

## **Policies**

### **Plan to Advance Housing Environment Improvement Policy**

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#### **Affiliation**

Seoul Metropolitan Government (Housing Bureau)

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2014-05-27

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2016-12-19

#### **Introduction**

The SMG plans to conduct the Phase 3 housing policy of Seoul's fourth elected mayor. The innovative housing refurbishment projects include redevelopment and reconstruction projects to best serve the interests of residents as well as contractors and other stakeholders, which used to be implemented in a disorderly fashion for the past forty years. By carrying out the projects, the SMG aims to rapidly implement the Urban Housing Environment Improvement Plan (using the reserve budget and allocating an extraordinary budget), following on from the policy requiring the disclosure of housing supply costs, the policy requiring the public sale of housing upon completion of construction (Phase 1), and the policy of supplying long-term rental homes SHIFT (Phase 2).

#### **Progress of Policy Implementation**

- May 29, 2009: Formation and operation of a Housing Environment Advisory Committee and a working-level implementation taskforce
- January 15, 2009: Submission of the Phase 1 proposal for improvement of the housing environment
  - 12 measures in five fields
    - Two measures designed to address concerns about the housing supply for working-class people
    - Development of a management system for district refurbishment
    - Diversification of types of housing
    - Four measures to expand the public sector's role in refurbishment projects
    - Four measures aiming at improving a system to cope with changes in residential areas

Finalized items suggested by the Advisory Committee: 18 measures in five areas

1. Two measures designed to ease working-class people's concerns about the housing shortage due to housing environment improvement projects
2. Five measures to establish a rational process (measure to assure transparency I)
3. Four measures to expand administrative and financial assistance (measure to assure transparency II)
4. Two supplementary measures to support and protect tenants
5. Five measures to improve the system to cope with changes in residential districts
  - June 10, 2009: Submission of the final plan on improving the residential housing environment (process innovation measure)
  - July 1, 2009: Announcement of the execution plans on the housing environment improvement policy

#### **Problems with the Refurbishment Projects**

##### **Causes of problems**

- The project implementation process fails to reflect reality (such as corruption among cooperatives and disputes).
- (a) Irrationality in the selection of agencies and contractors, (b) inappropriate disclosure of information, and (c) an insufficient collection of opinions from residents

##### **Reaction of the public sector**

- Passive oversight of projects: no clear explanation for the selection of contractors from the private sector, and negligent supervision

over refurbishment projects

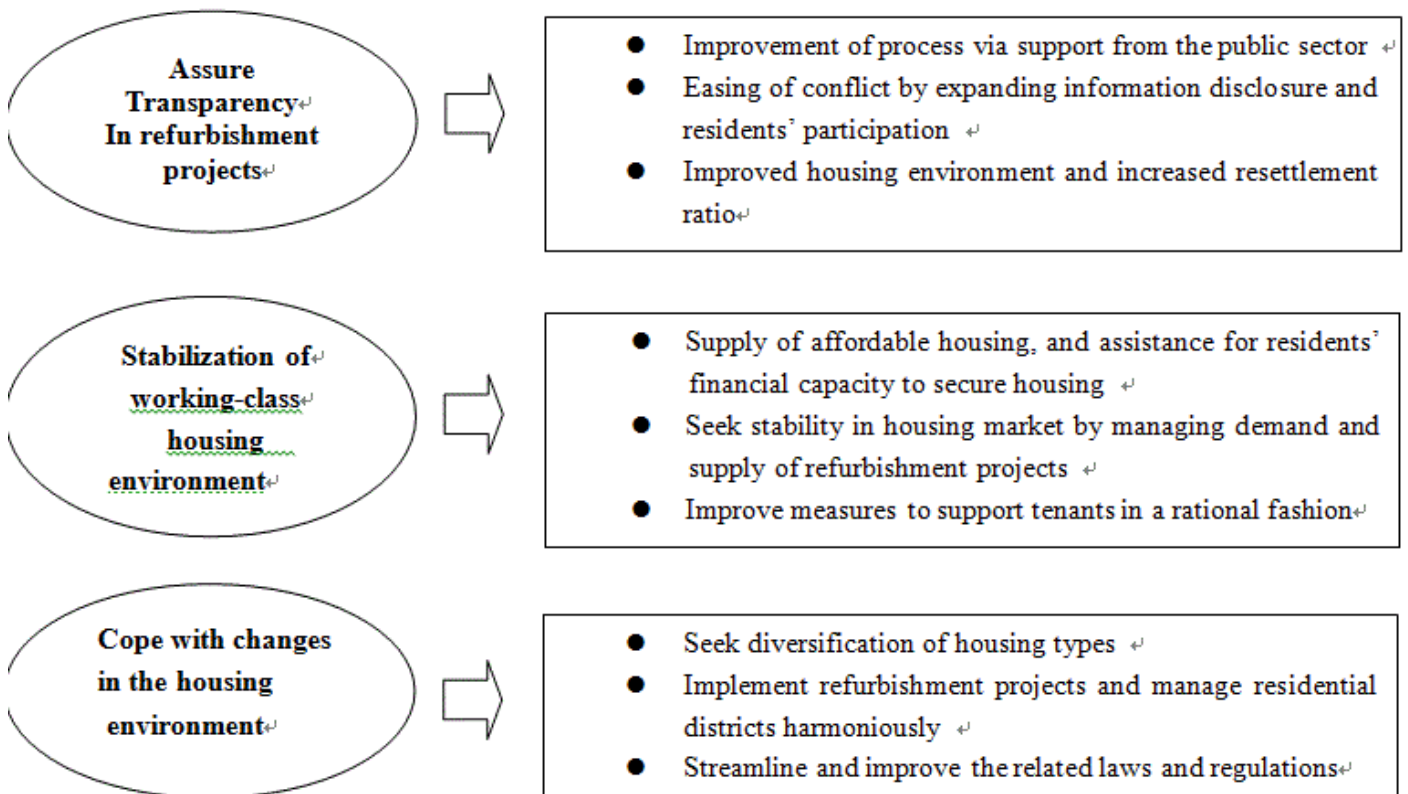
- An excessively uniform housing type for the projects resulting from a policy focused on the construction of apartments
- Designation of districts for refurbishment projects without any plans for the construction of infrastructure for wider areas

### Problems

- Low ratio of resettlement among original residents (increase in size of housing, emergence of a gap in the capacity to shoulder the housing expense burden, low resettlement ratio).
- Instability in working-class housing supply and environment (decline in the supply of small, low-cost housing, regular hikes in monthly and lump sum deposit-based rental home prices (*jeonse*), instable housing supply).
- Damage to the natural landscape, and inclusion of districts with a fairly good residential environment in refurbishment project areas (damage to the landscape caused by the construction of high-rise buildings and apartment buildings).

### Execution plans on housing environment improvement policy: 19 measures in three areas

#### Implementation goals



#### 1. Secure transparency in refurbishment projects

- 1-1 Improvement of selection timing and management of implementing company
- 1-2 Introduction of the Public Management System
- 1-3 Introduction of the Cleanup System
- 1-4 Improvement of the procedure for gathering residents' opinions
- 1-5 Development of a program for calculating estimated project expenses
- 1-6 Development of a manual for the implementation of public management
- 1-7 Expansion of loans for the implementation of refurbishment projects
- 1-8 Formulation of rational standards for spreading the burden of infrastructure facility expenditures
- 1-9 Ward office chief's assistance in drawing up refurbishment project plans
- 1-10 Improvement of a system for the refurbishment project management industry

#### 2. Stabilization of working-class people's housing supply and environment

2-1 Expansion of affordable housing supply

2-2 Implementation of measures to support residents' financial capacity to shoulder the housing burden

2-3 Management of housing supply and demand related to refurbishment projects

2-4 Implementation of measures to support and protect tenants

### **3. Coping with changes in the residential environment**

3-1 Implementation of measures to diversify housing types

3-2 Preservation and management of quality housing areas

3-3 Adjustment of requirements for designating refurbishment districts

3-4 Establishment of comprehensive management plans for residential districts

3-5 Streamlining and improving laws and regulations on urban refurbishment and development

### **Progress and Achievements to Date**

#### **Completion and progress of system improvement for refurbishment projects**

Completion of systems: 18 laws and regulations revised (Attachment 3)

Progress in system improvement: Six measures discussed, three measures under a long-term review

Discussions: Improvement of selection and management of the implementing company, introduction of the Public Management System, and improvement of the process of gathering residents' opinions, development of a program for estimating project expenses, development of a program for calculating refurbishment project budget

Long-term review: Adjustment of conditions for designation of refurbishment project areas, establishment of a plan for general management of residential areas, and streamlining urban development-related laws and regulations

#### **Pilot project of the Public Management System**

Project name: Housing Redevelopment Project in Seongsu Strategic Refurbishment District

Project overview: July to September 2009

(KRW 1 billion provided to support the public management of four refurbishment districts)

Key elements of the pilot project

Public manager: Head of Seongdong Ward Office

Scope of work: Management and supervision of refurbishment projects via the formation of a preparatory committee

#### **Project Implementation Schedule**

##### **<Projects implemented in 2009 >**

#### **Expansion of projects subject to the Public Management System**

- Expansion of pilot project districts according to application by cooperatives in autonomous districts and progress with preparations (about 10 areas)

#### **Construction of Cleanup System for redevelopment**

- Construction of a system that enables cooperative members and others to access data generated in the course of executing refurbishment projects.

#### **Education and training of working-level officials, including members of preparatory committees and executives of cooperatives**

- Briefing on key elements of the Public Management System, procedures of refurbishment project implementation and key processes.

#### **Preparation of work manuals on public management, and development of a program for estimating project expenses**

- Preparation of work manuals for relevant personnel and phases, and development and introduction of a program for estimating project expenses

#### **Execution of pilot urban residential home projects**

- Constructions began in December 2009: pilot studio-type housing (847 in Banghwa-dong), multi-unit house complex (Umyeon district)

2)

## **Follow-up measures, including the enactment and revision of ordinances in preparation for the revision of laws and regulations**

### **<Projects implemented in 2010 >**

#### **Establishment and operation of training programs for civil servants in charge of public management at autonomous district offices**

- Human Resources Development Center responsible for devising training programs on public management and providing training for the civil servants in charge at autonomous district offices

#### **Consultations aimed at streamlining the laws and regulations on housing and urban refurbishment, and establishment of a plan for comprehensive housing management**

⇒ The SMG providing consultation services in collaboration with the **Ministry of Land, Transport and Maritime Affairs**

- Urban Housing Environment Improvement Act, Urban Redevelopment Promotion Act, and Urban Development Act ⇒ Housing Environment Improvement Act, and Urban Regeneration Act

- Establishment of a comprehensive housing management plan encompassing the infrastructure plan, refurbishment project plan, and residential district management plan

#### **Rational adjustment of the cost burden of infrastructure facilities**

- Improvement of measures, including the principle of sharing the cost burden of infrastructure facilities, the expansion of parties subject to the relevant rules, and the selective application of incentives

#### **Construction of a system for coordinating housing supply and demand, and implementation of projects to manage low-rise residential districts**

##### **Plan to Raise Budget (Extraordinary budget and reserve fund)**

###### **<Reserves fund>: KRW 947 million**

1. Construction of a “Cleanup System” for redevelopment projects

- Construction: Creation of a website integrating the relevant websites of the SMG and twenty-five autonomous district offices, and development of the related software.
- Budget: KRW 947 million (expenses for construction of the system)

\* There is a need for the early construction of a system in line with the submission of the Public Management System Bill and the implementation of pilot projects.

###### **<Extraordinary budget for project>: KRW 3,539 billion**

##### **1. Expansion of pilot projects subject to public management**

- Key element: Provision of a public management budget for housing refurbishment projects in line with the expansion of pilot projects subject to the Public Management System by autonomous district offices.
- Subsidies (subsidies in current account): KRW 2.5 billion ⇒ KRW 250 million in \*10 districts

\* Individual review of projects' eligibility based on criteria for the provision of financial assistance and subsidies for pilot projects for public management.

##### **2. Construction of a server for the Cleanup System for redevelopment projects**

- Construction: Construction and operation of integrated websites by automatically integrating the websites of the SMG, 25 autonomous district offices, and cooperatives (from 2010)
- Budget: KRW 1.039 billion (Expense for server construction)

• Establishment of an organization exclusively in charge of public management (Attachment 2)

• **Organizational Reform of the SMG (draft)**

- **Phase 1 (Year 2009) – Mayoral Ordinance No. 345 (July 27, 2009)**

- - Need: Implementation of housing environment improvement policy, including introduction of the Public Management System.
- - Direction of organizational reform: Establishment of an organization in charge of introducing and implementing public management projects at the Housing Bureau (1 division).
- - Adjustment of the organization (draft): 1 bureau, 1 taskforce, 5 divisions, 1 section, 25 teams, 1 bureau, 1 taskforce, 6 divisions, 1 section, 28 teams (addition of 1 division, 3 teams).
  - ※ **Staff: 126 - 136【Establishment of the Housing Renewal Management Division—14 staff members (internal recruitment of 4 staff members)】**

- **Phase 2 (Year 2010)**

- - Requirements
  - ▷ Full-swing implementation of the Hangang Renaissance (areas by the Hangang River).
- Development program
  - ▷ Implementation of the Basic Construction Ordinance, establishment of a basic plan for wide area construction.
  - Direction of reshuffle: Expansion of organization to the Housing Policy Office, to be supported by the director of Housing Policy Planning and the director of Architectural Policy Planning.
- Organizational reform (draft): 1 bureau, 1 taskforce, 6 divisions, 1 section, 28 teams ⇒ 1 office, 2 directors, 8 divisions, 1 section, 34 teams (addition of 1 office, 1 director, 2 divisions, 6 teams)
- Organizational reform of autonomous district offices (recommendation): Establishment of one division under the Urban Management Bureau (Renewal Project Management Division).

- **Administrative Issues**

- **Issues requiring cooperation between different offices**

- **Management & Planning Office:** Secure an organization and a budget for project implementation

- Allocation of staff (Director of Organization Management), a project budget, and a budget for operation of offices (Director of Budget)

- **Administration Bureau:** Secure office spaces and appoint staff members.

- Refurbishment of office spaces and installation of telephones, etc. (General Affairs Division), organize staff and organizations (Personal Management Division).
- Establishment of training program for civil servants in charge of Public Management (Human Resources Development Center)

- **Seoul Housing (SH) Corp:** Hosting of academic seminars, etc.

- Seminar on the achievements of pilot public management projects, and training of cooperatives' members.

- **Public relations plan – Separately develop and implement detailed plans**

- Promotion of project implementation (issuance of press releases, etc.)

- Announcement of the areas selected for pilot projects, the criteria for the selection of the project implementing companies, and the 10 Best Projects in terms of the disclosure of cooperatives' information.

## **Department / Contact**

- **Global Urban Partnership Division** / 82-2-2133-5264 / policyshare@seoul.go.kr

- **Global Future Research Center** / 82-2-2149-1418 / ssunha@si.re.kr