cost of repair and maintenance are repaid to the government, and once again the building owner receives property right entitlements (Figure 2). This program could be considered a co-operative method without the expenditures related to land acquisition. Therefore, applying this method could reduce the risk of redevelopment suspension because of reduced chances for disputes among the redevelopment partners.

Figure 2: Skeleton Leasehold (Tsukuba method) Concept



* Skeleton: framework of a building (durable structure body)

* Infill: floor plan and interior finishing

* Skeleton/Infill (SI): separate construction of these two elements.

* Source: <http://www.nilim.go.jp/english/report/annual/027.pdf>, accessed in 2003 (p.77)

As these programs proved to be excellent examples of how to solve low- and middle-income group housing issues in both Asian countries, the proposed program has a high degree of suitability to be adapted to the Korean context. Other Asian-based policy adaptations necessarily have a degree of applicability to Korea due to common backgrounds in policy formation and problem-solving approaches. As well, all three countries suffered from limited land resources and resultant high land costs. In order to make the policy applicable to Korea, several conditions should be considered.

The program's mechanisms and concepts should be harmonized with the political and cultural circumstances of Korea. Yet, to date, the Korean government seems to have followed the same path as that taken by early American low- and moderate-income policies. When the public housing programs were introduced in Korea, they initially followed the failed program of both the United States and Europe. Housing units were supplied without consideration for how the units would be managed over the long-term. Even after modifications were made, the Korean government still experienced similar problems to those experienced by American and European governments. This was due to the application of short-term solutions rather than long-term planning. In addition, Korean policy makers could be criticized for not fully considering the long-term effects of applying developed countries' programs to Korea without significant adaptations. Although it was true that the government did seek out short-term solutions, their failure was cause for sufficient deliberation over the cultural and political impacts of Western program assimilation. In hindsight, it was clear that Western policy adoption could only be beneficial when adaptation, not assimilation, was exercised. The other consideration would be how Korean and American concepts of real estate values differ. In Korea, land value was emphasized,

while in the United States, the unit was given greater importance. This is the predominant reason even low- and moderate-income individuals desired to purchase their own house rather than rent a unit in Korea. In addition, housing prices were inflated due to the associated land values. While most people, other than those of considerable wealth, were not willing to pay high housing costs, they would pay a significant amount for land. This perception of greater value in land stems from the belief that while properties may deteriorate, land had a permanent, non-depreciable value. As a result, land acquisition costs were the biggest financial barrier to building and developing low- and moderate-income housing units. It could be surmised that land acquisition costs prohibit the provision of the required amount of low- and moderate-income housing stocks in Korea.

7.3 Key Lessons and Future Study Direction

7.3.1 Key lessons

The following lessons have been learned from the research:

- Key mechanisms of new alternative housing programs may be attractive to moderate-income groups for homeownership, regardless of the restrictions on making a profit. These programs can provide a basis for moderate-income groups to be first-time homebuyers, so that they can move to market-rate homeownership later.
- Modifications of programs are crucial to making new alternative housing forms applicable in a Korean context. A program may be applicable to rural areas due to the low cost of land, or to certain targeted groups, such as the elderly or the handicapped. Additionally, the blended program of CLTs and LECs should be considered.
- The new alternative housing programs can expand the number of available

housing units for low- and moderate-income people as well as revitalize residential areas in Korea. For this, non-profit organizations and government sponsorship should be established to take a guiding role for citizens and the community.

7.3.2 Future study direction

The research was based on reviewing key mechanisms for each program and their applicability to the Korean context. In order to expand this study in the future, the following questions should be researched:

- What are the alternative supports needed to reinforce community-based organizations, and to establish strong relationships between citizens and organizations?
- Which financial management practices are suitable for each program and what modifications are needed to make each financial system applicable to the Korean context?
- What is the appropriate method for informing the target group about the program?
- What are the appropriate marketing and communication methods and training strategies to enhance the acceptability of the program?
- What other alternative programs exist for very low-income people? How should non-government organizations that support very low-income rental housing programs be classified for interview purpose?
- What is the perspective of non-government organizations that deal with sustainable development regarding the applicability of CLTs and LECs in the rural context?

7.4 Conclusion

Recent real estate market fluctuations have impacted housing prices in Korea. Since the Asian Financial Crisis, the government has implemented various combinations of land and housing policies in order to stabilize the real estate market. These market stabilization policies have failed to provide low- and moderate-income groups with affordable housing units. As housing prices have continued to rise, affordable housing has become increasingly unobtainable to these groups. In light of these circumstances, this study of alternative housing policies and programs were viewed as useful. New programs are clearly required. In the opinion of this study, alternative American programs could be applied to the Korean context if a combination of CLT and LEC were employed. The purpose of this research was to find alternative housing programs for the development of low- and moderate-income housing units in Korea. Initially, the research sought a community-based approach to low- and moderate-income housing problems because this was a matter of low priority to the government. However, in the absence of non-profit organizations, the government must assume this role. At the beginning of this study all policies and programs presented in the literature review were considered to be worthwhile solutions to existing problems. However, the proposed combined program of CLT and LEC has been selected as the most promising alternative program. The reason for this decision was that this program could meet the needs of the key stakeholders, the government and low- to moderate-income groups. The program would appeal to the government, because by granting partial ownership to tenants it is believed that the existing problem of property vandalism would be reduced and a sense of community would be fostered. The program would appeal to the recipients, because they would receive partial ownership of the housing stocks without the additional financial

burden of land ownership. This program adaptation would be superior to the current top-down decision-making process, because it would exist within a collaborative framework that encourages citizen participation.

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Glossary of Terms

ChonSei: A unique rental system in Korea in which tenants pay a large deposit instead of a monthly rental charge to the homeowner when they first move into the house. The tenants receive a full refund of their deposit at the end of the contract.

Community Land Trust: A Community Land Trust (CLT) is based on a community organization (non-profit) and created dual homeownership form. A community-based organization in which the community cooperation holds the land ownership rights while individual family households are charged with the responsibility of housing improvement provisions.

Deed-restricted, Owner-occupied Housing: It resembles traditional homeownership, the only difference being that there are restrictions on the property's resale.

Korean National Housing Corporation (KNHC): KNHC was established in 1962, with the mission of improving the living standards and welfare of the Korean public through housing construction and urban redevelopment.

Labor Housing: Initiated by KNHC in early 1990's to provide housing units for qualified employees with rental or for sale properties.

Limited Equity Condominium: A form of ownership in which an individual has sole homeownership in a multi-unit property together with a divided portion of ownership in areas and facilities that are shared with his/her neighbors. Limited equity condominium (LEC) is similar to traditional condominium model, but LEC has regulations to restrict the resale of the property.

Moderate-income Class: The group of people with the capacity to move up to the middle class with some help from the government. Due to the lack of a clear definition of moderate-income class, it is assumed that their monthly income ranges from 50% to 75% of the national average.

Permanent Rental Housing: A public housing program in which housing units were designated for long-term permanent rental purpose only.

Public Housing (social housing): Started in 1989 to provide public housing units that were mostly designed to be long-term rental units. This allowed the government to provide cheap housing for moderate-income people regardless of the high cost of housing units in the open market.

Ethics Protocol Submission Form

Title of Research Project:

*Building an Affordable Housing policy in Korea:
An examination of Alternative Models of Private, Non-market Housing*

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1. Summary of Project

The focus of this study is to find alternative programs for low-income housing in Korea, through reviewing relevant private non-market housing in North America. A number of studies have been conducted for low-income housing problems, but most of this research has concentrated on reviewing the policies that define systemic matters in Korea. Therefore, numerous researchers have suggested how policy should be reformed and what efforts are needed to improve the situation, instead of providing alternative

models. So, this study will attempt to examine a couple of housing programs, which can help the people in order to find better living conditions with less support from the government, such as owner-occupied house, community land trust, and limited equity condominium. The reason to find a possible solution from North America's experience for low-income housing problems in Korea is that Korean government has been influenced in various aspects from North America since Korean War. Also, North America's housing crisis in mid 80s and early 90s has similar aspects to what the Korean society is facing now. Therefore, it will be possible to find a solution for the low-income housing crisis in Korea by learning from the valuable lessons from North America.

Also, the study will examine how these programs can apply to the Korean situation in terms of different political obstacles and environments. The study will also examine what steps can be taken in order to make these programs possible, in case they are not really adoptable to the Korean situation.

2. Research Instruments

This study is intended to explore the new and emerging models for low-income housing policies in North America so as to examine the possibilities of applying them to the Korean situation. For this study, the research will be conducted using survey and qualitative research methods of interviewing so as to find specific programs which could provide appropriate ideas on how to deal with the current situation in Korea.

These research processes will focus on examining the information in the following areas:

- A. For warming up, I will ask to the participants' experience which is related to low-income housing policy in Korea.
- B. The participants opinions about the Knowledge current low-income housing programs in Korea in order to clarify what current status of low-income housing programs.
- C. The participant's own opinions about alternative housing programs for low-income people in Korea, based on the experiences from North America. This will help to identify that what will be an possible solution for current low-income housing problems in Korea.

A copy of the article "Beyond the market and the state: the diverse domain of social housing" (The Affordable City, Davis, 1994, p. 78-84, p. 96-97) about relevant North American models will be provided to the participants with the survey questionnaires (the article will be saved as an PDF file and circulated for interviewee by e-mail). The survey will cover section A and B above, and the survey questionnaires will be also circulated by e-mail. Section C will be conducted by telephone interviews.

3. Study Participants

The survey and interview will be conducted with six to eight people, including a city planner, an academic researcher, an architect, and others, who currently practice, are involved in, or are familiar with low-income housing issues in Korea.

Those participants are; (names of participant did not provide because of confidentiality)

These people are distinguished experts about the housing policy in Korea, and are also very knowledgeable about the current housing programs in North America. It is sufficient to conduct the research with them, as the housing policies and programs are mostly reformed by the elite groups who have these professionals. Moreover, an introductory letter and request for interview will be provided in advance by e-mail or fax.

An introductory letter will be written in Korean, and the research will be conducted in Korean, too. Yet, the article "Beyond the market and the state: the diverse domain of social housing" (The Affordable City, Davis, 1994, p. 78-84, p. 96-97) will be provided in English. It helps to prevent providing personal interpretation about the programs. If they have a question about program content, they will be free to contact me or my advisor for further clarification. As the research will be conducted in Korean, I will translate the results into English after finishing the survey and interview.

4. Informed Consent

Informed Consent in writing will be obtained as a part of the research process. I will ask the participants for permission to participate on the research with an introductory letter sent by e-mail. Also if they need more information before they make their decision, I will provide all details of the research by e-mail and telephone. As soon as I get the participant's agreement to participate in the research, I will send the informed consent form. After the participant reviews the informed consent form carefully, I will ask them to sign and fax or mail me their informed consent form. In addition, I will provide detailed information to the participants on how data will be obtained and when it will be destroyed after the research is finishing.

5. Deception and Feedback

This study does not involve any deception and the participants will get feedback about the primary findings from the research. Also, if they wish to get the final products of the study, a copy of the paper will be provided. For some participants, I will provide a copy of the paper before they ask for it.

6. Risk and Benefits:

This research does not result in any risk to the participants or to third parties. In addition, participation will result in knowledge transfer to some of the participants, though the main purpose of this research is to provide the data for the researcher's study.

7. Confidentiality

The participants' identity will be kept confidential. Their personal information will not be revealed in any way in the final report of the study. Their personal information name, position and any other information, which can reveal their identity, will be kept confidential and will not be included in the final report. While the protocol submission form will be part of the appendix in the published thesis, the name and any identifying information of the participants will be deleted from the documents. Also, nobody can have an access about the obtained data by e-mail and recorder, except primary researcher. However, if the thesis

committee members wish to review the original data, they may do so only with the full permission of the participants. In that case, the participants will be contacted by e-mail or phone for permission to release the raw data to the committee members. Moreover, all data obtained by e-mail or telephone will be destroyed upon completion of the thesis. These provisions for confidentiality are further explained in the consent form.

8. Compensation:

This study is voluntary work, so participants will not get any monetary compensation.

Informed Consent Form

Research Project Title:

*Building an Affordable Housing policy in Korea:
An examination of Alternative Models of Private, Non-market Housing*

Researcher: *HyunShim Lee*

Department of City Planning

Faculty of Architecture

University of Manitoba

Sponsor (if applicable):

Statement of Informed Consent:

This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more details about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

The purpose of the study is to examine the alternative North American housing models or programs and their possible application to low-income housing in Korea. Information on various low-income housing programs will be gathered from professional planners in Korea using qualitative interviewing and survey techniques. This study is being conducted by HyunShim Lee as part of the requirement for the Master of City Planning degree at the University of Manitoba, under the supervision of Dr. Sheri Blake of the Department of City Planning, Faculty of Architecture at the University of Manitoba.

During the research, you will be asked to answer open-ended questions for each specific program. A brief summary for each program will be submitted to each participant in order to provide a clear understanding for the models. The interview and survey will be conducted through the internet or telephone, and responses will be recorded (by using a recorder) with your permission in order to make it easier in analyzing the data at a later time. All obtained data (including tapes) will be destroyed upon completion of the thesis. Also the final report will be available upon your request. If you are interested in a final document, please feel free to ask the copy of the paper (I will send you a hard copy of paper by mail).

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in this research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or the institutions involved from their legal and professional responsibilities. You are free to

withdraw from the study at any time, and/or refrain from answering any questions you prefer to omit, without prejudice or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation.

Your personal information will be kept confidential; your name, your position and any other information, which can reveal your identity, will not be included in the final report. Also, if you have any questions or concerns after your participation, you may contact Dr. Sheri Blake at (204) 474-6426, or e-mail blakes@cc.umanitoba.ca. Also you can contact me at () , or e-mail _____.

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Secretariat at (204) 474-7122. A copy of this consent form has been given to you to keep for your records and reference.

Thank you for your time and for participating in this interview. Your responses are very valuable to this study.

I, _____, give HyunShim Lee permission to use the information gathered by interview for examining the alternative programs for low-income housing models in the Korean context from North America's perspective. I understand that my answers are confidential, and I will not be identified by my personal information in the project. I further understand that I can refuse to answer some questions or can stop the interview at any time.

Date of Research: _____

Signature of Participant: _____

Signature of Researcher: _____

Survey Questions

Section A:

Please briefly provide your own opinions for current low-income housing programs in Korea (based on status and problems).

Section B:

In this section, you should answer the following questions for *each* program (reviewing 3 programs: deed-restricted owner-occupied house, community land trust, and limited equity condominium). Also the questionnaires should follow the directions in terms of your responses, so please keep in mind your *Yes* or *No* answer.

1. Have you heard of this program before? (Or are you familiar with this program?)
2. Do you think that this program has been conducted before in Korea as a low-income housing initiative?
3. If you answer *Yes* to question #2, please respond to the following questions.
 - When was it launched?
 - What were the results from this program?
 - What were the advantages and disadvantages for the program?
 - What is the current status of this program? (Does it still exist in the field?)
4. If you answered *No* to question #2, please respond to the following questions.
 - Is there a possible chance to apply this program in the field? (Answer Yes or No with brief statement why you think so)
 - (In case you answer is, *Yes*) what will be a positive impact for low-income housing situation?
 - (If you response is, *No*) what other steps are needed in order to make this program possible?

Interview Questions

Section C:

1. What do you think would be a new effective model to improve the current problems related to the provision of low-income housing? (explain why)
2. What model(s) do you think would not work in the Korean context? (explain why)
3. What will be the biggest obstacle(s) to apply the program? (explain why)

논문 조사 질의서

Research Project Title:

Building an Affordable Housing policy in Korea:

An examination of Alternative Models of Private, Non-market Housing

Researcher: *HyunShim Lee*

Department of City Planning

Faculty of Architecture

University of Manitoba

Section A:

1. 현재 한국에서 시행되고 있는 (혹은 시행되었던) 저소득층의 주택정책과 프로그램의 문제점은 무엇이라 생각하십니까? (간략하게 기술해 주십시오.)

Section B: 주어진 프로그램에 따라 다음 질의서에 대답해 주십시오.
간단히 서술해주시면 됩니다.

1. Deed-Restricted, Owner-occupied House

a. 위의 프로그램에 대해 연구하시거나 들어보셨습니까?
b. 이 프로그램이 현재 (혹은 예전에) 저소득층의 주택문제를 해결하기 위한 방법으로 사용되고 있다고 생각하십니까?
예 () 아니오 ()

1. b. 질문의 답이 '예' 인 경우에는 다음 문항에 대답해 주십시오.
위의 문항들과 마찬가지로 간단히 서술해 주십시오.

1. 언제 시행되기 시작하였습니까?

2. 시행된 프로그램으로 인한 결과는 어떻다고 생각하십니까?
3. 이 프로그램에 대한 장점과 단점은 무엇이라고 생각하십니까?
장점:
단점:
4. 이 프로그램의 현 상태는 어떻다고 생각하십니까?
a) 현재까지 시행되고 있다 ()
b) 현재 시행되고 있지 않다 ()

1. b. 질문의 답이 '아니오' 인 경우는 다음 질문들에 대답해 주십시오.
위에 문항들처럼 간단히 서술해 주십시오.

1. 이 프로그램이 한국에서 적용될 가능성이 있다고 보십니까? 예 () 아니오 ()
이유는?
2. (만약에 시행된다면) 이 프로그램으로 인해 어떠한 효과 (혹은 긍정적인 영향)가 나타날 것이라고 생각하십니까? (1 번 문항의 답이 '예' 인 경우)
3. (만약 시행될 가능성이 없다면) 이 프로그램을 실행하기 위해서는 어떠한 절차와 정책이 수반되어야 한다고 생각하십니까? (1 번 문항의 답이 '아니오' 인 경우)

2. Community Land Trust (CLT)

a. 위의 프로그램에 대해 연구하시거나 들어보셨습니까?
b. 이 프로그램이 현재 (혹은 예전에) 저소득층의 주택문제를 해결하기 위한 방법으로 사용되고 있다고 생각하십니까?
예 () 아니오 ()

2. b. 질문의 답이 '예' 인 경우에는 다음 문항에 대답해주십시오.
위의 문항들과 마찬가지로 간단히 서술해 주십시오.

1. 언제 시행되기 시작하였습니까?
2. 시행된 프로그램으로 인한 결과는 어떻다고 생각하십니까?
3. 이 프로그램에 대한 장점과 단점은 무엇이라고 생각하십니까?
장점:
단점:
4. 이 프로그램의 현 상태는 어떻다고 생각하십니까?
a) 현재까지 시행되고 있다 ()
b) 현재 시행되고 있지 않다 ()

2. b. 질문의 답이 '아니오' 인 경우는 다음 질문들에 대답해 주십시오.
위에 문항들처럼 간단히 서술해 주십시오.

1. 이 프로그램이 한국에서 적용될 가능성이 있다고 보십니까? 예 () 아니오 ()
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3. (만약 시행될 가능성이 없다면) 이 프로그램을 실행하기 위해서는 어떠한 절차와 정책이 수반되어야 한다고 생각하십니까? (1 번 문항의 답이 '아니오' 인 경우)

3. Limited Equity Condominium

1. 위의 프로그램에 대해 연구하시거나 들어보셨습니까?

2. 이 프로그램이 현재 (혹은 예전에) 저소득층의 주택문제를 해결하기 위한 방법으로 사용되고 있다고 생각하십니까?
예 () 아니오 ()

3. b. 질문의 답이 '예' 인 경우에는 다음 문항에 대답해 주십시오.
위의 문항들과 마찬가지로 간단히 서술해 주십시오.

1. 언제 시행되기 시작하였습니까?
2. 시행된 프로그램으로 인한 결과는 어떻다고 생각하십니까?
3. 이 프로그램에 대한 장점과 단점은 무엇이라고 생각하십니까?
장점:
단점:
4. 이 프로그램의 현 상태는 어떻다고 생각하십니까?
a) 현재까지 시행되고 있다 ()
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1. 이 프로그램이 한국에서 적용될 가능성이 있다고 보십니까?
예 () 아니오 ()
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3. (만약 시행될 가능성이 없다면) 이 프로그램을 실행하기 위해서는 어떠한 절차와 정책이 수반되어야 한다고 생각하십니까? (1 번 문항의 답이 '아니오' 인 경우)

Introductory Letter

Hello,

My name is HyunShim Lee, and I am currently enrolled in a Master program in City Planning at University of Manitoba, Winnipeg, Manitoba, Canada. As part of the requirements for my program, I need to conduct research as briefly described below. The purpose of this letter is to formally seek your help in completing the proposed research by participating in the survey.

My practicum title is "*Building an Affordable Housing policy in Korea: An examination of Alternative Models of Private, Non-market Housing*". This study is intended to explore new and emerging models for low-income housing policies in North America so as to examine the possibilities of applying them to the Korean situation. My research will be conducted using survey and qualitative research methods of interviewing so as to find specific programs which could provide appropriate ideas on how to deal with the current situation in Korea. The specific programs will be owner-occupied housing, community land trust, and limited equity condominium.

A copy of the article "Beyond the market and the state: the diverse domain of social housing" (The Affordable City, Davis, 1994, p. 78-84, p. 96-97) about relevant North American models will be provided to you with the survey questionnaires. This article (4 pages (A4 size), including the table of programs) will be provided in English to avoid the possibility of introducing personal bias if I had to translate it into Korean. After reading the assigned article, you will need to answer 4 to 5 questions in the survey and furthermore I will contact you by phone to answer 2 to 3 questions.

I will greatly appreciate it if you are able to participate in the proposed research. Once I receive your positive response indicating willingness to participate the survey and phone interview, I will e-mail you the Informed Consent Form as well as the package of questionnaires with the assigned article.

Thank you for your time and I hope I can hear from you soon.

Sincerely,

HyunShim Lee

각 프로그램에 대한 요약

1. Deed-restricted, Owner-occupied housing

- 일반적인 자가 소유의 형태와 가장 유사한 개념의 주택.
- “Deed”의 개념은 사전적인 의미인 ‘행위’라는 개념이라기 보다는 부동산 혹은 토지가 누구에게 귀속되어 있는지를 알려주는 합법적인 기록으로써 소유지에 대한 명확한 증명을 나타냄.
- 주택의 판매가격에 제한을 붙임으로써 저소득 및 중간 소득 계층의 주민들에게 ‘지불 가능한’ 주택 공급 실현이 가능함.
- 판매 가격 제한을 위해 “deed”에 제한 조치 시행- 지대나 혹은 지대와 연계된 시설물로부터 야기되는 이익을 주택 소유자가 취득할 수 없음
- 매매는 이미 설정된 선매자 (공공, 비영리, 민간 부문)에기만 가능하며, 설정된 선매자가 매입을 거절할 경우 제한된 매입 적임자에게만 매매 가능 (현재는 공공, 비영리 조직에만 선매권 부여)

2. Community Land Trust

- 양분된 소유권의 형태가 특색
- 토지의 소유권은 비영리 조직에서 관리하며 개개의 주택은 입주자가 관리
- 토지를 ‘신탁 (land trust)’으로 묶어둠으로써 토지에서 발생하는 불로소득이 개인에게 귀속되지 않고 지역사회로 환원시키며 이를 통해 저가의 주택 공급을 유지 (일반적으로 주택시장에서 나타나는 인플레이션을 기대하기 어려움)
- 입주자는 토지에 대한 소유권은 없으나 주택(건축물)을 사용하는데 있어서 아무런 제한사항이 없음
- 주택은 장기적인 임대의 형태이며 (계약기간:99년), 건축물에 대한 계약의 갱신 및 상속도 가능.
- 다른 사람에게 양도나 매매를 하고자 할 경우 (구조변경 포함)에는 CLT 위원회의 사전 허가 필요
- 토지에 대한 소유권을 부여하지 않음으로써 주택의 매매로 얻어질 수 있는 양도 소득을 제한함 (주택 구매자는 최초 투자금만 회수가능). 즉 토지 상승을 인한 주택가격 상승을 근절함으로써 주택 매매 후에도 주택의 가격 변화 폭이 미비. 이로써 ‘지불 가능한’ 주택의 공급 안정을 꾀함.
- CLT가 운영하는 주택의 입주자가 되기 위해서는 일정 이상의 안정된 소득이 요구되며, CLT 위원회의 승인을 받은 소수의 사람만이 입주 가능
- CLT는 여러 다른 주택형태-단독주택에서 아파트까지-와 결합되어져 나타남.

3. Limited Equity Condominium

3.1 일반적인 condominium 의 개념

- “Condominium”의 개념은 multi-units 의 건축물에서 개인이 하나의 주택을 소유 혹은 임대하며, 나머지 공동 시설물에 대해서는 이웃과 공동으로 소유하는 개념의 주택 (한국의 아파트 개념과 유사?).
- condominium 의 개개의 거주자는 자신의 주택 할부금, 세금 그리고 보험료를 지급해야 하며, 공동으로 소유한 시설물이나 개인의 소유물은 계약서에 명확한 명시.
- 공공시설물은 condominium association 에서 관리. 이 조직은 세금 및 토지에 대한 보험료는 납입하며, 시설물 관리를 위한 이용료를 징수함.
- 시설이용이나 시설변경에는 많은 제약 조건이 있으나, 판매 가격이나 구매자에 대한 제한조건은 미비함.

3.2 Limited Equity Condominium 의 개념

- 일반 condominium 과는 달리, 이 주택은 판매가격에 제한이 있음
- 각 건물의 소유주는 반드시 제한된 특정가격에 건축물의 매매가 가능하며, 건축물의 매매 또한 정해진 특정 구매자에 한해서만 가능함.
- Condominium association 이 모든 주택 구매자/임대자 에게 주택의 판매제한 가격에 대해 동의하도록 조정함. 이로 인해 장기적인 ‘지불 가능한’ 주택의 공급량을 유지할 수 있음
- 이 프로그램은 교외의 주거단지 개발시, 개발지의 일정부분을 저소득층 주택을 건축하도록 권고함으로써 시행되기 시작함
- ‘지불 가능한’ 주택의 공급량을 유지하기 위한 일련의 조치에도 불구하고, 대개의 condominium 주택은 이익창출을 목적으로 한 주택단지로 개발되어짐으로써, 대부분의 condominium association 은 limited equity condominium 의 공급량 증가나 이 프로그램을 위해서 설정된 제한 조건이 지켜지는지에 대하여 무관심함
- 이러한 피해를 막기 위하여, condominium association 은 지방자치단체나 비영리 조직에 의해서 운영됨