


HABITAT National Report


- Interim Report -

Chapter 1 : Shelter

Q1. Progress since '96, prevailing conditions, new trends, emerging issues, and major area of concern



In 1990s as the construction and provision of 500 600 thousand housing units a year (except 1998 and 1999, when 300 400 thousand housing units were provided yearly because of foreign exchange crisis) largely increases the housing provision rate from 86.0% in 1995 to 93.3% in 1999. Public rental housing has also been provided 100 thousand units a year, and rental housing stock holds 5.9% of total housing stock (660 thousand housing units). Since foreign exchange crisis in the end of 1997 triggered the homeless increased more and more through about 4,800 in February of 1999 to around 5,000 in March of 2000.



Housing Price-to-Income Ratio (PIR) of metropolitan area was decreased from 9.0 of 1993 to 5.6 of 1998, which is shown to be the results of continuous housing price stability and rapid real estate price depreciation according to the foreign exchange crisis. On the other hand, Rent-to-Income Ratio (RIR) was increased from 20.8% to 26.7%. As a result, the housing expenses of households with their own houses have been diminished, while those of households in rental housing, intensified. It means that the gap between social classes has become larger and larger.

Civil law and the law of donation tax and inheritance were revised in 1990 and 1998, respectively, so that the weak including a woman cannot be discriminated against a man on land and housing units. The revision of the donation tax and inheritance law leads women to enjoy the equal right in inheritance, tax deduction limitation extension for wives on their husbands' property inheritance, exemption of donation tax when divorcing and receiving donation from husbands.

As population growth and urban development induced land demand rapidly increased, and the territory is limited, land price was raised continuously. It, however, dropped largely after the foreign exchange crisis. Considering recent urban workers' monthly

average income ascension from 1,480 thousand Won in 1993 to 2,130 thousand Won in 1998, it is estimated that individual accessibility to land has been improved relatively.

National Housing Fund has played a great roll in financial support. As Housing & Commercial Bank (H&CB), a management agency of the National Housing Fund, came under private management, a difficulty in selecting a new management agency has been incurred.

As of the end of December in 1998, 40.19 million of people, 85.2% of the total population, enjoy a water-supply service. Drainage system was extended from 53% in 1996 to 66% in 1998. Electricity supply rate reaches 99.9% except remote island, and telephone supply rate (the subscriber number per 100 persons) is raised from 37.7% in 1993 to 44.2% in 1998.

Recently housing supply rate achieves almost 100%, which demands housing policy direction to be transformed focusing to qualitative residential life from quantitative phase.

Q2. Policy and legislative changes since Habitat

Mitigated restrictive regulations on housing construction and supply are reforming housing market under the leading of the private sector. The price of private apartment housing over 60 m² can be determined by self-control (December, 1998), and the qualification of private housing application is mitigated below 20 years old and more (March, 2000). Legislative bases for issue of mortgage-backed security was established (January, 1999). Lightened registration requirements of a housing rental company and approved tenants' right on housing maintenance and management agreement (January, 2000) contributed to extending rental housing provision and protecting tenants' rights and interests, respectively. In addition various policies to activate housing market and to promote common people's residential stability were also adopted and carried out.

Real estate price decreased rapidly since foreign exchange crisis caused property value of individuals and corporations declined, which is shown as a social problem. But aggressive policies for housing market activation have resulted in the continuous recovery of land price and exchange.

In August, 1996, related agencies established together the Compressive Countermeasure on Water Resource Management to improve the quality of water-supply source, and the

plan of drainage system extension to 80% of supply rate until 2005. Local governments lack of cost try to install a sewer treatment equipment with the inducement of private capital, and consign the equipment management to private sector to apply their efficient management technique.

Q3. Institutional weaknesses and obstacles encountered

Public rental housing where the low income groups can dwell for a long term with a small rent are lack, because most of them are sold after 5 years. Since housing finance is not activated instead of high housing price (in 1998 PIR of metropolitan area is 5.6), the low income families cannot purchase their own house at a small cost. Additionally most of tenants dwell on a deposit basis, and, then, they have difficulty in preparing deposit cost. Monthly rental housing market cannot be developed.

Since existing housing policies have emphasized the quantitative expansion of housing supply, the residential level of the lower income households excluded in housing market could not be improved sufficiently. It is necessary to change the objects of the policies for the purpose of providing residential services including residential expense subsidy in social welfare. Newly constructed housing market has been developed broadly, while housing maintenance has been neglected relatively. But in future the reform and maintenance of high-rise apartments will attract more interest for sustainable development.

Land is still expensive instead of land price drop after foreign exchange crisis, and the mitigation of land use restriction for supply extension gives rise to disordered development. The profit of development is returned to only developers or owners, while the cost of infrastructure construction and maintenance is imposed to local governments and inhabitants.

Q4. Lessons learned with emphasis on sustainability and impact

The priority of policies did not consider sustainability and environmentally friendliness greatly, which resulted in reckless and unruly development without appropriate infrastructures. In the past if housing was constructed, it was sold out without infrastructure and utilities. Recently, however, as housing demanders make an emphasis on the environmental factor importantly, it should be considered inevitably. Government will strengthen various incentives including the certification of environmentally friendly housing complex to promote the construction of environmentally friendly housing.

Q5. Recommendations for priority action

In order to shift the policy object from quantitative extension to qualitative improvement, particularly the residential stability of the lower income group excluded from housing market should have the highest priority in the policies. With the lowest residential standards established, it is necessary to grasp the practical problems of housing deficient in residential standards in a short term and to solve them in a long term. Housing subsidy will be provided after October 2000, when the Law of National Minimum Life Security will be enforced. It, however, is only 28,000 Won, and insufficient for real life.

It is inevitable to re-establish the operational direction of National Housing Fund, which

has contributed to housing construction and housing purchase subsidy for the purpose the improvement and efficient operation of the fund incomings and outgoings. Mortgage-backed security issued should develop the system Mortgage, which can circulate the loan fund rapidly, and induce to purchase a housing unit with a small amount.

The land policies should be transformed from existing direct and physical regulations from indirect ones considering the practice of market economy. It is also necessary to make the institutions for land transparent and to introduce the creativity and self-control of private sectors into land management institutions.

In order to improve the services for inhabitation the policies of utilities should be realized strongly. Water-supply system in the districts lack of water supply including farming and fishing villages will be extended, and the water demand management policies continue to be promoted. It is also required to manage the water quality and to improve the operational system. Until 2005 drainage system will be completely provided in farming and fishing villages, and the sewer recycling method for farming and industrial water will be aggressively introduced to maximize the utilization of limited water resource.

Chapter 2 : Social Development and Eradication of Poverty

Q1. Progress since '96, prevailing conditions, new trends, emerging issues, and major area of concern

The death rate of children under 5 was reduced from 2.7% in 1993 to 1.7% in 1998, and the medical insurance system is being operated for the people. Though Korea has discriminated against women, the equality between men and women is realized step by step. The recent 5 year rate of entrance into high school shows no difference between men and women, but the entrance rate into universities have a slightly difference. As of 1998 47% of total women have jobs, which prove their active economic lives.

As of 1999 3,219 police boxes are distributed in the whole nation, 42% of total policemen are working day and night for good public peace. As, however, juvenile delinquencies become worse and systematized, the instruction of them is focused on.

'A minimum cost of living' is announced annually, and it is applied to select the objects of livelihood protection and social welfare policies.

Q2. Policy and legislative changes since Habitat

In order to protect school violence the relationship between a school prosecutor and a juvenile with criminal bent was extended on a national scale (July in 1996 and December in 1995), and the Public Prosecutor's Office has led the movement of safe school attendance from 1997.

The Act of National Basic Livelihood Security was established in 1999, which enforces to provide living expenses and self-support services to all of the low income group. It is a great turning point of social welfare policy.

The Act of Sexual Discrimination Prohibition & Relief enforced in 1998 and the Act of Sexual Equality Employment revised in 1999 can correct the cases of sexual discrimination. Special Committee for Women, founded directly under the President in March, 1998, takes charge in comprehensive planning, and the special training system for a matriarch was introduced in 1998. A legislative action which prohibits a woman unemployed firstly was also provided in 1999.

Q3. Institutional weaknesses and obstacles encountered

database so that they may not be thrown away.

Continuous regulation and protection and long-term countermeasure for the extermination of school violence are required more thoroughly, and it will be difficult to prepare financial resources for the eradication of poverty. Women are still discriminated in employment, and receive a small salary relatively instead many legislative and institutional regulations.

Q4. Lessons learned with emphasis on sustainability and impact

None

Q5. Recommendations for priority action

It is required to manage specially the children with congenital deformities or insufficient weight for the decrease of infant mortality, to extend the medical insurance system, and to invest in medical transmission system for children. It is also necessary to establish a long-term countermeasure to expel and protect the school violence.

For the purpose of supporting the absolute poverty the institution of national basic livelihood security should be founded, welfare infrastructure be constructed in a short term, and the project for livelihood security of the low income class be enriched.

When planning employment measures, various programs should be developed to promote for women to participate in, and all kinds of discrimination protecting actions be taken.

Chapter 3 : Environmental Management

Q1. Progress since '96, prevailing conditions, new trends, emerging issues, and major area of concern

Because people and industry concentrates on the Metropolitan area and some large cities excessively, it is an important issue to protect an overcrowded city and activate a local city so as to mitigate serious inequality between cities. 40.19 million people, 85.2% of total population, enjoy water-supply system, and those for 18 wide areas will be constructed additionally. The project of residential environment improvement for the low-income class in cities, farming lands and fishing villages is being performed, but it

cause real estate speculation, and the inhabitants driven out. It is pointed out that the project should become more efficient for the inhabitants. As the disasters such as breakdown of Seongsu Grand Bridge in 1994, collapse of Sampoong Department store in 1995, typhoon, fire, etc. were increased surprisedly, the protective actions should be established. In addition As it becomes more necessary to restrict the amount of CO₂ emission based on the 1997 Tokyo Agreement, local governments hast to introduce intelligent traffic system as well as the upgrade of the waste gas emission criteria.

Q2. Policy and legislative changes since Habitat

The 4th Comprehensive Plans for Construction Undertakings in the National Territory (2000 to 2019) will promote to construct the fundamentals of independent growth through balanced territory development, to develop local cities, and to activate local economy. The 2nd Plans of Metropolitan Area Arrangement, which was confirmed in June 1997 and provides the area improvement direction to 2011, adheres to the restriction of concentration to Metropolitan area, and strengthens the competitiveness. Furthermore, 8 Wide Area Development Plans, Specific Area Development Plans and Development Promotion District Designation are also promoted.

In 1996 'Environment Vision 21', which is a long-term plan for environment conservation, and contains the directions of environment policies and the blueprint of future environment, was established, and as its practice plans A Middle-term Plan for Environment Improvement and its corrected plans were established in 1997 and 1999, respectively. The Comprehensive Water Resource Management Plans was founded In August 1996 to secure water resource and to maintain the proper water quality, and the Nationwide Water-supply Plans was devised in April 1998 to supply water stably.

The 5th Disaster Protection Basic Plan established in 1996 constructs the protective system for natural disasters from 1997 to 2001, and '5 Year Comprehensive Plans for Seoul without Flood from 1999 to 2003', which 419.6 billion Won will be invested to, was set up. The Tentative Arrangement Act for Residential Environment Improvement, limited to 1999, will be extended for squatter residents. Comprehensive farming and fishing village support projects are being realized continuously under the Act of Housing Improvement Promotion in Farming and Fishing Village settled in 1995.

The System of A Road Tax for Traffic Congestion Prevention has been enforced from 1996 as a part of traffic control policies. The construction of bicycle way, the increase of public parking lot fee, the reduction of street parking lot and the use of public

transportation are being promoted, too. The Act for Traffic System Efficiency, enacted in March 1999, caused the effective construction of intelligent traffic system promoted. The enforcement regulations of the Air and Environment Conservation Act was revised in September 1996 to strengthen the standards of gas emission allowance for the type of car. Local governments are establishing the Local Environment Plans 21 according to the recommendations of Agenda 21.

Q3. Institutional weaknesses and obstacles encountered

The subjects of local development projects are distributed to the Ministry of Construction and Transportation, the Ministry of Government Administration and Home Affairs, the Ministry of Agriculture and Forestry and the Ministry of Finance and Economy, and the budget establishment and operation autonomy of local governments is limited. This results in the systematic local development strategy not promoted.

To perform the environment policies successfully citizens and NGOs should participate actively, but the current environment policies are founded and carry out by the central government, and it is difficult to realize the local environment policies considering their specific conditions. For disaster protection, protective countermeasures are focused on, while practical methods including risk control, disaster countermeasure and restoration have been neglected relatively. General citizens' insensibility to disasters and low level of consciousness on disaster protection functions as a negative factor. The residential environment improvement project also exposes the problems such as dwellers' heavy burden due to scarce public support, insufficient plan for tenants and residential equality between classes with different income levels, a shortage of infrastructure and utilities.

Traffic policies are focused on demand control, but unreduced passenger cars are dropping its efficiency, because reduced passengers on mass transportation cause the firms insolvent and complaints aggravated. ITS project still stays in the early stage, and doesn't attract a socially broad response.

About 55% of local governments established Local Environment Plan 21, but most of them provides only the direction, which is not a concrete practical plan. It is necessary to embody the action plan of each subject, the investment plan, and the procurement of financial resource for the achievement of the goal related to local environment management.

Q4. Lessons learned with emphasis on sustainability and impact

As each area has a specific location and social-cultural characteristics, they should be considered importantly in establishing the strategy of balanced area development. Various supports and educations for the development of human resources as well as for the improvement of physical resources should be prepared, while the social welfare infra is being constructed.

As it is recognized widely that depending only on water resource development cannot meet rapidly increased water demand, the various methods for water demand control including the reduction of use amount, the recycling of used water, etc. are shown as efficient countermeasures. As it is sympathized with a viewpoint that indiscreet renewal and reckless development in suburbs of cities have an bad effect on human settlements, it becomes more necessary to prepare the systematic urban management. In addition, it is inevitable to gather the opinions of the persons concerned and citizens.

Q5. Recommendations for priority action

Because the problem of Metropolitan area congestion cannot be solved only with the policy of Metropolitan area arrangement, the strategy of local development inducement should be propelled simultaneously. The current policy direction of Metropolitan area congestion restriction is maintained, while the comprehensive policy for balanced local development should be devised for further primary balanced local development, which can induce to distribute the development pressure in Metropolitan area to local areas. In particular the Development Project for 8 Wide Areas should be performed thoroughly.

Efforts should be made to expand the water-supply system in supplied water shortage areas including farming and fishing villages besides water-supply management including extension of used water recycling equipment, increase of water-supply fee, reduction of water leakage amount, etc. Furthermore with the criteria of drinkable water quality strengthened, it is necessary that people can drink it free from all anxiety. For environment management simple performance in the field should be transferred to local governments, and central government's post- management and local government's working capability should be enhanced simultaneously. It is also required to promote the establishment of Local Environment Standards considering social and economical properties of each area and the residents' need, and to activate a local conference between local governments to overcome the environmental problem.

Chapter 4 : Economic Development

Q1. Progress made since '96, prevailing conditions, new trends, emerging issues, and major areas of concern

Small companies with less than 4 staffs is being increased from 85.6% in 1993 to 87.5% in 1998, and business women occupies 33.5% of entire business persons. 90.6% of business women engage in unproductive work or services.

After local autonomy in 1996 some public services tend to be consigned to private sector increasingly. 43% of social welfare and medical service, 38% of traffic services and 12% of public safety service is left to private hands. Local sector works by joint between governmental organizations and nongovernmental ones is being activated more and more. 33 corporations to which local governments invest less than 50% of capital were established as of the end of 1998, and 16 of 25 corporations harvested a black-ink balance.

Q2. Policy and legislative changes since Habitat

As of the end of 1999, 30 Support Center for Small Merchants and Industrialists, and Local Small-scale Companies was founded, and are taking charge of counselling, information distribution, financial support, commercial possibility analysis and successful case excavation.

'The Act for Businesswomen Support', which was enforced in February, 1999, prepared the institutional foundation for women's economical activity. 7 Women's Inauguration

and Nurture Support Centers are being operated. The exhibition of excellent products, the support for certification acquisition of foreign wellknown ratings, the trainee group dispatch to other countries and the purchase of businesswomen company's products by public organizations are being promoted.

The Ordinance for the Consignment of Local Government's Tasks to the Private is being enforced under the Act of Local Autonomy. 'Sexual Equality Employment Act', enacted in 1987, gives women opportunities equal to men in employment, and guarantees equal wages in doing the same valuable work. 'Window for Employment of Women newly Graduated from University' is open at local labor office to support women newly graduated from university to employ, The Special System of Matriarch Training is being performed for the purpose of women's employment and inauguration.

'Promotion, etc. of Employment of Disabled Persons Act' determines the rate of disabled person employment of Government, and provides employment incentive to private companies. Furthermore, active recommendation of employment, home-office working and support of car purchase for attendance are applied.

Q3. Institutional weakness and obstacles encountered

Our consigned private services are limited only to the operation of social welfare facilities, the treatment of waste and the run of parking lot, and need to extend a variety of services, compared to developed countries. They show tendency to monopolize in a long term without competitiveness, and post-supervision is not done thoroughly. Government tries to realize the employment and support for women and disabled persons, while social consciousness is not matured sufficiently, and prevents the goal achievement. Denser training program should be developed and distributed for the expansion of job opportunity.

Q4. Lessons learned with emphasis on sustainability and impact

None

Q5. Recommendations for priority action

None

Chapter 5 : Governance

Q1. Progress made since '96, prevailing conditions, new trends, emerging issues, and major areas of concern

Every effort was made to realize local autonomy after the rebirth of local assembly, and one of them is that central government's tasks are transferred to local governments. To do so 2,000 kinds of tasks were handed over to local governments through 'Deliberate Council for Task Transfer to Local Government' from 1991 to 1998, and each of local governments tries to reform the organizations according to 'Work Guideline of Local Government's Reorganization' for the productive and efficient improvement of administrative organizations.

As of October 1999, 4000 noncommercial organizations of 20,000 non-governmental ones are active in the various fields including civil movement (24.9%), social service (18.8%), culture (15.5%), economy (13.0%) and environment (5.7%), resulting from their rapid growth. Government also converts support method from existing 'group support' under the special acts to 'support according to tasks' by all noncommercial organizations' competitiveness. The growth of citizens' consciousness trigger local

governments' performance reflecting their opinions, and the function and procedure of supervision should be prepared to improve transparency.

Q2. Policy and legislative changes since Habitat

'Promotion, etc. of Administrative Right Transfer from Central to Local Act' was enacted in January 1999 to hand over central government's tasks, and 'Transfer Promotion Committee', organized under the President, redistributes the tasks to local governments through deliberation and resolution.

'Noncommercial Body Support Act' was enacted and promulgated at January 12th, 2000. Administrative Procedure Regulations on a public hearing of administration, preannouncement of legislation, etc. was also established. 'Act on Public Agencies' Information Opening', enacted in January 1998, secures the right of information opening request of all people and visiting foreigners. The Institution of Ordinance Enactment, Revision and Dismission Request, which enables citizens over 20 years old to require the head of local government to enact, revise or dismiss ordinances, and the Institution of Residents' Audit Requirement, which audit on the processing of local government is required under, were introduced in August, 1998. Dispute Adjustment Committees are set up at Department of the Prime Minister, the Ministry of Government Administration and Home Affairs, city and provincial offices to adjust disputes between local governments.

Q3. Institutional weakness and obstacles encountered

In spite of the quantitative increase of central tasks transfer to local, it doesn't involve administrative and financial support, and is somewhat unpractical and inefficient. As Government lacks a consistent system of supervision on local governments, it is involved overlappingly under each of special regulations. The dispute between Government's bodies also impose much difficulties on local governments. Central tasks and local ones are not distinguished clearly, and they cannot be involved with proper post-management and financial support.

Noncommercial organizations don't have various paths inducing citizens' participation, and show the participation for group egoism and individual interest, which indicates that they have a weakness for productive participation and democracy complement. In policy establishment their participation focuses on decision-making, but they neglect execution and evaluation of policies. In addition only a few wellknown leaders perform

the movement in the name of citizens, they are criticized as 'Civil Movement without People'. They are lack of human and financial resource except a few organizations, live on Government or enterprises for survive, and operate various programs without professionalism, and cannot speak for areas and classes.

Residents' participation on local governments is restricted, while the formal path is established. A few participants abuse it as a means to satisfy individual need rather than public interest, which is pointed out as a social problem.

Q4. Lessons learned with emphasis on sustainability and impact

It should be highly estimated that Government and enterprises attach importance to civil opinions, as a result that civil organizations aggressively speak for a few citizens alienated in the course of decision making. Civil movement must have both professionalism and popularity, and form not a large central organization but small local bodies. It is required that local bodies construct a network to support and cooperate one another through solidarity. In addition, they should introduce efficient management mind in operation to avoid existing unplanned operation, and take an posture to satisfy market and customers' need actively with a sense of duty. On the other hand, civil organizations contribute to improving the transparency of administration and satisfying the residents' recognition right through the introduction of Administration Procedure Act, and Resident's Right of Audit Requirement. It is an important instruction that citizens recognized that civil participation in autonomy contributes to democratic and efficient administration in a long term.

Q5. Recommendations for priority action

Required administrative and financial supports will be extended to transfer central tasks to local governments, and overlapping functions between central and local should be readjusted. It is necessary to guarantee the autonomy of local governments and to define the boundary of Government's interference.

Government should support NGOs to the extent of not disturbing their autonomy, and construct the partnership with them on founded activity base. It has an important task to build a support system for volunteer servants with mind and ability so that they properly match with required persons.

The way should be searched that requirements for residents' participation is mitigated

for enhanced participation on autonomy, and that residents are directly participate in the course of administration as well as existing methods including hearings.

Chapter 6 : International Cooperation

Q1. Progress made since '96, prevailing conditions, new trends, emerging issues, and major areas of concern

Today bilateral or multilateral international cooperations are actively formed. Bilateral cooperations includes Korea and Japan Housing Association yearly from 1986, urban and housing conference with China from 1996, and Memorandum of Understanding with Canada for the cooperation on housing in May, 1999.

We are participating in international conferences related to residence, including Commission on Human Settlements, hold every two years.

We held Regional Consultation on the World Charter of Local Self-Government for South-East Asia and Pacific in Jeonrabukdo, and will do EAROPH in Chungcheongnamdo in October, 2000.

Q2. Policy and legislative changes since Habitat

None

Q3. Institutional weaknesses and obstacles encountered

We still construct a cooperative relationship mainly with countries in East Asia. There, however, is no common language between East Asia countries, they have difficulty in communication. We also want our staff to dispatch international organizations to learn new knowledge related to housing, but have trouble due to language defect and financial problem.

Q4. Lessons learned with emphasis on sustainability and impact

None

Q5. Recommendations for priority action

It is necessary to learn the experiences of developed countries for solving residential problems, and to expand the international cooperations and upgrade the cooperative data more practical. The cooperative data should be controlled thoroughly and stocked in