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Seoul's Experience Series 2

Coping with Exploding Housing Demand: *Experience of Seoul*

Chang Yi · Won-seok Nam · Chaewon Lee



서울연구원
The Seoul Institute

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01 Introduction

Seoul gradually industrialized under Japanese colonial rule (1910~1945). The city experienced rapid population growth and spatial expansion thanks to migrant labor from rural areas. The population first exceeded one million people in 1942. Functions of the city center were enhanced while suburban farmland outside the city wall was developed for residential use. As farmers swarmed to Seoul to escape abject poverty, a plethora of unauthorized substandard settlements began to appear.

In 1945, Korea was liberated from Japan. Seoul continued to experience a constant inflow of people from rural areas, as well as from overseas as those who had left the country during colonial rule returned. As a result, the administrative area of Seoul reached 268km². Its population reached approximately 1.4 million by 1949. However, during the Korean War (1950~1953), much of the city was destroyed: about 30% of the houses and numerous commercial buildings and public facilities. There was a ceasefire in 1953, but residents had difficulties throughout the 1950s despite post-war restoration. Even though many had lost their homes, Seoul was still a place that offered a better chance of survival than elsewhere in the country.

Many people came to the city to avoid the extreme poverty in rural communities. A majority built shelters on the mountainsides and empty lots, creating unauthorized settlements across the city. According to the 1960 census, the population of Seoul had reached about four million. With rapid growth, the city faced a variety of urban problems including poverty, lack of sanitation, unemployment, and insufficient housing. Such problems were aggravated during the social and political turmoil in the late 1950s.

In the 1960s, Seoul added 500,000 to its population every two years. Without sufficient housing, the unauthorized settlements continued to grow across the city. The city outskirts were included in new residential areas. By 1963, as

Gangnam (area south of the Han River) was newly incorporated with Gangbuk (area north of the Han River) into the city's administrative area, Seoul expanded to 594km². Developing Gangnam was a significant event in the city's history.

Because of the urban influx starting in the mid-1960s, the Gangbuk area ran out of space to accommodate the growing population. The city government decided to develop Gangnam to build new towns, which greatly expanded the city. From the early 1970s, Gangnam witnessed rapid urban development and population growth. Two decades later, it had become the city core, with more than 20% of Seoul's total population. People living in the city center (Gangbuk) moved to Gangnam thanks to various government inducements, including providing a series of benefits to the middle and upper classes to move and relocating a variety of agencies and facilities to create an attractive residential environment. In the 1960s and 1970s, with all the large-scale urban development, Seoul underwent a rapid transformation, accompanied by a variety of urban problems that developing countries commonly experience. These included traffic congestion, environmental pollution, lack of public transit, dense housing, and unauthorized shacks.

Such situations in Seoul were spurred by national macroeconomic changes. Korea was in the midst of rapid economic growth, setting new records in exports and national income every year. The national average annual income of USD 250 in 1970 increased to more than USD 1,000 by 1977. Seoul was at the center of this national economic growth, and home to light industry, with a number of sewing factories in the city center and export enterprises in the outlying manufacturing areas. Many people came to Seoul to find work and better opportunities, and by 1975, its population reached six million.

In this process of urban growth, the most serious problem in Seoul was the shortage of decent housing. The provision of housing was a monumental task with the exploding demand as more and more people migrated from rural areas or returned from abroad. The city government (predecessor to the Seoul Metropolitan Government, or SMG) with assistance from the central government

tried many different strategies, many of which failed. Through trial and error, the public sector succeeded in supplying sufficient housing to city residents. Seoul now houses about 10 million people. Since housing is very expensive, an average citizen's dream is to own a decent apartment unit. Many are still tenants. Nonetheless, the housing supply rate was 103.8 as of 2014. There are virtually no unauthorized housing.

This book describes how the city government strove to cope with exploding housing demand and resolve the housing shortage in Seoul; what strategies were devised and tried; what failed and what was successful; and the long-term implications of housing policies and programs.



02

A City in Trouble: Turmoil & Explosive Population Growth (1945~1960)

With the end of World War II and the liberation of Korea, Seoul went through a time of great turmoil. While Japanese citizens were evacuated from Korea, many Koreans returned from Japan. The city faced the problem of accommodating the explosive population increase. In 1394, when Seoul was chosen to be the capital of Joseon, the population was only about 100,000. For two centuries, there was no significant fluctuation. By the mid-17th century, it had increased to 200,000, where it remained until the early 20th century. But with Japanese colonial rule came urbanization and an influx of Japanese. By 1945, the population of the city was about 900,000.

In 1949, right after establishment of the South Korean government, the city's administrative area was 269.73km², and it had a total of nine *Gu*-districts¹. Seoul grew into a large city with a population of 1.4 million at this time, and had increased to 1.7 million by 1950. For five years after liberation, the city marked an annual population growth rate of 17.6%: an unprecedented rapid change in the city's history. There were two main reasons for this. First, there were about 4 million Koreans living overseas, including those seeking asylum and people forcibly drafted by the Japanese. Many returned to Korea and settled in Seoul. Second, the city also became home to a number of people who escaped from the North's communist regime. Most had no family or friends in other regions. They had difficulty finding jobs. They swarmed to Seoul, where there were more job opportunities than other regions at the time.

The greatest hardship the city experienced was the Korean War from 1950 to 1953. Its outbreak in 1950 ruined the entire country, and Seoul was damaged the most. Much of the city, especially the residential areas, was destroyed by

¹ “*Gu*” is an administrative unit (district) in the cities of Korea. There are 25 *Gu*-districts in Seoul, with the head of each popularly elected every four years by local residents.

indiscriminate bombing by the U.S. military. The city center bore the brunt. Fire or bombing destroyed half of the shacks, and about 20,000 houses were completely destroyed. Indeed, as many as 30% of all housing needed to be rebuilt after the war.



Source: Republic of Korea Armed Forces, Defense Photo Magazine

Figure 1. Gwanwhamun Area Devastated during the Korean War (1950.11.1)



Source: From Gyeongseong to Seoul [‘서울’의 탄생: 한성, 경성, 서울’전], Photos by Lee Kyung Mo

Figure 2. Myeong-Dong in Ruins after the Korean War (1953.9)

During the Korean War, the population of Seoul was 600,000~700,000 as more than one million people left. Many essential functions of the city government ceased. The provisional capital became Busan. Despite the tremendous damage, a shortage of housing did not emerge as a pressing problem until 1953 once the war ended, as most of its population had scattered to other provinces. However, after the ceasefire began, more than 100,000 returned every year. As government and military organizations returned as well, their employees and families accompanied them. Before the year was out, the population had recovered to 1 million. The population increased again to 2.45 million by 1960. During the census period between 1955 and 1960, the nation’s urban population grew by 1.74 million, with half concentrated in Seoul. The population would go on to experience phenomenal growth in the coming years.

While liberation and the end of the Korean War contributed to making Seoul a primate city, the entire city was heavily overcrowded without adequate housing due to the explosive population increase. Right after independence, some Koreans who returned from abroad and the North were accommodated in houses that the Japanese had left. However, the majority had no housing, which emerged as an urgent problem.

Naturally, it was inevitable that unauthorized shacks would continue emerging. The authorities demolished them and new ones would be built again, creating a vicious cycle. At the time, multiple families often lived together in substandard housing such as shacks or makeshift huts, even caves. Such poor dwellings had existed before the war, since the 1920s, under bridges, along streams, and outside the city walls. However, their number increased exponentially after the war due to the influx of refugees from the North and those who had lost everything in the South.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 17 Print

Figure 3. A Refugee Settlement (1958.7.7)

The formation of substandard residential areas before the war differed from those that cropped up after. The same locations were often chosen (under bridges, along streams or on hillside), but many also appeared in urban neighborhoods after the war.

Due to its spatial limitations, Seoul was unable to accommodate its soaring population. In times of social and political unrest, unauthorized substandard dwellings appeared in foothills and lowland areas where government reach was weak. In a short period of time, a number of unauthorized shacks collected in vacant areas and hills near the city center. The size, location, and construction process stemmed from the rapid population increase. Refugees from the North built their houses on their own, scavenging from materials discarded by the U.S. Army. Sometimes refugees cut down trees from the mountains, to build with or to use as fuel. This informal practice created a constant conflict between the authorities and the settlers.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 156 Print

Figure 4. Demolition of Unauthorized Housing (1962.6.14)

Unauthorized shacks also sprung up in the residential areas devastated during the Korean War, on any vacant piece of land across the city. In the beginning, people who lost their homes in Seoul built temporary shacks after the Korean Army recaptured the city. However, the vast majority of shacks were built by refugees from the North who settled in Seoul during the war. From 1957 on, farmers left impoverished rural areas and flocked to Seoul to find work, adding to the number of shacks on the city's outskirts.

It is difficult to put a number to how many shacks there were. Nonetheless data exists to help estimate the phenomenal size of such shanty towns. One housing survey in 1953 (named Sise Illam) called such shacks "cardboard houses". In this survey, 5,356 cardboard houses existed in Seoul. However, the shacks built before the city was recaptured in 1953 also differed from those created after the war in terms materials and not only location. Indeed, as noted, the shacks built after the war were mainly on vacant land near the city center. The materials used were mostly left over from the war, built by hand by the residents as temporary dwellings. Sufficient housing supply from the government simply did not exist despite the rapid population increase. According to a census at the time, 3.55% of all households in Seoul, 10,011 households, were classified as "other", which referred to those living in shacks, tents, and refugee camps. Because this number referred only to "households", it is impossible to know the exact number of structures. However, it helps to estimate how many such dwellings existed at the time.

In essence, liberation and the Korean War contributed to overcrowding in Seoul, prompting the formation of refugee settlements and shack towns across the city. Over time, it became difficult to distinguish between such settlements and the city proper. It was obvious that such dwellings entirely changed the city scape.

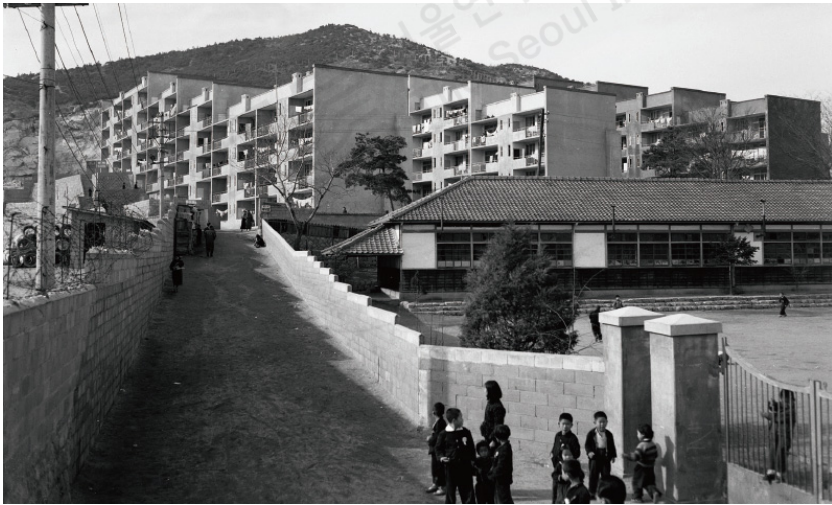


Source: Seoul Museum of History, 서울, 폐허를 닫고 재건으로 II : 1963~1966, 서울시정사진기록총서 II, Seoul Museum of History: 강홍빈, 2011, p 65 Print

Figure 5. Cardboard Houses in Yongsan District (1964.6.15)

As society stabilized after the ceasefire took effect, the central government pursued the construction of new housing. From 1955, a variety of public agencies, financial institutions, and aid organizations, including the Korean Housing Corporation, the Korea Development Bank and the city government, began building houses. These buildings can be categorized into “public housing”, with different names based on financial source and purpose. Some projects were supported by the government, but the majority were financed by the United Nations Korean Reconstruction Agency (UNKRA). Seoul at this period witnessed large-scale urbanization.

From 1957, there was a change in the government's housing policy. It had been providing temporary housing financed through foreign loans, but this policy direction shifted to construction of permanent residences. The public housing in the 1950s made a mark in the history of housing policy in Seoul for several reasons. First, even though the number of units fell short of the housing demand at the time, they served as a catalyst to jumpstart housing construction by the private sector. Second, they contributed to introducing Western style housing designs, such as more convenient kitchens, bathrooms, separate bedrooms and living rooms. Third, they played an important role in developing the city's peripheral areas. Most were built in suburban rural areas and on low hills. Indeed, development of suburban regions led to creation of more residential areas.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 25 Print

Figure 6. First Apartment for the Upper Class (1958.12.7)

However, there was a downside to public housing projects as well. First, the majority were of poor quality because they were built with limited foreign aid. The areas where public housing was constructed tended to become substandard residential areas. Second, while public housing projects led to development of suburban regions, it also contributed to the emergence of poor dwellings nearby. Indeed, unauthorized housing was built in public forests and privately-owned land near these public housing sites. This created a nuisance to the existing residential environment. Third, there were no comprehensive plans for infrastructure at the time. Public housing was constructed in areas where roads, if any existed, were not officially planned. Consequently, such housing served to obstruct organized urban development later.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 111 Print

Figure 7. Mongwon-*Dong* Refugee Houses Built by Seoul Government with Funds from Foreign Aid (1961.12.28)

03 Fighting to Clear the Shacks to Provide Public Housing (1960s)

The population continued to increase in the 1960s along with the number of households. This is evident in Table 1, which shows that the average rate of annual increase in households from 1961 to 1970 was 9.5%, exceeding the population increase of 8.4%. The number of households increased 8.3% in the early 1960s and 11% in the late 1960s.

Table 1. Average Annual Increase in Households in the 1960s

Year	Average Annual Increase in No. of Households (%)	Average Annual Increase in No. of Households (households)
1961~1966	8.3	121,674
1966~1970	11.0	144,809
1961~1970	9.5	121,937

Source: The SMG, Statistics Yearbook (1971)

The increase in number of households was closely related to the change in the number of household members. This number decreased by 0.36 per household from 5.31 persons in 1961 to 4.95 persons in 1970. The decrease in household size, coupled with a rapid population increase, led to greater demand for housing.

Table 2. Changes in Average No. of Household Members in the 1960s

	Total Population	Year-On-Year Increase	Year-On-Year Increase (%)	Number of Households	Average Number of Household Members
1961	2,584,952	139,550	5.71	486,697	5.31
1962	2,983,324	398,372	15.41	554,136	5.38
1963	3,254,630	271,306	9.09	597,132	5.45
1964	3,424,385	169,755	5.22	633,026	5.41
1965	3,470,880	46,495	1.36	649,290	5.35
1966	3,793,280	322,400	9.29	725,130	5.23
1967	3,969,218	175,938	4.64	754,261	5.26
1968	4,334,973	365,755	9.21	837,362	5.18
1969	4,776,928	441,955	10.20	961,491	4.97
1970	5,433,198	656,270	13.74	1,096,871	4.95

Source: The SMG, Statistics Yearbook (1971)

The 1960s were a decade when the residential areas significantly expanded in Seoul. As noted, the influx of people from rural areas starting in the late 1950s accelerated the massive population growth. During this period, a variety of housing laws and policy measures were devised. An organized housing policy was set up to provide a large number of housing units.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 98 Print

Figure 8. Guro Public Temporary Housing (1961.9.30)

New government that seized power through a military coup in 1961 established the Korea National Housing Corporation. It officially pursued new housing policies as part of its 5-Year National Economic Plan. Moreover, it enacted the Urban Planning Act in 1962, providing the legal basis for large-scale redevelopment. During this decade, Seoul eagerly prepared to become a metropolis through housing development and expansion of road networks across the city in response to the rapid population increase. Residential areas created during this period were located within 5 to 15km from the city center.



Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시정사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 166 Print

Figure 9. Residential Areas Created in Mia-Dong (1962.10.13)

■ Unauthorized Shacks and the Power of Land Parcel Readjustment Programs

With the increase in population, unauthorized shacks continued increasing even in the 1960s. Demand for housing was exploding with the increases in population and number of households. The public sector was limited in its ability to provide housing within the existing city areas. Therefore, the city government undertook large-scale redevelopment projects to create housing lots on the outskirts. Unfortunately, there were no plans to mitigate the lack of housing for low-income households at the time. As a result, unauthorized shacks, which sprang up during the socially turbulent period after liberation, were jumbled together on the hills and along the streams in the city center.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970*, 서울시정사진기록총서 IV, Seoul Museum of History: 강홍빈, 2013, p 159 Print

Figure 10. Cityscape of the Cheonggyecheon Area (1969.3.29)

Their number increased from 41,000 in 1961 to 190,000 in 1970, accounting for 30% of all housing in Seoul. Table 3 below shows that shack towns were distributed all across the city in the 1960s and the 1970s.

Table 3. Changes in Shacks in the 1960s

Year	Total Number of Housing Units	Number of Shacks	Proportion of Shacks (%)
1961	275,436	41,238*	14.97
1962	306,289	44,721*	14.60
1963	322,386	45,446*	14.10
1964	331,133	43,946*	13.27
1965	345,657	43,321*	12.53
1966	361,945	136,650**	37.75
1967	406,119	150,000**	36.93
1968	516,810	169,000**	32.70
1969	543,645	181,000**	33.29
1970	600,365	187,554**	31.24

Note: *1961~1965: All the shacks and tent-like dwellings included

**1966~1970: All shacks and illegal structures included

Source: The SMG, Statistics Yearbook (1970)

In Table 3, the numbers of shacks were counted differently in the first half of the 1960s and the second half. In the first half, all shacks and tent-like dwellings built during the Japanese colonial period were included. In the second half, all shacks and unauthorized structures of any kind were included, resulting in a sharp increase in 1966. The percentage of shacks to total number of housing units was 14.97% in late 1961, decreasing to 12.53% in 1965. However, the total number of shacks increased from 41,238 to 43,421 during the same period. In 1966, the percentage and number of shacks soared to 37.75% and 136,650, respectively, mainly due to the different way of counting. There were 187,554 in 1970, increasing more than 60,000. Regardless of how they were counted, this increase was attributed to insufficient housing supply in the face of explosive population growth.

The central government and the city government regarded the shacks as a serious impediment to orderly urban development. The terms “unauthorized

shacks” and “substandard housing” represented this view. Indeed, unauthorized settlements were an unsanitary eyesore in the city, presenting many hazards related to fire and public safety. The 1960s can be said to be a time when the city government waged war on these unauthorized settlements. Especially in the late 1960s, the city government felt it was an important task to clear these unauthorized shacks and relocate the residents before it engages in large-scale urban planning and development projects. Sometimes the city government used the police to do this, often resulting in violence.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967, 서울시정사진기록총서 III*, Seoul Museum of History: 강홍빈, 2013, p 82 Print

Figure 11. Demolition of Unauthorized Settlement in Cheonggyecheon (1965.7.9.)

The expansion of substandard residential areas was accelerated when Mayor Kim Hyun-ok took office in April 1966. Mayor Kim who was the mayor of Seoul from 1966 to 1970 was a former military man. He did not fully understand theories and policies about urbanization when he took office. However, he was considered a self-made man with initiative and drive. He was the youngest-ever Mayor of Seoul. During his term, with a catchphrase of “Rush Construction”,

Seoul was constantly under construction. Mayor Kim was a field commander committed to the battle of urbanization, and, true to his nickname “Bulldozer”, was a strong leader who spearheaded the rapid development in the 1960s. Indeed, he was a symbolic figure of the era, highly appreciated by the President of Korea, Park Chung-hee, and the people.

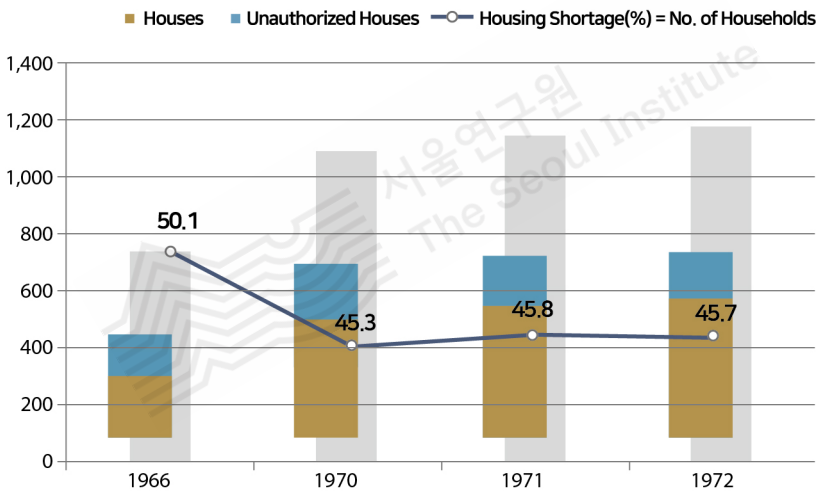
After taking office, Mayor Kim focused on building transport infrastructure. However, the housing shortage was a more pressing issue. As many people had come to Seoul to find work and escape extreme poverty since the Japanese colonial period, the city’s need for housing far exceeded its capacity. In 1966, Mayor Kim announced a 5-year plan to build 200,000 housing units, but this was difficult to implement due to the lack of financing. Moreover, resolving the housing shortage included providing infrastructure such as roads, sewers, and water facilities. Mayor Kim had promised to engage in housing projects and urban renewal in the city center at the same time.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967, 서울시장사진기록총서 III*, Seoul Museum of History: 강홍빈, 2013, p 34 Print

Figure 12. Construction of Seodaemun Overpass and Operation of Municipal Bus Service by Mayor Kim Hyun-ok (1966.6.25)

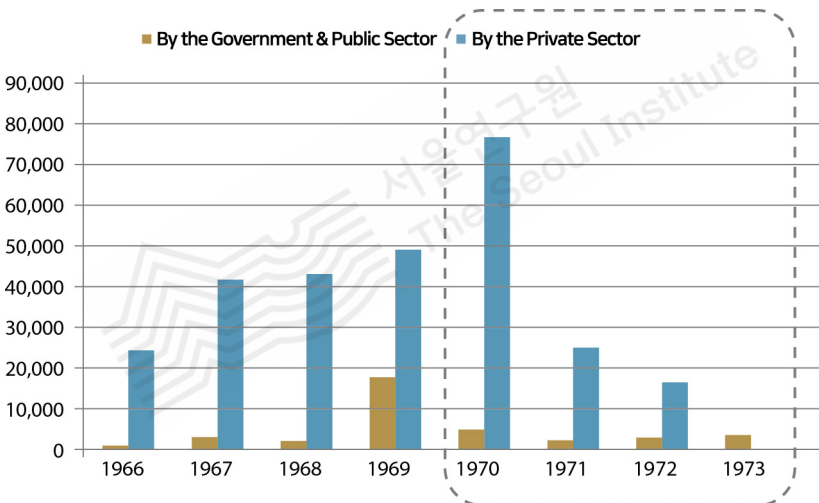
At the time, the city government was pushing forward a project to relocate the urban poor and residents of substandard housing to the suburbs and adjacent small cities. To that end, it demolished unauthorized structures in the city center and built large-scale housing developments instead. In the process, demolishing substandard housing was as important as supplying new houses. As previously noted, unauthorized shack towns had formed in the city since the Japanese colonial period. By 1966, the housing shortage rate marked 50%, but had slightly improved to 45.7% in 1972. However, the home ownership rate was only 38.65%, excluding unauthorized housing(Figure 13).



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015 Print

Figure 13. Number of Housing Units & Housing Shortage Rate (1970~1980)

A continuous population inflow and other structural factors aggravated the city's housing shortage, especially for low-income people. As noted, one of the factors was the decreasing size of households. The average number of persons in one household was 5.5 in 1970. Experts anticipated that this number would decrease further, creating more demand for housing. What was worse, the national and city governments failed to address the problem with adequate housing policies for low-income people. About 90% of housing was provided by the private sector, while public development projects accounted for only 10% (Figure 14).



Note: The sudden increase in 1970 was due to legalization of unauthorized shacks.

Source: Seoul Museum of History, 두더지 시장 양택식 II : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015 Print

Figure 14. Housing Provided by the Private & Public Sectors (1966~1973) (Unit: Housing Unit)



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967*, 서울시정사진기록총서 III, Seoul Museum of History: 강홍빈, 2013, p 130 Print

Figure 15. Demolition of Unauthorized Buildings in Cheongnyangni (1967.9.25)



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I: 1966~1967, 서울시장사건기록총서 III*, Seoul Museum of History: 강홍빈, 2013, p 82 Print

Figure 16. Demolition of Inhyeon-*Dong* Shacks (1966.8.10)

In 1970, the SMG investigated how many unauthorized shacks existed in the city. The number had increased by 50,904 units, from 136,650 when Mayor Kim was in office, to 187,554 units. Even though thousands of shacks were demolished under Mayor Kim, as many as 50,000 units had been added. Over time, the SMG took a variety of actions: demolishing more shacks to build new apartments; legalizing such housing; demolishing them and relocating the residents to new areas. The most common response was demolition.

Mayor Yang Taek-sik, a successor to Mayor Kim Hyun-ok, was the mayor of Seoul from 1970 to 1974. He maintained a principle that new unauthorized shacks would be demolished without compensation. They were illegal structures after all. Each *Dong*-district office² and police substation was responsible for

² *Dong* is the smallest administrative unit in Korean cities. There are 424 *Dong* in Seoul.

removing these shacks in their jurisdictions. The city government also encouraged area residents to report any new unauthorized shacks. It organized patrol teams, wrecking crews, and guard posts in the mountains for better control. One of the most noticeable methods in cracking down on unauthorized structures was the use of aerial photography. By the end of 1971, the city government was taking and analyzing aerial photographs. From 1972, it took such photos twice a year and used them to figure out where new shacks had been built. As such policies were relatively well implemented, many of the shacks in the hill areas and along the streams were removed. However, as mentioned, there was significant conflict in the process.

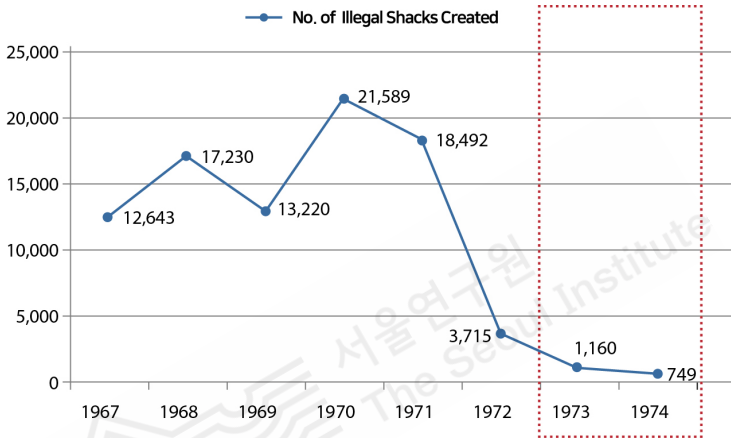
In early 1967, the city government changed its policy and began legalizing the shacks. Rather than demolishing them, they were registered as legal structures and residents provided with construction materials to their houses. In the same year, as part of this plan, a bus tour of these shack towns was organized. Some criticized that this was merely a publicity stunt for the upcoming presidential election in May and the general elections in June 1967.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970, 서울시정사진기록총서 IV*, Seoul Museum of History: 강홍빈, 2013, p 131 Print

Figure 17. Hongje-Dong Legalized District & Unauthorized Structures Improvement Plan (1967.10.7)

Along with legalizing some existing unauthorized shacks, Mayor Yang focused on demolishing any new ones, and in 1970, began doing so without exception. This action was based on the principle that new shacks must be gone. Through the use of aerial photography, the city saw a great decrease in new unauthorized structures in the 1970s(Figure 18).



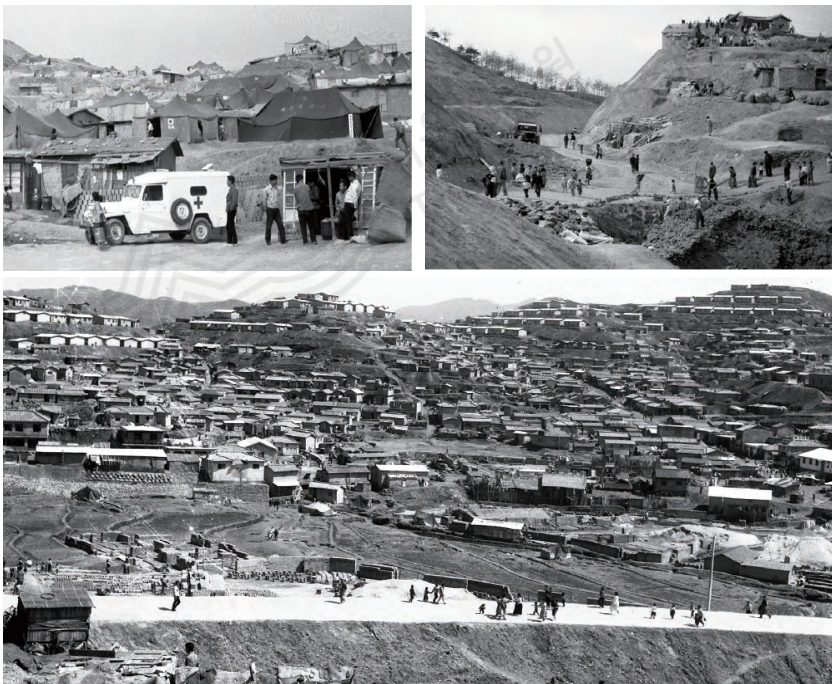
Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사건기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015 Print

Figure 18. Number of New Unauthorized Shacks by Year

The SMG designated 196 shack towns as the sites of the first housing redevelopment districts in 1973, with the relevant law in force from March 1973 to December 1981. Special regulations were devised regarding these districts, as part of the effort to improve substandard housing. In reality, however, the improvements were inadequate due to insufficient government support. What was worse, new shacks built right next to the improved housing.

Another measure was to create new settlements in the suburban areas for people who were relocated to make room for urban development projects or had lost their homes in natural disasters. The city government provided such people with state-owned land lots on the city outskirts and allowed them to build other

shacks there. The land lots, mostly forested or along river banks, had no infrastructure such as roads, sewers, or running water. It meant that shack towns that had been in the city center were now moved to the suburbs. Most of the residents were day laborers or peddlers and their families. Their jobs were located at the city center. Moving them to the suburbs not only put more distance between them and their source of livelihood, but also brought increased social isolation. To make matters worse, new unauthorized shacks were built around these settlements, and large shack towns formed in the suburbs. Most such settlements were in what had been rural areas incorporated into the city in 1963. These shack towns in the peripheral areas were the dark side of rapid economic growth.

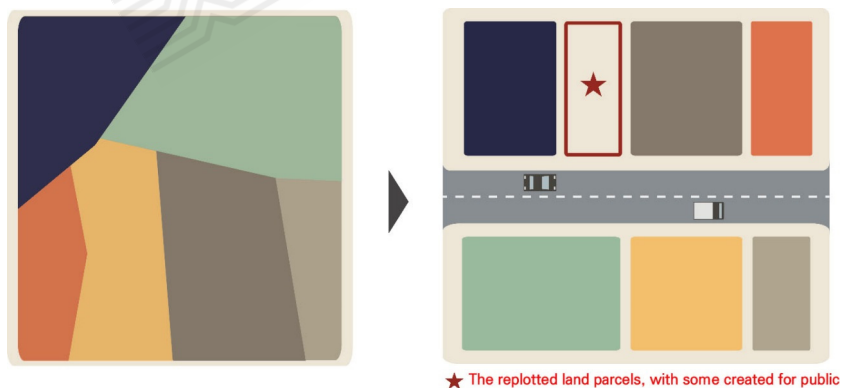


Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967, 서울시정사진기록총서 III*, Seoul Museum of History: 강홍빈, 2013, pp 101, 126 Print

Figure 19. Temporary Settlement for Flood Victims in Bongcheon-Dong (Top: 1966.4.9., Bottom: 1967.5.1)

From the 1960s to the 1980s, a major tool for urban development was the Land Parcel Readjustment Program, which began during Japanese colonial rule, but broadened in scope. The Land Parcel Readjustment Program provided an opportunity to build housing with the necessary infrastructure. With this approach, the city government could organize scattered, undetermined private lots or parcels, mostly in farming areas, and replot them according to land use plans. In other words, the lots were rezoned and reshaped, making urban development more feasible. Later the authorities set aside lots for infrastructure and for public use, allowing roadways and open spaces to be planned. In this process, the reshaped land lots suitable for new development were returned to the original landowners, albeit smaller in size.

This naturally would bring about a backlash from the original owners. However, due to a sharp increase in property values thanks to the better access to new roadways, the owners cooperated. The city government also benefited, as it was able to obtain additional land parcels that could be sold to finance development. Figure 20 shows how the Land Parcel Readjustment Program worked.



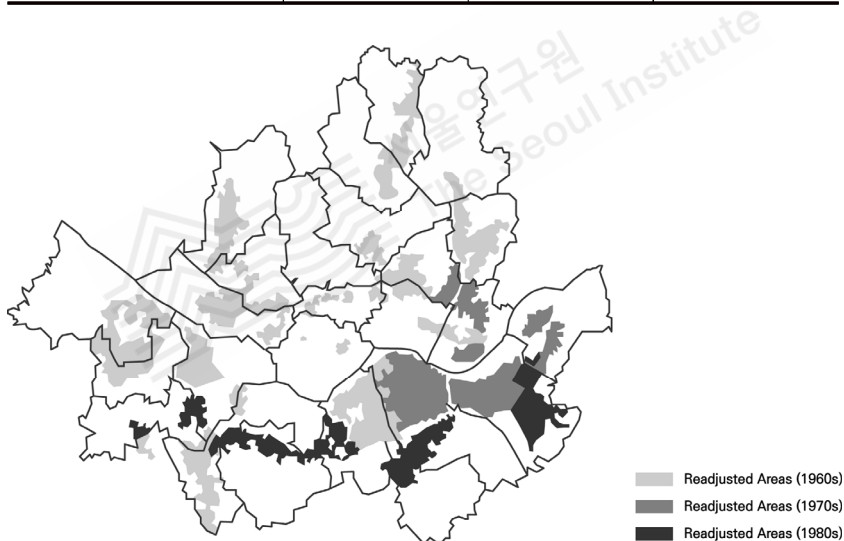
Source: The Seoul Institute, *Developing Transport Infrastructure in Seoul: Planning Implications on Jakarta, Manila, and Ho Chi Minh City* (2017)

Figure 20. How the Land Parcel Readjustment Program Worked

With a primary focus on systematic urban development outside the existing built-up areas, the Land Parcel Readjustment Program reached its peak in the 1960s and 1970s in Seoul, covering some 40% of all built-up areas.

Table 4. Land Parcel Readjustment Program by Period

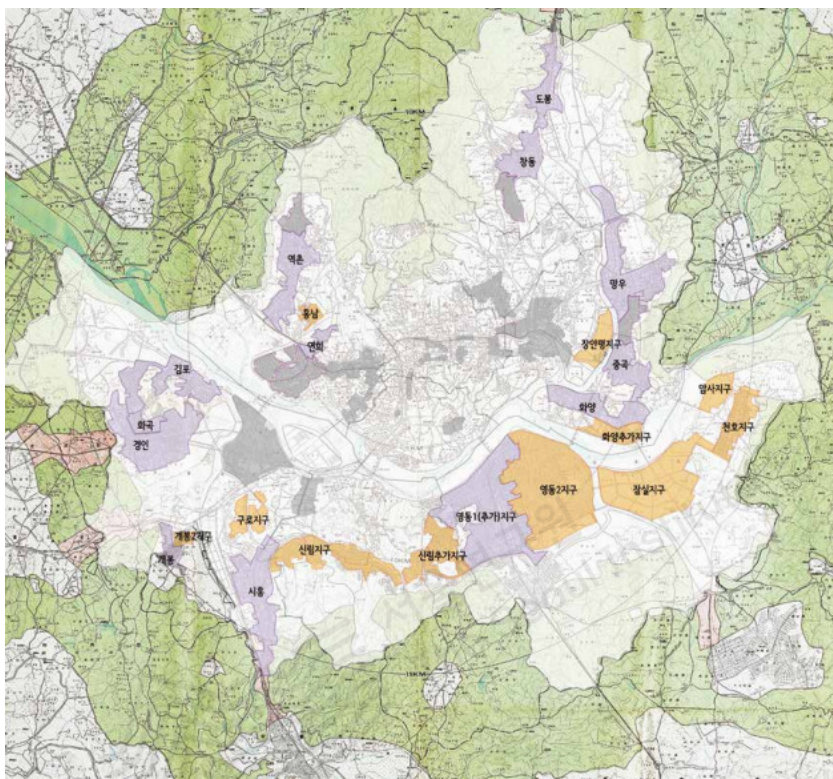
	1960s	1970s	1980s
No. of Program Implementation Areas	20	14	5
Total Area	63,673,800m ²	49,650,100m ²	14,541,300m ²
Average Area for Each Site	3,183,700m ²	3,546,400m ²	2,908,300m ²
Average Reduction in Housing Site Size	31.6%	43.7%	55.0%



Source: Jang, Young-hui, 서울시 대규모 개발사업 실태분석과 평가연구, Seoul: Seoul Development Institute, 2009, p 15 Print

Figure 21. Seoul's Land Parcel Readjustment Program Areas, by Period

Figure 21 shows the area where land parcel readjustment programs were carried out. About 69% was designated during the 1970s, predominantly south of the Han River.



Note: Orange areas indicate the new project areas designated by Mayor Yang. Purple areas indicate where projects were already underway. Grey areas indicate where projects had been completed. Green areas are where development was restricted (Pale green areas belong to Seoul).

Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사건기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015 Print

Figure 22. Land Parcel Readjustment Project Areas under Mayor Yang

This method was first implemented in Germany in the early 20th century. Imperial Japan introduced the program in Korea to exploit the land. After the Korean War, it was again used to restore the damaged city. The Land Parcel Readjustment Program was effective in financially stricken countries striving for industrial development, such as Germany, Japan, and Korea. These countries have state-led industrialization in common.



Source: Seoul Museum of History, 88서울올림픽, 서울을 어떻게 변화시켰는가, Seoul Museum of History, Seoul: 송인호, 2017, pp 98, 99, 101 Print

Figure 23. Land Parcel Readjustment of Jamsil District (1973, 1978, 1989)

Mayor Kim had also used the program before becoming the mayor of Seoul. When he served as the mayor of Busan, he transformed its urban structure through land readjustment in the pier areas. President Park Chung-hee noticed this and appointed him the mayor of Seoul.

The program greatly influenced formation of the city's internal structure. In the 1960s, it was conducted to disperse to the outer areas the population and industrial facilities concentrated in the city center. By 1986, the program had

been conducted on more than 120km² of land, or 20% of the entire city and more than half of the total building sites.

■ Apartment Housing for Everyone: The Advent of High-Rise Apartments

At first, housing built through the Land Parcel Readjustment Program was mostly in the form of single detached houses, the most common housing in the 1960s and 1970s. However, this could not accommodate the increasing population. High-rise apartment and large-scale housing complexes were introduced. From liberation in 1945 to the early 1960s, large chunks of land were simply divided up to build housing complexes. However, in the mid-1960s, as the idea of western style residential neighborhoods spread in Korea, the Korea National Housing Corporation reflected this in new types of apartment complexes.



Source: Seoul Museum of History, 서울, 폐허를 달고 재건으로 II: 1963~1966, 서울시정사진기록총서 II, Seoul Museum of History: 강홍빈, 2011, p 239 Print

Figure 24. Single Detached Housing Site in Dobong

In 1962, the central government began to push an aggressive industrial policy, catalyzing another population increase for Seoul and causing demand for housing to soar. In the mid-1960s, the government introduced a policy to build high-rise apartment complexes in cities and improve housing conditions in rural areas. Construction of apartments began in Seoul. Given that there were only a few construction companies capable of building such large complexes, it was difficult to expect the private sector to play a leading role in housing provision. The city government and Korea National Housing Corporation took the lead. The central government passed laws to encourage private companies to join the construction projects and strategically concentrated the limited public investment in Seoul. The Korea National Housing Corporation developed housing lots for the middle class and built apartment buildings. This is how Western-style collective housing, the apartment, was introduced in Korea, marking a transition in the nation's housing culture.

The Korea National Housing Corporation built Mapo Apartment Complex, the first of its kind, in 1962 (Figure 25). This complex was to be part of the planned high-rise apartment district in initial plans. There were apartment buildings in Korea already, but they were standing alone, not part of a larger complex. At the time, Korea had neither the architectural technology nor the materials to build safe, sturdy buildings. It was inevitable that expensive materials would have to be imported, which made the apartments only affordable to the upper classes. Ordinary citizens envied the owners, calling the apartments, “dream houses” or “culture houses”. In the meantime, some apartments were quickly deteriorated due to poor maintenance.



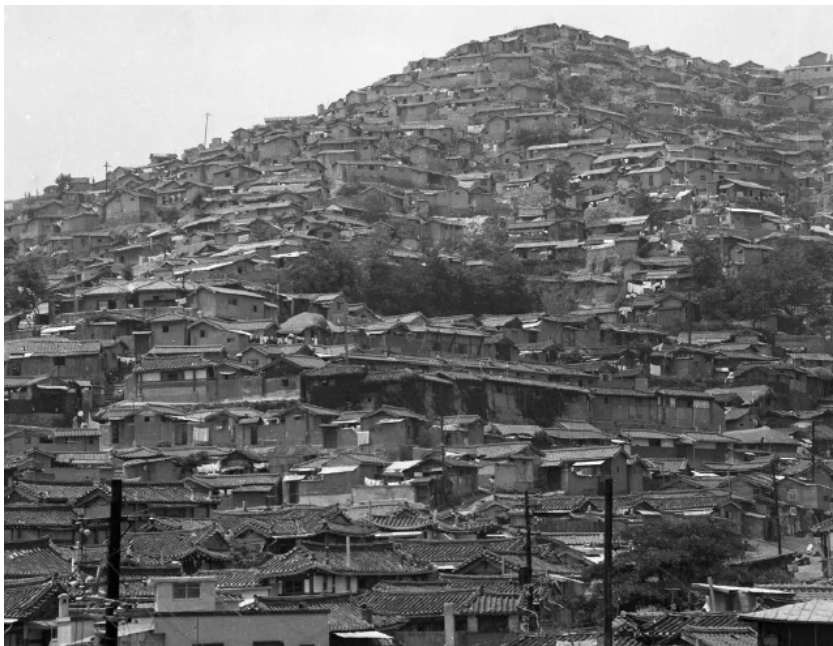
Source: <http://theme.archives.go.kr>

Figure 25. Korea's First Large Apartment Complex: Mapo Apartment Complex (1963)

Mapo Apartment Complex was constructed using domestically-sourced materials. It was the first housing project in the 5-Year Economic Development Plan pursued by the military government. The purpose of the project was to encourage enthusiasm for national reconstruction and display a new image of Korea at home and abroad. The project was also pursued to provide benefits of modern civilization through a better residential environment. The Korea National Housing Corporation sought to introduce a variety of innovative ideas in the project. This included building the apartment complex on a large plot of land, complete with pleasant outdoor common areas and 10-story buildings to get the most out of the land. The buildings would include elevators, a central heating system, and indoor toilets.

Mapo Apartment Complex greatly influenced subsequent apartment construction projects. Indeed, the complex was successful due to the central government determination to bring economic development to the nation, along with the enthusiasm of housing experts who wanted to improve the residential environment. The complex was characterized by a mixed arrangement of Y-shape and panel-shape buildings, a large open space with a building-to-land ratio of 11%, and new landscape facilities including children's playgrounds and sculptures. These features were extensively promoted by the media, providing momentum to a new residential culture in Korea. Thanks to the project, the Korea National Housing Corporation was able to prove that apartment complexes required less land than detached houses. Moreover, it confirmed that exclusively domestic construction materials were reliable to create high-rise residential buildings. At the same time, the apartment complexes became regarded as a feasible solution to both the housing shortage and dull cityscape.

In 1967, inspired by the success of its first high-rise apartment complex, the central government announced a housing provision plan to redevelop substandard residential areas into high-rise housing developments in Seoul. This was a response to both the second 5-Year Economic Development Plan and the continuing housing shortage. The vision of the plan was to provide one housing unit to each household through apartment buildings and tenement houses. It also recognized the necessity of improving housing conditions, which was one of the 6th presidential election pledges. The Ministry of Construction planned a large number of small apartments (16~26m²) for residents in slum and substandard residential areas, instead of the existing policy to build large-scale apartments and detached houses for the middle class. In this way, the government expected to prevent unequal distribution of government-built apartments, a chronic problem in urban planning.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967, 서울시정사진기록총서 III*, Seoul Museum of History: 강홍빈, 2013, p 142 Print

Figure 26. Development of the Geumhwa Apartment: Before & After (1968.7.9, 1969.8.9)

The central government provided part of the funding for implementation of the plan and required each local government to raise the rest on its own to redevelop substandard residential areas into high-rise apartments. In the past, the central government covered 50% of the construction costs, but under the new plan, the central government provided 40%, with an equal portion to be covered by local governments and residents to make up the rest (20%). The intention of this scheme was to share the burden with city governments, but in reality, local governments were shouldered with a larger portion of the financial obligations. This was considered an effective way to do more with less, but local governments had great difficulty raising the required funds. Moreover, the central government did not really understand the inability of low-income residents to pay for their dues for housing. Due to the lack of funds, there was inadequate infrastructure in and around the apartment complexes, such as roads, electricity, tap water and sewers, making them another set of substandard residential areas.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II : 1968~1970, 서울시정사진기록총서 IV*, Seoul Museum of History: 강홍빈, 2013, pp 136, 137 Print

Figure 27. Sky Apartment in Jeongneung-Dong (1968.12.30)

■ Citizens' Apartments & Relocation of the Disadvantaged

In line with the changes in the national housing plan, the city government was keen to find a way to provide decent public housing for residents. Demolition redeveloping unauthorized shack settlements was an important project. Shack residents were then relocated to 20 new settlements in the periphery, where the price of land was KRW 2,000 per *pyeong* (3.3m²). Each household had to purchase a lot of at least 26.44m². With a 5-year redemption period and government support with food, 43,509 households moved out to these areas. However, socioeconomic consequences of this relocation came to light. Moreover, as the available vacant public land was soon depleted, the city government needed to find alternative ways to deal with the unauthorized shacks. Out of this came the idea for “Citizens’ Apartments”.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970*, 서울시정사진기록총서 IV, Seoul Museum of History: 강홍빈, 2013, p 154 Print

Figure 28. Wau Citizens' Apartment (1969.10.30)

Unauthorized shacks around the city center were torn down. In those places, the city government built four- to five-story Citizens' Apartments. In 1968, Mayor Kim Hyunok announced that the city government would invest KRW 24 billion in construction of 2,000 Citizens' Apartment buildings between 1969 and 1971. The plan was to demolish a total of 2.57km² in 40 substandard residential areas and build 90,000 apartment units to accommodate the existing residents. More specifically, 200 buildings would be built in the first half of 1969, 200 in the second half of 1969, 800 in 1970, and 800 in 1971. The size of each apartment unit was to be 28~33m². Residents would be able to move in without a down payment and allowed to pay for KRW 200,000~250,000 on a monthly basis over 5, 10, and 15 years. This plan represented the city government's commitment to resolving the housing shortage. Beginning in 1969, the city government built several hundred Citizen's Apartments on 32 sites where shack towns were demolished.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970, 서울시정사진기록총서 IV*, Seoul Museum of History: 강홍빈, 2013, p 148 Print

Figure 29. Citizens' Apartment Plan in Seobu-ichon-Dong (1969.5.9)



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970, 서울시장사건기록총서 IV*, Seoul Museum of History: 강홍빈, 2013, p 149 Print

Figure 30. Cheongwun-*Dong* Citizens' Apartment (1969.10.11)

As seen in Citizens' Apartment program, housing policy was an important agenda during Mayor Kim's administration, with a total of 2,007 related official documents in the 1960s: 336 (16.8%) in the early part of the decade and 1,671 (83.2%, or five-fold) in the latter part. Official documents produced regarding housing in the late 1960s were five times more than those in the early 1960s. This shows that then-Mayor Kim Hyun-ok had put significant emphasis on the demolition of unauthorized shacks and construction of Citizens' Apartments during his tenure.

The plan was to make Citizens' Apartments part of the efforts to provide new homes to low-income families. Ultimately, such attempts were less than successful. Due to the rush to construct these projects in a short period, there were a host of problems due to poor construction. In 1969 alone, as many as 400 apartment buildings were hastily constructed. The next year, on April 8th, one of the Citizens' Apartment buildings, the Wau Apartment, collapsed, killing 73

people due to poor construction. The construction work halted. Mayor Kim resigned. The Citizens' Apartment policy was a national disgrace and ceased. The city government then introduced fundamental safety measures. For example, safety inspections had to be conducted on each apartment building every spring and fall. Construction of apartment buildings restarted soon after.



Source: <http://theme.archives.go.kr>

Figure 31. Collapse of Wau Citizens' Apartment (1970.4.8)

One of the reasons why slipshod construction practices were prevalent at the time was Mayor Kim's unreasonable plans and his arbitrary decisions. Housing construction requires a great number of both skilled and unskilled workers, as well as materials like cement, steel, and lumber. An increase in such labor and materials should be in line with the pace of economic growth, balanced with other domestic industries. Constructing such an astounding number of Citizens' Apartments was just unreasonable.

Another reason was that there was insufficient understanding of geographic and geologic features before construction. Moreover, construction continued even in the winter, and the materials were of poor quality. Some civil servants behaved in a corrupt manner. They pocketed steels to sell in the second market, weakening the structure of Citizens' Apartment. The number of apartments constructed until the project ended amounted to only 21.3% of the initial target: 426 apartment buildings for 16,962 households. The ambitious redevelopment project for substandard residential areas and plans to provide housing to low-income people were killed by hasty construction with poor materials and corruption.

After Mayor Kim's resignation, the SMG continued its efforts on housing development, but using a different method. There were two ways to deal with unauthorized shacks. One was to improve them by building Citizens' Apartments on the sites. This was what Mayor Kim had done. The other was to develop large-scale resettlement complexes in suburban areas for relocated people. This was what Mayor Yang did. Mayor Yang created a large settlement for relocated people instead of building housing for low-income families. The former was to resolve the shortage of housing for the poor, improve substandard residential districts, and enhance the efficiency of land use. The latter was to prepare a large residential settlement to accommodate people evicted from substandard residential areas.

The city government had demolished substandard shacks scattered across the city. It then designated some areas in the outskirts of the city and gave 19.8m² lots to each shack dwelling household. Then the authorities decided to build

much larger housing complexes for the relocated households, which could later be incorporated into a new town. This would make putting in infrastructure and improving quality of life easier. These housing complexes were to be on hillsides to avoid conflict with residents in other areas.

Built after slipshod construction caused one of the Citizens' Apartments to collapse, the purpose of resettlement area was to provide a place for the shack residents to live in outside the city center, thereby improving the cityscape while avoiding the shortcomings of the Citizens' Apartments.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II : 1968~1970*, 서울시정사진기록총서 IV, Seoul Museum of History: 강홍빈, 2013, p 165 Print

Figure 32. Gwangju Housing Complex (1969.12.20)

In 1968, as part of its unauthorized slum relocation project, the city government moved tens of thousands of the residents to Gwangju-*Gun*³ (district), Gyeonggi-*Do* (province)⁴. Gwangju Housing Complex with the size of 11.57km² was the first

³ “*Gun*” is an administrative unit which falls within the jurisdiction of metropolitan cities, metropolitan autonomous cities or *Do* (similar to provinces) in Korea.

⁴ “*Do*” is an administrative unit (similar to a province) in Korea. There are eight *Do* in South Korea, including Gyeonggi-*Do* and Gangwon-*Do*.

example of a city-sized resettlement for previous shack residents. The complex, now part of the city of Seongnam, had virtually no infrastructure at the beginning, as large numbers of people were moved in quickly. The relocated former shack residents were given the right to live in new resettlement area. But they did not have the land ownership. Moreover, the government demanded that the residents build and maintain their own housing in the complex. The city government provided building materials without any other support. The city even required that they pay for the land and property taxes. Some 30,000 complex residents fiercely protested. On August 10th, 1971, the Gwangju Complex Riot broke out over the poor environment and administration, after which the city government began paying better attention on improving the infrastructure of substandard residential area. Unfortunately, not much changed: infrastructure remained very much lacking. And the residents were not willing to maintain their housing to the government expectations.



Source: Seoul Museum of History, 두더지시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 49 Print

Figure 33. Gwangju Housing Complex (1970.12.20)



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 53 Print

Figure 34. Riot in Gwangju Housing Complex (1971.8.10)

What Went Wrong

As described in length, one of the most significant features of Seoul's residential environment in the 1960s was expansion of unauthorized housing areas. While they began during the Japanese colonial period, they had become the most obvious housing pattern in Seoul by the 1960s, when export-oriented industrialization brought a large population flow into the city, aggravating the housing shortage. A variety of actions were taken to remove the unauthorized housing, but the problem only worsened.

In the 1960s, demolishing slums was the chosen path. Through authority granted in the Urban Planning Act, the SMG demolished unauthorized housing on public land in the city, aiming at restoring city functions while improving the cityscape. In June 1967, the city government announced that it would demolish 137,000 unauthorized shacks within three years and distribute public land in the suburbs (26m² each) to evicted residents.



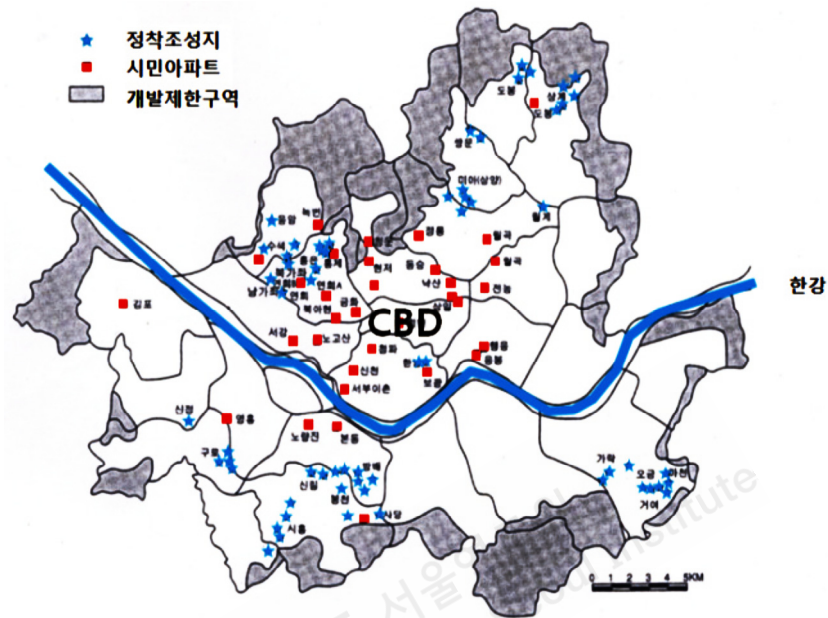
Note: Refugees who were kicked out of the city center moved to a tent village built on empty plains and riverbeds. The authorities provided five bags of cement and five bags of lime to each household to build their own houses.

Source: Seoul Museum of History, 서울, 폐허를 딛고 재건으로: 1957~1963, 서울시장사진기록총서 1, Seoul Museum of History: 강홍빈, 2011, p 84 Print

Figure 35. Self-help Housing in Eungam-Dong & Yeonhui-Dong (1961.7.11)

The people forced to relocate to the new areas were allowed to build other unauthorized shacks. These new settlement areas were for people who were relocated due to housing projects. Such relocations were called “resettlement”, but consequently produced other large-scale substandard settlements on the city periphery.

As you can see in Figure 36 below, there were no relocation settlements in the city center, but only on public land in the suburbs. Citizens’ Apartments were constructed on areas near the city center from where unauthorized residents had been evicted.



Source: Kwon, Young-Duk. *The Issues and Policies in Urban Planning of Seoul in the 1960s*, Seoul: The Seoul Institute, 2013 Print

Figure 36. Location of Citizens' Apartments and Relocated Settlements in the Late 1960s

In these resettlement areas, as already discussed, there were no roads, sewers, or other infrastructure. Residents had to build them on their own. From the view of the public sector, this policy had some advantages. Demolition and relocation were easy task for the government. However, the policy did encourage a reckless expansion of unplanned resettlement areas. What was worse, the city government officially recognized the construction of unauthorized shacks outside the city, which of course led to their growth.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 I : 1966~1967*, 서울시정사진기록총서 III, Seoul Museum of History: 강홍빈, 2013, p 103 Print

Figure 37. Ui-*Dong* Housing Site (1966.5.21)

Another major problem was transportation: most residents had difficulty commuting to the city center. Bus routes were extended, more buses put in operation, and specific routes provided, but these efforts were inadequate. The roads in these settlements were less than 4 meters wide. Each household was allocated a plot of land of less than 26m^2 , and a very small subsidy with which to build their houses. Indeed, the authorities shifted their basic responsibility to provide infrastructure (roads, water facilities etc.) onto the shoulders of people already earning little money.

In sum, the problems of relocated settlements in the suburban areas are as follows. First, the slums scattered in the city center were just moved to suburban areas without any thorough planning. Second, due to lack of policies for

low-income families, the relocated settlements became another large-scale substandard residential complexes. They were further aggravated with a constant inflow of rural population. Third, a majority of the relocated people returned to the city center in the end, since staying in the new locations meant long, inconvenient commutes, substandard housing, and inadequate infrastructure.

The relocation project soon ran out of public land in the suburbs, yet more space was needed to accommodate the relocated people. As there was no such space within the city, the city government asked the central government to allow construction of a large housing complex in Gwangju, Gyeonggi-Do province, which would be designed for the residents of the 70,000 unauthorized shacks and tent-like dwellings in the city center and outlying areas. As mentioned, the project ended in failure, and resulted in a riot. Most of the residents relocated to Gwangju Complex moved back to the city center due to the long commute. Inadequate government foresight and support meant that the Complex soon deteriorated into another slum.

Along with the Gwaungju Complex riot, the Citizens' Apartment program had also failed. It is critical to reflect on the core reasons why it failed and why a riot occurred. First, housing for low-income families was not a priority of the city government during urban expansion. Rather, the focus was on housing lot development in the suburbs to disperse the population, which was then excessively concentrated in the city center.

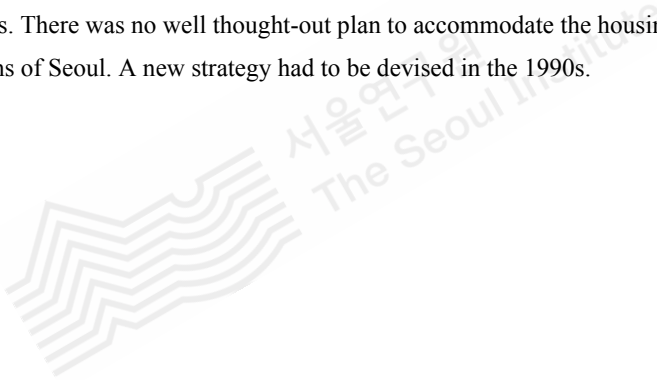
Second, the settlement relocation project to suburban areas resulted in simply spreading slum areas all across the city. With political negligence and insufficient housing policy for low-income people, poorly-planned relocation settlements created severe urban problems, as they had no real infrastructure. The authorities allowed the residents to build structures in any way they wanted with their own resources. The project was doomed to fail because its success mostly depended on the financial wherewithal of people who did not have much money to begin with.

Third, residents in Citizens' Apartments also had to shoulder a huge financial

burden. The total expense of the construction was shared by the central government (40%), the SMG (40%), and the residents (20%), yet most of the residents were unable to afford the expense.

Fourth, there was no political consistency in terms of dealing with unauthorized housing. During election periods, the government legalized such unauthorized structures to gain votes, without considering the consequences. However, after the elections, the authorities changed their policy and set about demolishing them again, destroying government credibility and spurring residents to protest.

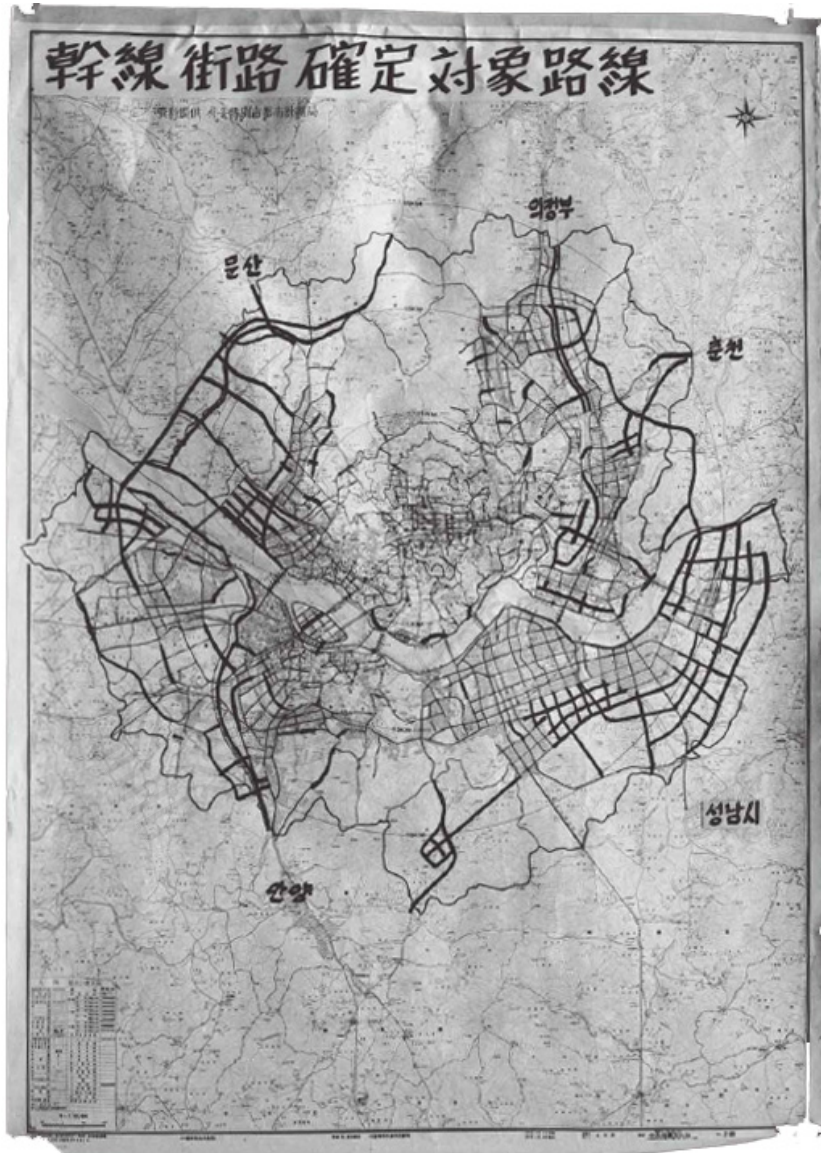
In sum, the authorities' mishandling of the lives in shack settlements, the lack of public support, and project success dependent on financially vulnerable people all played a part in the failure of the city government's public housing policy in the 1960s. There was no well thought-out plan to accommodate the housing needs of citizens of Seoul. A new strategy had to be devised in the 1990s.



04 Unbeatable Housing Business for the Private Sector (1970s)

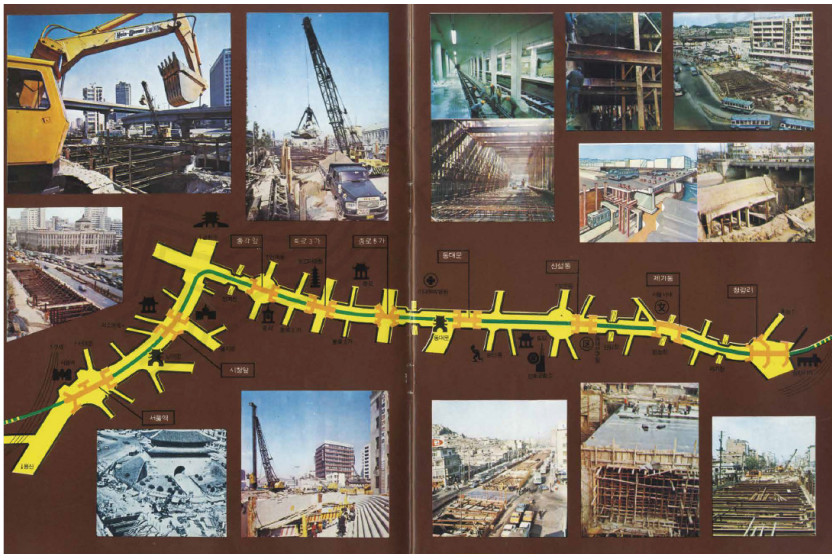
The 1970s was the middle of the period of “condensed growth” from the 1960s to 1980s. The third 5-Year Economic Development Plan was in action (1972~1976), during which annual economic growth was 9.1% on average. Seoul was still the national growth engine, focused on economic development based on labor-intensive manufacturing and exports. This was when the city experienced its most intense population growth: from 5.43 million in 1970, to 6.08 million in 1972 and 6.54 million in 1974. About 500,000 people moved to Seoul every two years, predominantly living in unauthorized housing. At the time, Korea’s per-capita income stood between USD 200 and USD 250. The city had typical urban problems generally found in underdeveloped countries, including poor drinking water, public hygiene, and safety; high pollution; and large slum areas.

Against this backdrop, Mayor Yang sought to improve overall quality of life by upgrading housing conditions, the quality of drinking water, and sewerage services. He also built the city’s first subway line, and arterial roads to improve connectivity within the city. The 1970s was a period of struggle for the nation as it pulled itself out of the miserable conditions of underdevelopment. It was also a time when a modern metropolis began to form in Seoul.



Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p11 Print

Figure 38. Arterial Roads in 1973, Seoul Comprehensive Plan in 1974



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 72
 Print: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 46 Print

Figure 39. Announcement on Development of Subway Line 1 (1970.10.30), Line 1 Route Plan (1972.11.6), and Construction Process (1974)

Slums appearing in the process of rapid urbanization were considered an obstacle to developing a modern city. In the early 1970s, a number of illegal settlements covered the hill areas and stream sides of Seoul. Despite demolition of such areas since the second half of the 1960s, there were about 150,000 shacks across the city by the mid-1970s. After the Citizen Apartment disaster and the Gwangju Housing Complex Riot, Mayor Yang placed emphasis on improving housing and the residential environment in the existing shack towns, instead of relocating the residents to other places.



Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 84 Print

Figure 40. Shack Towns Formed in the City (1973.7.13)

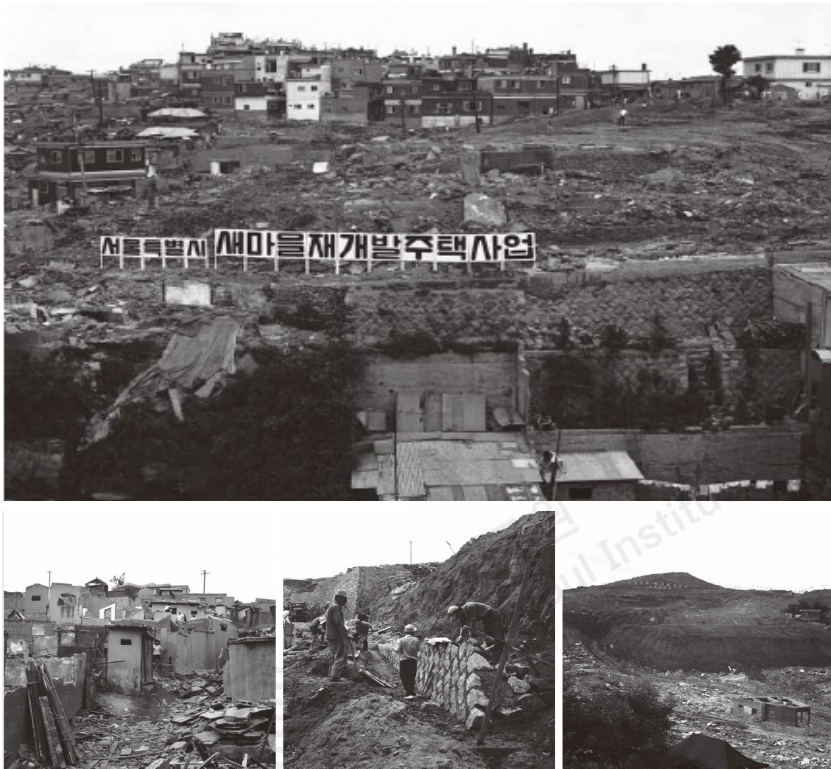
In 1973, the city government received the authorization to redevelop the shack towns on state-owned land without having to purchase the land from the central

government. The SMG demolished the unauthorized shacks and used the Land Parcel Readjustment Program to create lots for housing. These lots were sold at affordable prices. The city encouraged the residents to build single detached houses or small multi-unit buildings by themselves. It provided tax benefits, credit facilitation services, and construction materials. The city government also supported the construction of infrastructure such as roads, water facilities, and sewers. During the construction, the authorities also offered temporary accommodations and jobs for the residents. In this way, about 25,000 shacks were improved in 1973 alone. In 1974, a total of 30,000 substandard houses were planned to be improved, including 7,560 houses in the 11 redevelopment districts across the city. The plan was to redevelop 124,000 houses in 196 districts in total.



Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 96 Print

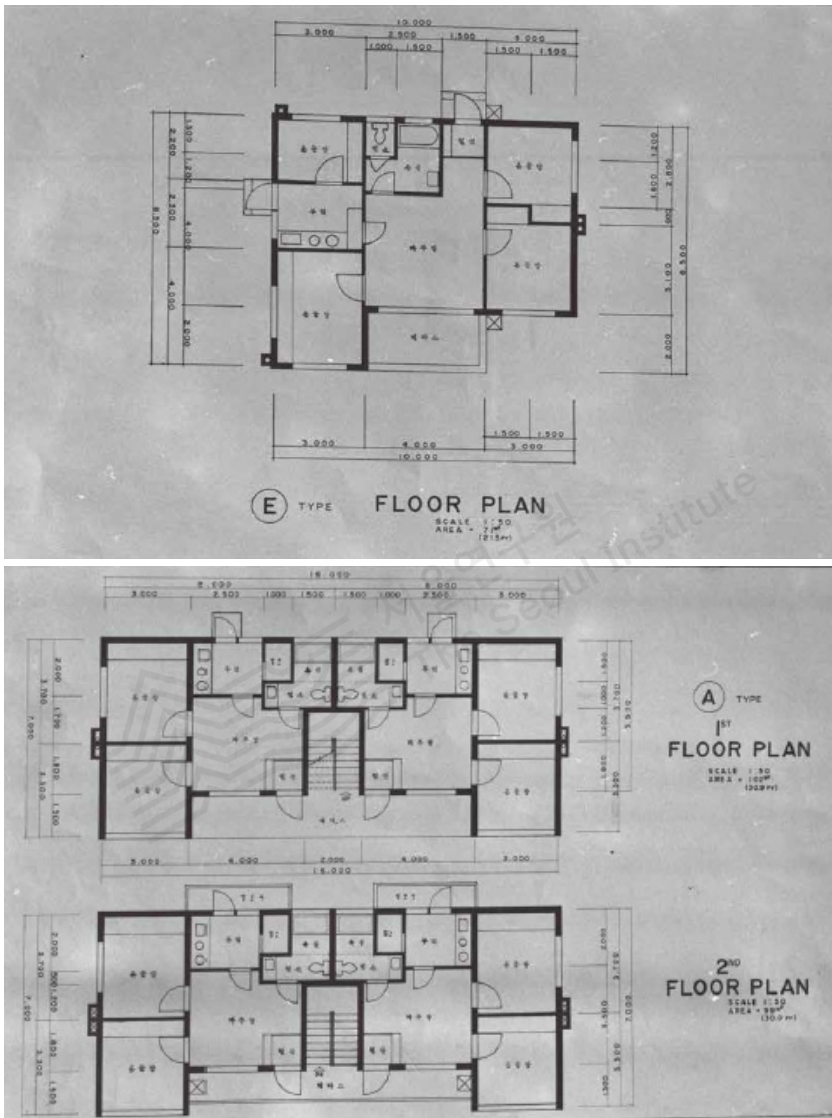
Figure 41. Housing Improvement Plan for Geumho District (1973)



Source: Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, pp 89, 90 Print

Figure 42. Housing Improvement Sites in Ahyeon, BukAhyeon, Mapo, Gocheok & Seobingo (1974)

Efforts to transform Seoul into a developed modern city went on in the peripheral areas as well. In 1973, sewers were installed and roads were paved in 800 neighborhoods across the city. In the city outskirts, improvements were made to roofs, kitchens, toilets, and walls as well. The SMG took responsibility for infrastructure while the residents were responsible for improving their houses. Occasionally, KRW 1 million grants were provided by the President. According to the 1973 plan, about 3,000 thatched roofs were to be changed to slate roofs.



Source: Seoul Museum of History, 두더지 시장 양택식 II: 1973~1974, 서울시정사건기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 98 Print

Figure 43. Floor Plans for Housing Improvement in 1973~1974

Mayor Yang worked to educate the residents about the importance of such development projects. They received construction materials and food to facilitate the projects, all in the effort to “modernize” in the 1970s.

The 1970s was also a period when apartments were in the spotlight, especially for the middle class. From the end of the 1960s to the early 1970s, the Citizens’ Apartments that had smaller units for low-income families decreased in number after the collapse of the Wau Apartment and the Gwangju Complex Riot. On the other hand, apartments with larger units for the middle and upper classes began to increase. Thanks to the success of the first and second 5-Year Economic Development Plans, the size of Korea’s middle class was increasing. They favored apartments as a representation of western life. With the success of Mapo Apartment Complex, apartments began to be seen as residences of the middle class, and spread around the city. The city’s housing policy also began to focus on apartments for the middle class, which resulted in increasing numbers of apartment complexes with spacious units and better facilities. They were considered the only feasible solution to the housing shortage as well as an indicator of economic growth and westernization. This new government policy was coupled with people’s expectations that apartments represented wise investments, opening up an “age of apartments” in Korea.

■ The Age of Apartments for the Middle Class: from Housing Welfare to Housing Business

In the early 1970s, the city government built the first high-rise apartment complex on Yeouido. Named Yeouido Sibum (Exemplary) Apartment, it included medium and large apartments (ranging from 49 to 135m²) for the middle class. With the development of Yeouido, the SMG efforts were in place to lessen the concentration of population in Seoul. Until the 1960s, Yeouido had been a frequently flooded island on the Han River, before becoming a “new town”. Given the construction and technological capabilities of the time, it was an ambitious attempt to build a 7.6km-long, 10m-high artificial bank around the

island to reclaim 2.97km². Through its construction beginning in the late 1960s, the city government intended to raise funds for developing subway system by selling Yeouido land.

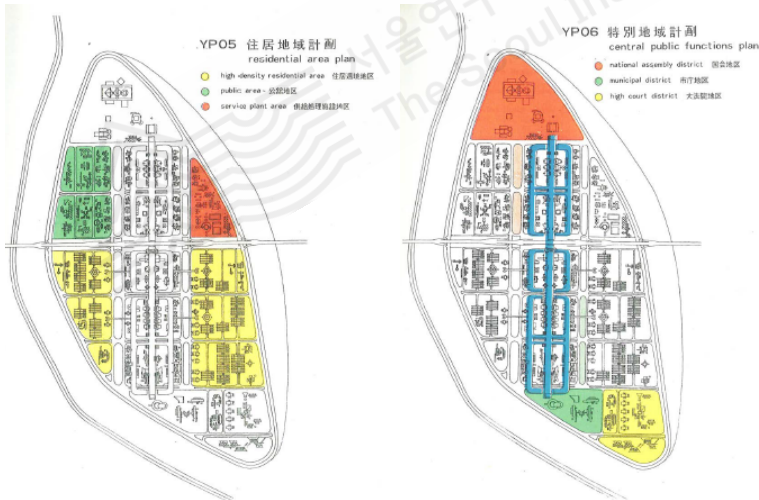
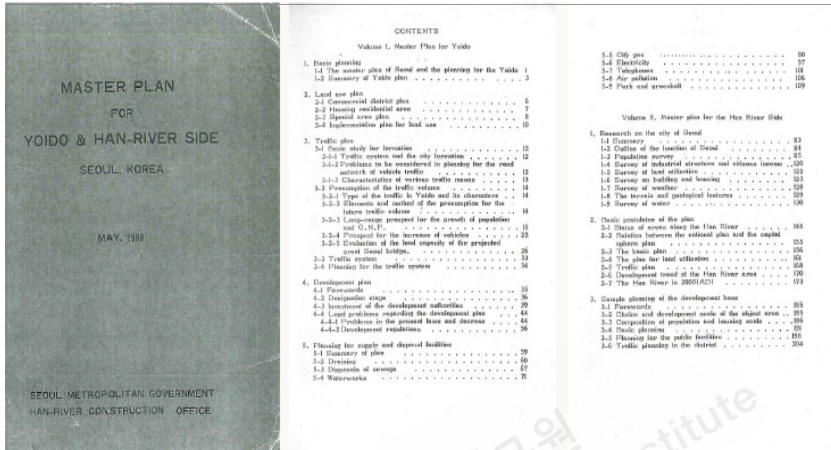
The initial idea and plan dates back to Mayor Kim Hyun-ok. In 1966, Mayor Kim initiated development of the Han River and started planning for an embankment around Yeouido. In 1967, a common ditch was created for electricity, water, gas, communications, and sewerage facilities.



Source: Seoul Museum of History, *돌격 건설! 김현옥 시장의 서울 II: 1968~1970*, 서울시정사진기록총서 IV, Seoul Museum of History: 강홍빈, 2013, p 72 Print

Figure 44. Press Conference on Yeouido Landuse Plan (1969.1.21)

여의도 및 한강개발계획
(한강개발사업소, 1969년 5월)



Source: Seoul Museum of History, 돌격 건설! 김현옥 시장의 서울 II : 1968~1970, 서울시정사진기록총서 IV, Seoul Museum of History: 강홍반, 2013, pp 274~275 Print

Figure 45. Master Plan for Yeouido & Han River Side (Hanriver Construction Office 1969.5)



Source: Seoul Museum of History, 두더지 시장 양택식 | : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 32 Print

Figure 46. Yeouido Development Site (1970.11.15)

Mayor Kim's resignation in April 1970 after the collapse of Wau Apartment meant that Mayor Yang Taek-sik took charge of the Yeouido development project. He reorganized the entire plan devised by his predecessor. One of the reasons for this was then-President Park's order to build a city square equivalent to China's Tiananmen Square or Russia's Kremlin. On August 10th, 1971, Mayor Yang announced a master plan for Yeouido, with a total budget of KRW 11.26 billion. This plan aimed to build an ideal urban area where major government organizations and high-rise apartment complexes would be arranged in tidy rows.



Source: Korean Territorial Development Museum, 국토세움실, www.molitum.or.kr

Figure 47. Yeouido Development Plan (1971)

Along with implementation of the 1971 Master Plan, 24 Yeouido Sibum Apartments housing 1,584 units were completed in the same year. The apartments were built to wipe away the dishonor of the Wau Apartment incident. All the apartments were high-rise of 12 floors, much higher than the most common apartment buildings of five or six floors at the time. Forming a *cul-de-sac*, the apartment complex had a park, primary and secondary schools, a kindergarten, a *Dong*-administrative office, a police substation, and shopping areas. A central heating system was introduced, and the complex was managed by a resident association. These apartments would become an example of successful housing complex development.



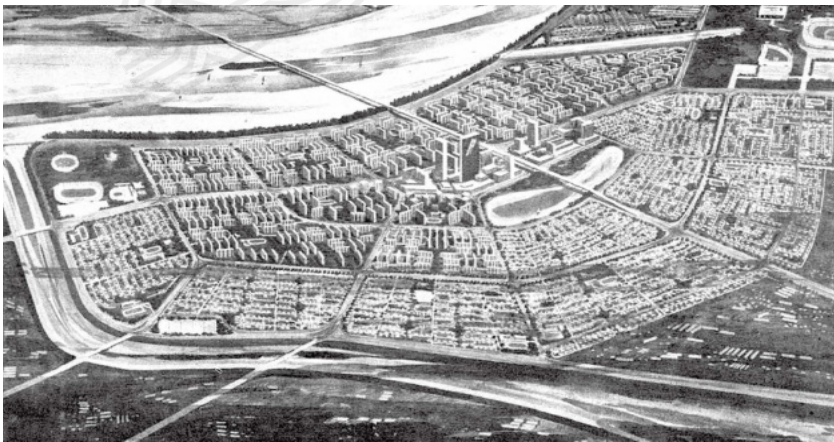
Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 34 Print; Seoul Museum of History, 두더지 시장 양택식 II : 1973~1974, 서울시정사진기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 71 Print

Figure 48. Bird's-eye View of Yeouido Shibum Apartment Plan (1970.9.25) and After Construction (1973.4.15)

Following the Sibum Apartments, a series of similar housing complexes were built on Yeouido, forming “apartment villages”. Yeouido was dubbed “the Manhattan of Seoul” in the 1970s, and housed the National Assembly, three major broadcasting companies, a stock exchange, one of the largest churches in the nation, hundreds of high-rise office buildings, and numerous finance companies.

The development of apartment complexes on Yeouido was part of the effort to provide housing for the middle class. To attract the middle class, the first 12-to 13-story high-rise buildings in the city were built. It also employed strategies to attract wealthy home buyers through showing off luxurious model units.

In the meantime, three of the private construction companies that had been involved in the reclamation work around Yeouido developed several other districts near the Han River through joint investments in 1970. One of these was the Jamsil district. In 1973, Mayor Yang implemented a Jamsil New Town Plan to create a 10km² district to house 250,000 people. This was after President Park ordered the construction of a large sports complex in the district.



Source: Seoul Museum of History, 88서울올림픽, 서울을 어떻게 변화시켰는가, Survey & Research Division of Seoul Museum of History, Seoul: 송인호, 2017, p 94 Print

Figure 49. Bird's-eye View of Jamsil District Comprehensive Development Plan (1974)

The concept of the “neighborhood unit” was employed for the district. That is, the elements of a community such as schools, parks, and other community facilities were to be closely connected. Indeed, high-quality educational facilities, sports parks, and green spaces were planned. It would also have an efficient transportation system, high-rise buildings, vibrant businesses, a modern urban landscape, various forms of housing, and a clean environment. Based on this vision, the Jamsil Apartment Complex was undertaken by the Korea National Housing Corporation in February 1975. Through the Land Parcel Readjustment Program, a residential area of 10km² was created. In addition, a 1,280m-long, 25m-wide bridge was built, along with 32km of roads.



Source: Seoul Museum of History, 가자 강남으로: 1974~1978, 서울시정사진기록총서 VII, Seoul Museum of History: 송인호, 2016, p 62 Print

Figure 50. Bird's-eye View of Jamsil Apartment Complex (1974.12.7)

With development of Yeouido and Jamsil, middle class demand for apartments was on the rise. In the mid-1970s, regulations and laws to facilitate apartment construction, such as on the creation of apartment districts, were passed. Large construction firms began building these large-scale apartment complexes. Soon

land available for housing became scarce and real estate prices rose. Contrary to the previous decade, when the city government and the Korea National Housing Corporation led the way, the private sector took the lead this time. By 1971, the number of apartments built by private companies amounted to only 2,300 units, but this soared to 10,000 in 1975, and 50,000 in 1979, increasing 17.2 times over a decade. The focus of housing policy had changed from providing for low-income families to providing for the middle class. The private sector's success in this endeavor led to a stronger policy for the middle class.

Apartments built by private companies were medium or large, with an average size of 122m²: something only the middle and upper classes could afford. Thanks to the explosive popularity of such apartments, even the Korea National Housing Corporation joined in building apartments for the middle class, despite the fact that its mission was to provide affordable small apartments for lower-income people.



Source: Seoul Museum of History, 가자 강남으로: 1974~1978, 서울시정사진기록총서 VII, Seoul Museum of History: 송인호, 2016, p 11 Print

Figure 51. Banpo Apartment Complex-1 Built by Korea National Housing Corporation (1977.9.6)

At the time, the government gave a variety of tax benefits to private builders to encourage apartment construction. The Korea National Housing Corporation built model homes and recruited potential home buyers. Construction of the apartments was funded through advance deposits from these home buyers. The private construction firms laid foundation work funded by the contract deposits from future residents. Later the companies received loans, with the sales contracts as collateral, from the Korea Housing and Commercial Bank. Given that real estate prices were hitting all-time highs every day, residential construction was an unbeatable business. This practice continues today in Korea, and on the way, many small construction companies became large corporations.

The construction boom and the popularity of apartments in the mid-1970s brought about speculation in their prices. Due to the energy crisis in 1973, the supply of apartments fell short of demand, leading to an overheated market. Whenever there were apartments for sale, crowds of people could be found. Many were professional speculators, seeking to make money on the difference between the initial apartment price and its later sales price. Even actual home owners frequently sold their apartments when the prices went up, to purchase larger apartment units in better locations. It became common practice for members of the middle class to move from one apartment to another. In this way, construction firms did not have to improve the quality of their apartments. Instead, they produced low-quality housing to maximize profit, and the government did not intervene. It was inevitable that housing at the time would be provided in a slipshod manner. Anyway, the housing market reached its peak in 1978, before a downturn in 1979 and 1980. The year 1978 was a watershed, partly because of measures to control speculation afterwards. The market was greatly hit by the second oil shock in 1979, which brought about an economic slowdown at home and abroad.

The Housing Site Development Promotion Act was enacted in 1980. This was a law with special status. Once an area was designated a housing site development district by the Minister of Construction, all other regulations or laws

protecting natural heritages in the district were invalid. Individual property rights were severely infringed. Natural green spaces, and forests were quickly transformed into apartment complexes.

The Gangnam Housing Plan, first established in 1976~1977, packed the Gangnam area with large apartment complexes. The apartment boom in this area represented how the construction firms became rich thanks to the apartment boom. The late 1970s was the heyday for such companies in Korea. They received building permits in advance and recruited residents to collect the down payments. Using that money, they were able to do the foundation work. With the presale contracts, the firms could then borrow a great amount of money. By the time the frame construction began, monthly middle payments started rolling in from the would-be residents. When residents moved in, final payments were made. As the apartment itself was collateral, there was no risk of loss. A huge amount of money came from these potential residents, which companies then used to buy more land and build another apartment complex. When sales announcements were made, every unit would be sold out in short order, making the construction company owners rich and turning their companies into large conglomerates.

Very soon, high-rise apartment buildings became the most popular and most common type of housing in Seoul. Living in an apartment unit became the new sign of sophistication. They offered a variety of conveniences such as central heating, indoor bathrooms, a supply of hot water, Western-style kitchens, and high levels of privacy and security. Detached housing had long been the only type of residence available in Seoul, but now apartments emerged as the dream housing for anybody. The lives of housewives were transformed thanks to the convenience of the Western lifestyle. Those who could, hired a part-time housekeeper rather than a resident maid. Thanks to new home appliances including a washing machine, middle-class housewives had more leisure time to spend on exercise, calligraphy classes, driving lessons and other activities. The apartment was the desired symbol of urban life.

05 Developing the 20th Century Metropolis: Development of Gangnam and the New Cities

■ Heading to Gangnam

In 1963, Seoul's boundaries incorporated an additional area of 324.02km², expanding its total size to 593.75km². The new areas were adjacent rural areas, mostly south of the Han River. In 1973, the city further expanded to 605.3km², which is its size today, after incorporating more of Gyeonggi-Do. With its expansion into Gangnam and the nearby region, the city sought to disperse its administrative functions and population there from the Gangbuk. Spreading people out from the city center had been an important agenda in the city government's housing policy. It gained further traction in the 1970s. Mayor Kim focused on development of the Gangbuk in the 1960s, while Mayor Yang began developing the Gangnam area in the 1970s. As of 1963, agriculture made up only 6.6% of Seoul, while it made up 72% of the Gangnam region of Gyeonggi-Do. Indeed, the areas were suburban agricultural land.



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 11 Print

Figure 52. Gangnam Development Plan (1970.6.16)



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시정사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, pp 12, 13 Print

Figure 53. Special Press Conference of the Gangnam Development Project (1970.11.15) and Bird's-eye View of the Project Site (1970.12.24)

Once a secluded rural area, Gangnam entered into the discussion on development of apartments in the 1970s. The development of Gangnam was conducted with thorough planning. There were two key points in the Gangnam development project. First, its objective was to build large housing complexes to create pleasant residential environments. Second, links were to be created to other regions in the city, especially the old city center in the north, which was densely populated and suffered from a severe housing shortage. This new project would help to resolve urban problems and boost urban growth.

Development of the Gangnam area was an unprecedented event that had a great influence on Seoul's urban structure, designed as it was to reign in the excessive expansion of Gangbuk. The city's most urgent problem in the 1970s was dispersing industry from Gangbuk. The SMG efforts to resolve this problem through developing Gangnam was also prompted by concerns of potential invasion by North Korea.

Indeed, a series of security threats changed the policy direction of urban development in the late 1960s. All in the same year of 1968, North Korean guerrillas attempted to infiltrate the Blue House, the official residence and workplace of the President. U.S. Navy ship, USS Pueblo, was attacked and captured by North Korean forces. A North Korean spy ring called the Reunification Revolution Party was rounded up. At the risk of rupturing relations between the two Koreas, the central government declared a quasi-state of war on the Korean Peninsula. Internally, anti-dictatorship demonstrations were spreading among university students, and in response to all of these events, urban development policy focused on bolstering national security.

Then-President Park Chung-hee was deeply concerned that if North Korea had attacked Seoul, it would have been impossible to defend it effectively, with 7 million civilians in the city. Moreover, all government functions might have ceased if North Korea concentrated its fire on government buildings in the city center.

During the President's New Year inspection tour of 1975, his first order

was to break up the population concentration in Gangbuk and move people to Gangnam.

“Developing Gangnam to provide urban facilities and housing would only lead to further population increase in Seoul. Therefore, it is urgent for the authorities to come up with measures to disperse the excessively concentrated population, such as giving priority and benefits to those moving from Gangbuk to Gangnam, without additional population growth within the city center.”

The solutions to these concerns were to prevent a population increase and build a secondary government headquarters out of range of North Korean weapons. Furthermore, a new set of policies was needed to restrain further development of Gangbuk while developing Gangnam. Until the early 1970s, the central government controlled population concentration in Gangbuk. This was because the President, government officials, and top military commanders agreed that it would be difficult to evacuate many people from Gangbuk if war were to break out. Priority was to be given to those moving to Gangnam for property. His order was published as headlines, and as a result, encouraged more real estate speculation in Gangnam.

The city government planned two tasks to carry out the President’s order: (i) Control population increase in Gangbuk, (ii) Move public institutes and population to Gangnam. The first measure was to prohibit up-zoning. Forests or farming land would not be developed into housing sites. In effect, development of housing lots was forbidden in Gangbuk. The measure, announced on 4th April 1975, received a strong backlash from the public and the media. The city government had to revoke the decision. The second measure was announced through the major newspapers on 5th August 1975, in an article entitled, “Relocating City Hall to Gangnam: Moving 112 Major Government Agencies to the Area as Part of Seoul City Government’s Draft Population Control Plan”.

The agencies and facilities planned for relocation in the draft proposal included:

- (i) City hall;
- (ii) Prosecutor's Offices and courts of all levels, including the Supreme Court;
- (iii) A total of 14 second-tier government agencies including the Korea Customs Service, the Korea Forest Service, and the Public Procurement Service;
- (iv) A total of 8 head offices of financial institutes, including the Bank of Korea, the Korea Development Bank (KDB), and the Korea Exchange Bank (KEB)
- (v) State-owned companies including the Korea Electric Power Corporation (KEPCO)
- (vi) One of the four railway lines connecting Seoul and Suwon through Seoul Station
- (vii) New railways were also to be built to connect Anyang (*Gyeonggi-Do*) and Susaek, Yeongdeungpo and Paldang (*Gyeonggi-Do*)

The agencies selected for the move (112 total) included: (i) those whose buildings needed to be renovated, including City Hall, the courts, Prosecutor's Offices, (ii) those that did not have buildings of their own but leased offices, including the Korea Customs Service.

The draft proposal was part of the master plan for Seoul with three core growth areas: (i) City centers in Gangbuk for administrative functions, (ii) Gangnam for finance, and (iii) Yeongdeungpo for manufacturing. The details included the following.

- (i) The plan would be implemented over 10 years, from 1976 to 1985.
- (ii) The government would encourage schools and companies in the Gangbuk to move to Gangnam. It would provide KRW 70 million in loans to

secondary schools, KRW 200 million to universities, and KRW 100 million to businesses.

- (iii) To entice individuals to move, the government would provide tax benefits: lower rates for property tax and resident tax, and lower tuition than in the Gangbuk.
- (iv) To choke off the population inflow into the city, a special tax would be imposed on those moving in. On the other hand, when people moved out of the city, they would receive waivers for acquisition, property, and resident taxes for three years.

According to the proposal, the population of Seoul would be 5.5 million or 6.5 million by 1985, with 2.5~3 million in Gangnam and 3~3.5 million in Gangbuk, similar to the current population, or even 500,000 fewer.

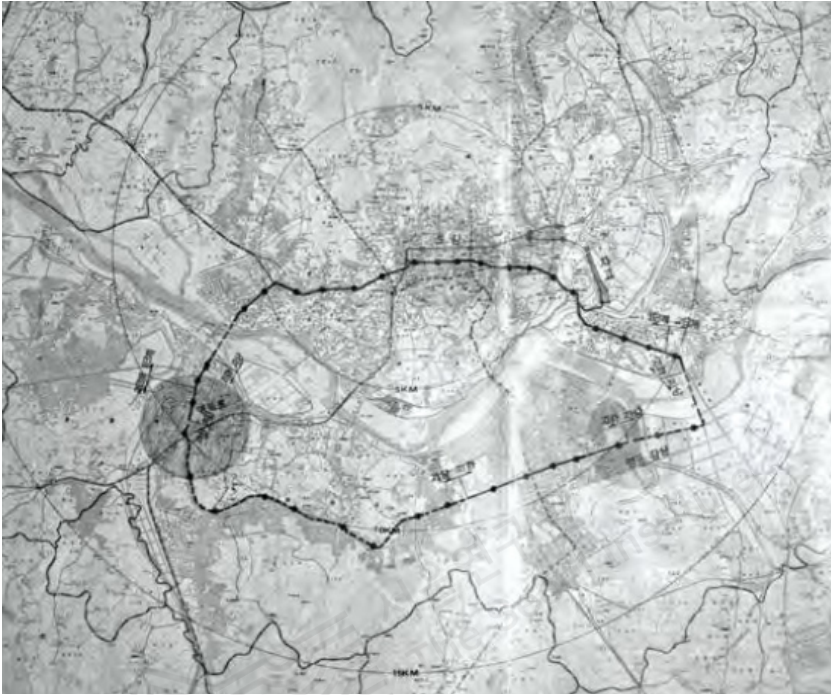
Towards development of the Gangnam area, a grid road network was designed. In the super blocks that the road system created, large-scale redevelopment projects were implemented, including many apartment complexes. Various facilities moved from Gangbuk to Gangnam as planned. Urban development flourished with upper-class detached houses, large apartment complexes, massive shopping facilities, high-rise business buildings, prestigious secondary schools, the Courts, the Public Prosecutor's Office, the National Library, and bus terminals in less than two decades. Gangnam became the "go-to" area in Seoul. People and urban functions continued to move from Gangbuk to Gangnam. The development project was spurred on by construction of the third Hangang Bridge in 1969 connecting the north and south. When Gyeongbu Expressway opened in 1970, connecting Seoul and Busan, Gangnam truly became the gateway to Seoul.



Source: Seoul Museum of History, 두더지 시장 양택식 II: 1973~1974, 서울시정사건기록총서 VI, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p. 12 Print

Figure 54. A Schematic Design Plan for Road Network of Seoul Metropolitan Area (1971.4.9)

Transport infrastructure built within the city contributed to urban development. In 1975, plans for a second subway line were announced. Opened in 1984, Line 2 played an important role in maximizing the development potential of Gangnam, designed as it was to take a circular route that connected all areas in the city of the day. It also effectively met the transportation demand between Gangbuk and Gangnam during rush hour. As Line 2 connected new residential areas to the city center, subcenters emerged in major nodes in Gangnam. These subcenters shared the functions of the old city center and served to give further momentum to the Gangnam project.



Source: Seoul Museum of History, *가자 강남으로: 1974~1978*, 서울시정사진기록총서 VII, Seoul Museum of History: 송인호, 2016, p 159 Print

Figure 55. Development of Subway Line 2 Linking Major Housing Areas South of Han River

As noted, the government offered a variety of incentives to middle class families in Gangbuk to move to Gangnam including low-interest loans. This proved successful. Since then, detached housing continued to be built for people who moved to Gangnam, where ten detached housing complexes were formed. The city government also created bus routes for the residents of these complexes. Thanks to efforts such as these, more houses were built, quickly turning Gangnam into a built-up urban area. The detached housing complexes became emerging districts of affluence, and are some of the most expensive parts of the city today. Along with the success of these complexes, the city government also pushed ahead with a project to construct apartments in the area.



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시장사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 22 Print

Figure 56. View of Gangnam Municipal Detached Housing Complex (1972.11.2)



Source: Seoul Museum of History, 두더지 시장 양택식 I : 1970~1972, 서울시장사진기록총서 V, Management of Relics Division of Seoul Museum of History, Seoul Museum of History: 강홍빈, 2015, p 25 Print

Figure 57. View of Gangnam Municipal Detached Housing Complex (1972.12.12)

In Gangnam, the Land Parcel Readjustment Program was adopted as the major development tool for 39.67km² in the late 1960s and the early 1970s.

The SMG collected privately-owned land parcels and readjusted them to match its development plans. Then it returned the land parcels to the owners but had made them smaller while retaining the original proportion of the total. Through the program, the city government was able to secure housing sites without shouldering itself with the financial burden, while private construction firms built apartment complexes and commercial buildings on the lots. The program prepared the ground for building large apartment complexes and new towns. The first large apartment complex in Gangnam was made up of apartments for civil servants, with construction beginning in March 1970 and finishing at the end of the same year. The second large apartment complex in Gangnam was the Hyundai apartment complex in Apgujeong-*Dong*, built between 1970 and 1972. A total of 23 buildings accommodated 1,562 households. This apartment complex was a symbol of Gangnam development, where the real estate prices are the highest in the nation. This in turn has fueled real estate speculation since program inception.



Source: Seoul Museum of History, 가자 강남으로: 1974~1978, 서울시정사진기록총서 VII, Seoul Museum of History: 송인호, 2016, p 15 Print

Figure 58. View of Hyundai Apartment in Apgujeong-*Dong* (1978.10.17)

The Gangnam project shaped the southern urban structure of today's Seoul. From 1977 to 1985, a total of 681 apartment buildings for 49,280 households were built, bringing about great change in Korean housing, from detached houses to apartments in the late 1970s. The development project was coupled with policies to bolster the city's security and restrain further densification of Gangbuk. At the time, Seoul's population exceeded 5.5 million. The major urban development method, the Land Parcel Readjustment Program, changed from construction of single detached houses to housing tract development for apartment complexes.

On the other hand, the Gangbuk began to experience a "hollowing out". Major cities around the world had been experiencing this since the late 19th century, when a city center was developed to specialize in administrative, commercial, financial and business functions while its residential population naturally decreased. This phenomenon still exists today.

In spite of its negative effect on the north, Gangnam is now the most vibrant urban area in Seoul today, with wide streets, super-sized blocks, high-rise commercial buildings, luxurious hotels, entertainment and prestigious schools. Indeed, the area is known as an advanced environment and the center of the city's culture.

■ Developing Five New Cities: 2 Million Housing Unit Plan

Although the city government had some success in moving the city's population from north to south, other problems emerged with the nation's rapid economic growth. Coupled with the construction boom in the Middle East, prices of construction materials and wages soared for the apartment construction business. Speculative capital continued to flow into the booming housing market. The construction market reached its peak in the late 1970s, but the economy remained healthy through the 1980s. By the late 1980s, the Korean economy was experiencing unprecedented prosperity thanks to low oil prices, low international interest rates, and low foreign exchange rates. Definitely, the

Gangnam development program played a part in this rapid economic growth. The prices of apartments soared, creating an imaginary demand for housing. It became the norm among the rich to own at least two apartments, as they were regarded as lucrative investments, especially in Gangnam. Indeed, apartments were an attractive destination for enormous amounts of capital.

The economy grew an average of 10% every year in the 1980s. Per-capita income in 1980 was USD 1,592, increasing to USD 3,098 by 1987 and USD 4,040 by 1988. This growth greatly increased cash flow, leading to soaring stock and property prices, especially for apartments in metropolitan areas. For example, in Gangnam the average price of apartments increased 23% over four months, from January to April 1989. Such skyrocketing property prices led to the rising cost of housing, whether monthly rent or lump-sum deposits (*Jeonse*), aggravating the burden on city dwellers.

Because of the high housing prices, the loss of hope of owning their own homes among average citizens resulted in deep frustration. Some people overspent in a manner that became known as “hopeless spending”, affecting society negatively. However, more worrying was the social unrest caused by the rising home prices, as lines were drawn between those who owned homes and those who did not with the skyrocketing prices of medium and large apartments. Indeed, housing became the most urgent issue facing the government. In essence, it undermined social integration. The national government had to do something.

In 1988, the first popularly-elected president, Roh Tae-woo, announced a plan to provide 2 million housing units from 1988 to 1992, as one of his election pledges. This plan would require great amounts of money and materials. The plan began when the government announced its intention to build new cities in Seoul’s suburban areas. In April 1989, the government announced that five new satellite cities would be built within the Seoul metropolitan region: Bundang, Pyeongchon, Ilsan, Sanbon and Jungdong.



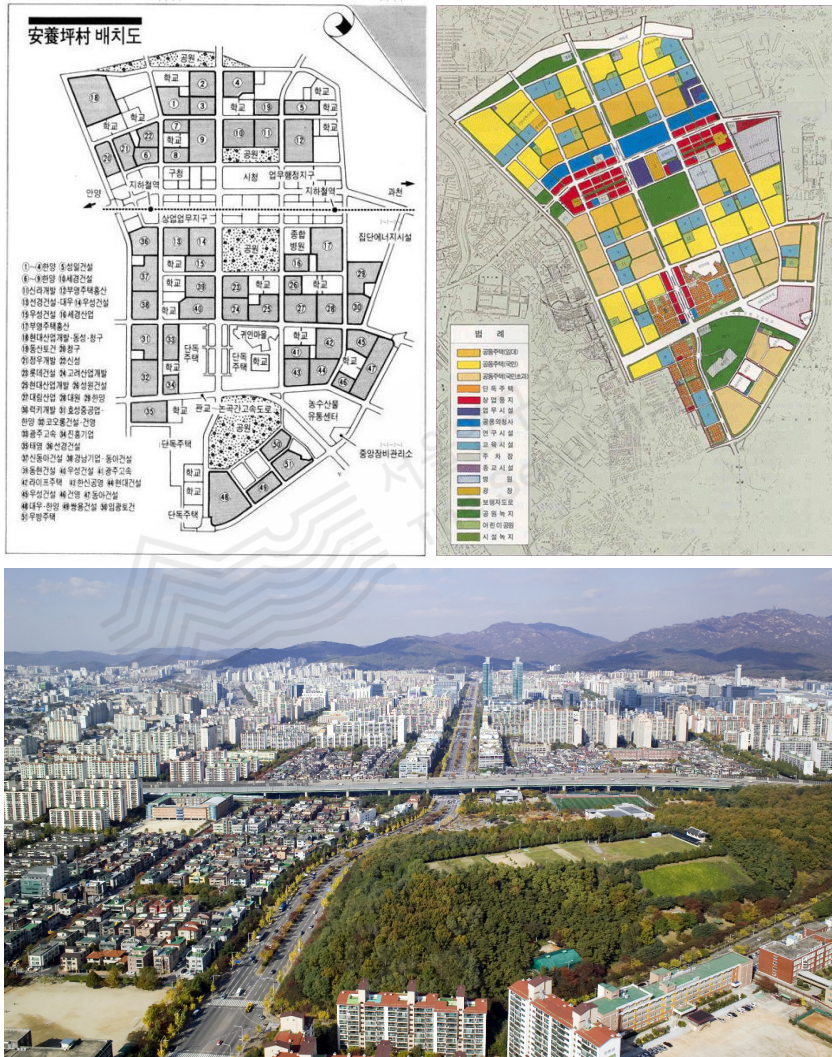
Note: Location of the 5 new satellite cities are colored yellow

Source: namu.wiki

Figure 59. Location and Transportation Plan of New Satellite Cities (1989)

While there were political reasons for developing these new cities, demand also existed. Seoul was still experiencing urban expansion from the 1980s. This was a good reason for developing new satellite cities. From 1985 to 1992, Seoul saw its population grow by an average of 190,000 every year, finally peaking at 10.97 million. The net migration of Seoul stagnated by 1986 as other large cities emerged in Korea. From the second half of the 1980s, population increase by an influx from outside the city effectively stopped. Although population growth

caused by social factors abated at some point, the natural increase of the existing population (65%) also contributed to urban growth.



Source: Drawing-aurum.re.kr, Photo-Korea Land Corporation

Figure 60. Pyeongchon New City Development Plan and Its Aerial View

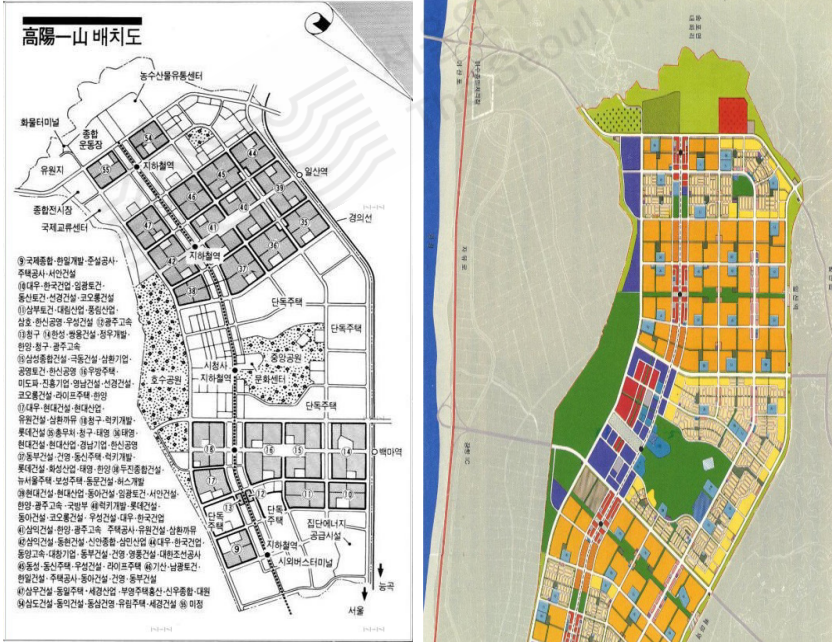


Figure 61. Ilsan New City Development Plan and Its Aerial View

In the late 1980s, several commutable suburban areas to Seoul were urbanized, which in turn led to larger commutable areas. Increasing car ownership and new expressways permitted urban areas to expand over the greenbelt. The greater Seoul area had a population exceeding 20 million. Seoul indeed was becoming a metropolis.



Source: Drawing-namu.wiki; aurum.re.kr, Photo-namu.wiki

Figure 62. Jungdong New City Development Plan and Its Aerial View

The central government initiated a new city development project to again mitigate the population density in Seoul and provide decent apartment housing for the middle class. In 1995, the five new cities were completed, taking only three years. The government was able to achieve its goals: stabilize housing prices and reduce population density. Every government in Korea had set ambitious goals with its housing policy, but only the 2 million housing unit plan was successful.

However, building new cities in such a short time created a variety of social problems. In the initial stage, the new cities had insufficient public facilities and job opportunities. Severe traffic congestion occurred due to the increased number of commuters. So many housing units springing up in each area caused a housing market disturbance and a distortion in the construction industry. Plans were underway for additional new cities, but the severe criticism caused the government to back off.

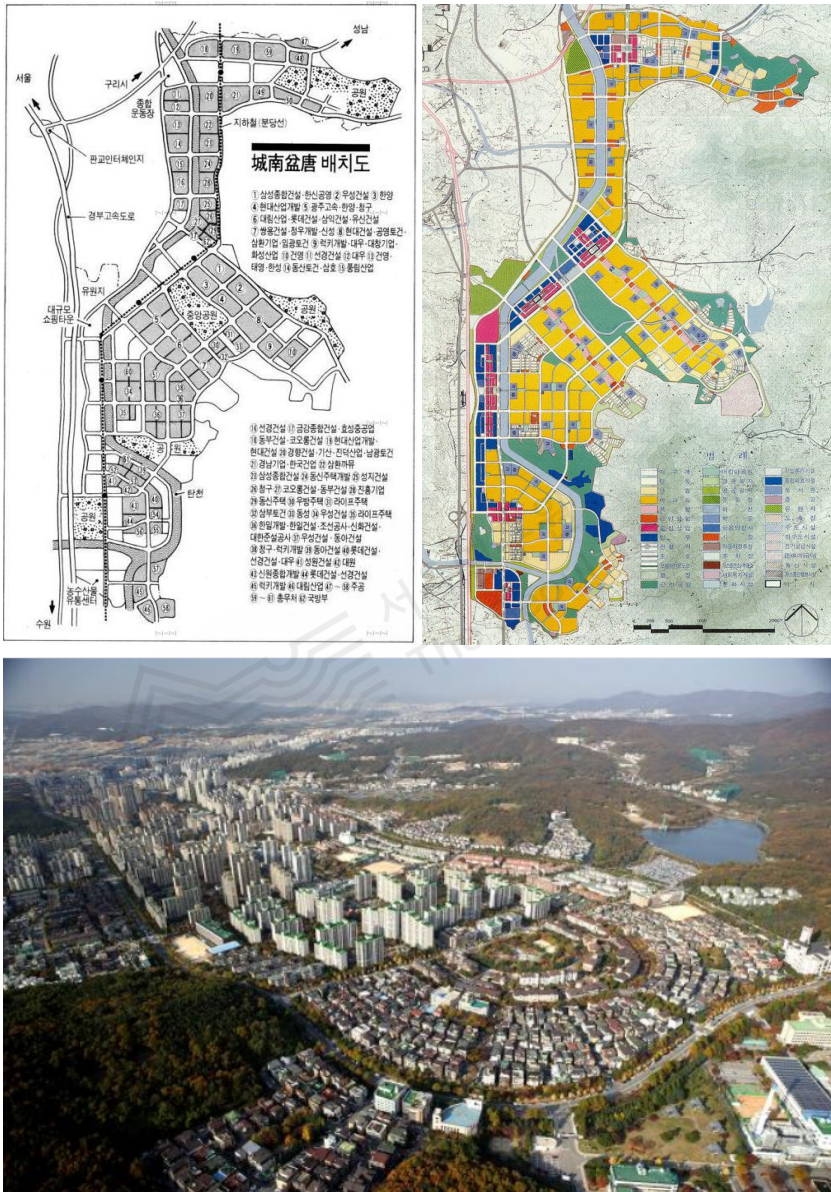
With the five satellite cities completed, the population of Seoul began to spread out, slowing down overall population growth. New cities created outside Seoul were part of the emergency response to the housing shortage. In 1992, when the first new town was completed and people began to move there, the effectiveness of this measure became visible. Consequently, the construction of new cities led to more influx of people into the metropolitan area and set a negative precedent for hasty development of large-scale housing complexes. From 1992 to 1999, a total of 2 million moved to the five cities, or an average of 250,000 people a year for eight years. If there had been no migration to new satellite cities, the population of Seoul might very well have continued to increase.

The planning of the five new cities was done in a short time without collecting opinions from the public or experts. As a result, the new cities failed to accommodate many aspects of balanced residential development. As the government devised the new city development plan as part of a short-term housing provision measure, it lost the opportunity to improve housing quality and planning techniques. Moreover, the apartments in the five new cities were

mainly for the middle and upper classes. Particularly, one new city near Gangnam, known as Bundang, was created to accommodate people who wished to live in Gangnam. Most of the apartments built in the new cities were medium or large, while only 33.9% were small apartments (59m² or smaller) for low-income families.

The high-rise apartments in the new cities brought similar apartments into fashion. Construction companies preferred high-rise apartments to reduce overall construction costs under the apartment price ceiling system. The government also encouraged high-density housing because its policy priority was to expand the overall housing supply. Specifically, apartments of 20~25 stories were built next to main arterial roads, with the main purpose of increasing housing density, not outdoor space.

The five new cities were developed through a syndicate of private construction companies, a method first employed in 1986 to encourage the private sector to join public housing development projects. A number of prestigious companies built apartments in the same area. For the construction firms that were struggling with the stagnant housing market due to increasing land prices and the price ceiling system, the new city projects were a battlefield of fierce competition. Each company tried to make their apartments stand out from the others, primarily through architectural design and the use of high-quality finishing materials rather than sophisticated planning. Such competition did not contribute much to the overall residential environment planning.



Source: Drawing-namu.wiki, Photo-Korea Land Corporation PR department

Figure 63. Bundang New City Development Plan & Its Aerial View

With development of Gangnam and the new satellite cities, Seoul became a highly urbanized metropolis in the 1990s. Regions around Seoul were the site of housing complexes, business districts and industrial hubs.

Providing housing through the development of five satellite cities was not sufficient to keep the presidential promise of providing 2 million housing units. Thus, the city government looked into the potential of increasing residential density within the city as well. Another reason to entertain this possibility was the increased demand for rental housing in Gangnam, since it was home to the 8th School District where prestigious schools were located. The prices for each 3.3m² of medium and large apartments in Gangnam soared by an average KRW 500,000 to KRW one million every month. This phenomenon had spread to Gangbuk and other cities. Significantly, the prices of small apartments went up as well. Such price hikes were coupled with a serious shortage of rental housing, aggravating the situation for lower income families in Seoul.

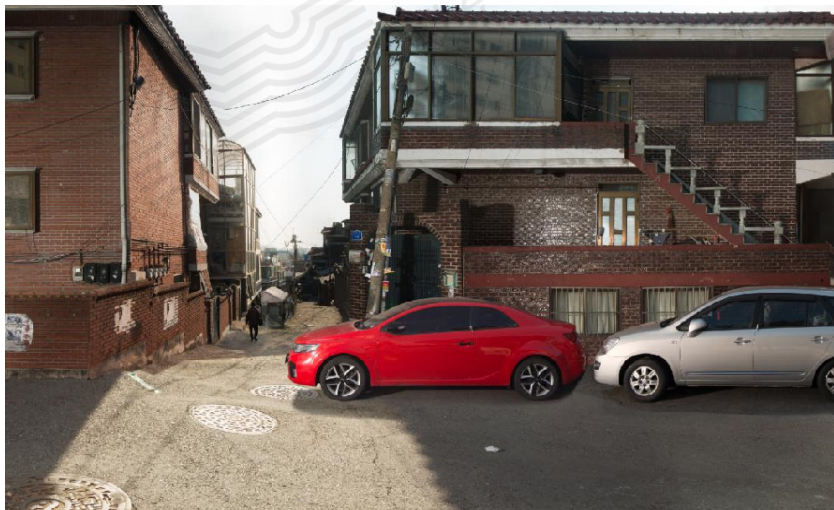
In the 1980s, the government attempted to change the direction of its housing policy from ownership to rental housing, after realizing the impossibility of providing housing for everyone to own. It devised a rental housing policy in 1982 with low-income families in mind and enacted the Rental Property Construction Promotion Act in 1984. Unfortunately, the rental housing built as a result was inadequate, offering little hope of resolving the shortage of available rental housing for low-income families. In 1984, a new type of housing for multi-households was introduced. At the time, detached houses were often utilized, without authorization, as multi-household dwellings for at least two households. After the initial legislation, the details on size, number of floors and number of households were revised many times.



Note: Drawings by Seongeun Kang, (Top) The House 02~05, 2007, Chinese Ink on Korean Paper, 60x60cm, (Bottom) The House 12, 13, 16, 17, 2016, Chinese Ink on Korean Paper, 60x60cm

Source: 2016 International Architecture Venice Biennale '용적률 게임-창의성을 촉발하는 제약' Exhibition, Korea Arts Council

Figure 64. Elevation Drawing of Multi-household / Multi-family Houses Built in the 1980s



Note: ©Yeondoo Jung, 기억은 집과 함께 자란다, Building Recollection, 2016

Source: 2016 International Architecture Venice Biennale '용적률 게임-창의성을 촉발하는 제약' Exhibition, Korea Arts Council

Figure 65. Multi-household / Multi-family Houses Built in the 1980s

Multi-household housing is a type of communal dwelling where a number of households live in one building, but each owns their own living space. Multi-family housing, on the other hand, is different. There is only one owner of the entire building, with other households renting space. Multi-household and multi-family housing are residential forms that naturally emerge in the process of urbanization. However, in Korea, these types of residence became common due to the sharp demand for housing and the national policy of 2 million housing plan. The government relaxed architectural or parking restrictions and gave financial support to boost construction of these types of housing, spurring the transformation of single detached houses and construction of new multi-household/multi-family buildings. Such units accounted for over 50% of housing projects from 1985, increasing to over 65% in the 1990s. Indeed, these housing types contributed significantly to the supply of housing during this period. This is abnormal.

One of the reasons for this popularity was the potential for income from single detached housing. The owners of single-detached houses could benefit from leasing as well as property value increases by redeveloping their dwellings into multi-household/multi-family houses instead. The builders of multi-household and multi-family housing therefore wanted to build as large as possible to maximize rental space within the legal boundaries. The law on such housing initially dictated that the buildings must be a maximum of three-stories and have a floor area ratio of 330% at most. This was relaxed to four-stories and a floor area ratio of 660% to meet a goal of providing 2 million housing. As expected, multi-household and multi-family housing brought significant income to the owners. While the cost of construction increased slightly, the cost of the housing and deposit-based rental prices (*Jeonse*) went up sharply, encouraging further construction of such houses. In the process, the quality of the residential environment and aesthetic value were almost entirely ignored, with the priority placed on maximizing economic benefit and efficiency.



Source: <http://data.si.re.kr/>

Figure 66. View of Multi-household / Multi-family Housing in Heukseok-Dong (1999.10)

Multi-household and multi-family housing became the main culprit degrading the residential environment and destroying diversity. First of all, it completely changed the unique characteristics of the single detached house residential environment. Residential areas were disturbed by rampant construction of multi-household and multi-family houses, losing their unique physical and social characteristics. The visual stability of detached houses of similar size and height was negatively affected by higher multi-household/multi-family houses without balance between buildings. The similar destruction was found in abandoned open space of residential areas. Vacant space in neighborhoods was utilized for parking or neglected as useless, unmanageable slivers of land. Since parking restrictions were relaxed, the areas clustered with multi-household/multi-family housing now suffer a severe dearth of parking space. This has proven to be a major obstacle to improving residential environments in these areas.



Source: <http://data.si.re.kr/>

Figure 67. View of Bongcheon 3-*Dong* & Sadang 5-*Dong* (1995.11)

In the 2 million housing unit plan, providing rental housing was an important part. Various types were planned: (i) long-term rental housing, (ii) rental housing leased by enterprises for their employees, and (iii) permanent rental housing for recipients of public medical assistance and livelihood benefits. As a result, 186,000 long-term rental housing units, 189,700 permanent rental housing units, and 61,400 rental housing units for employees were built.

Thanks to the initiative, 460,000 units were constructed in 1989, up from the annual average of 220,000 between 1980 and 1987. This number reached a peak of 750,000 in 1990 (in terms of permitted construction). The actual supply of housing was 3,096,431 units from 1989 to 1993, exceeding the initial goal of 2 million by more than 50%. This tremendous amount of new housing resulted in price stability. Indeed, the housing prices began to stabilize downward in 1990. To reduce volatility, price control measures were combined until the residents actually moved into new houses. Unfortunately, many problems occurred as the

initiative was carried out in a short period of time. Massive investment in housing led to excessive domestic consumption. Prices of construction materials and the cost of labor soared. Due to the shortage of building materials, construction firms often used low-quality substitutes.

In sum, housing was the most urgent matter for Seoul in the 1980s, considering the increasing demands of the middle class. As a result, massive tracts of farmland and forest were converted into housing lots. Large apartment complexes for as many as 100,000 people were built in the 1980s. However, most housing development projects were not green-field developments. The city government placed a priority on redeveloping substandard housing. This motive was strengthened as Seoul was designated to host the 1986 Asian Games and the 1988 Summer Olympics. The city government became acutely aware that it needed to beautify the city before these international events. A boom in apartment construction changed the landscape of Seoul, from substandard settlements on the hills to riverside apartment complexes and new cities on the city outskirts. In this process, it was inevitable for a majority of area residents to be pushed out to more affordable housing. In the 1990s, over 20% of Seoul's residents moved every year, mostly due to the demolition of substandard dwellings.

06 Redeveloping Substandard Housing as a Private Sector Initiative

It is worth a closer look at how the city government's housing redevelopment scheme was devised to remove unauthorized substandard shack housing and build modern high-rise apartment buildings. Historically, redeveloping substandard housing was a key strategy to resolve the housing shortages in Seoul. Major development projects such as Gangnam and the new cities more or less involved redevelopment tactics. It is meaningful to describe how Seoul was redeveloped into the current high-rise apartment forest through a variety of redevelopment methods.

Housing redevelopments were first implemented in the late 1960s and the early 1970s to remove unauthorized dwellings. Many of the city's hill areas, where single detached houses once gathered, are now covered with high-rise apartment complexes. Such apartments were built in a rather aggressive way, contrasting with low-rise residential areas under them. Seoul became a so-called "apartment city" in a short period of time because of these intense shack area-redevelopment projects. This phenomenon is different from other Asian cities and other developing countries. During the redevelopment projects, more than 100,000 unauthorized shacks and substandard houses were demolished. However, this practice had its bright and dark side. This chapter takes a close look at the redevelopment of areas populated by shacks and other forms of substandard housing.

Table 5 below shows that Korea, whose per-capita income was less than USD 100 in 1950, experienced unprecedented, rapid industrialization and urbanization in the 1960s and 1970s.

Table 5. Seoul's Housing Units and Per-Capita Income by Period

Year	Population	Households	Housing Units	Illegal Housing Units	Per-Capita Income (USD)
1950	1,693,224	318,673	-	-	67
1960	2,445,402	446,874	275,436	40,000	79
1970	5,433,198	1,096,871	600,367	200,000	253
1980	8,364,379	1,849,324	968,133	-	1,597
1990	10,612,577	2,820,292	1,430,981	94,974	5,833
1995	10,595,943	3,448,466	1,863,466	73,500	10,037

Source: Adopted from Seoul Metropolitan Government, *Statistical Yearbook*, and Bureau of Statistics, *Social Indicators in Korea*

The military government, which came into power in the early 1960s, was eager to boost economic growth. It emphasized the development of export-oriented light industry. Following the international economic trend of the time, advanced countries focused on heavy industry while their counterparts in the developing world (including Korea) focused on light industry. With loans from other countries, Korea imported materials and manufactured products to export-a strategy based on cheap labor. Therefore, the central government kept the price of agricultural products low so that laborers can afford food on their tables. This policy caused rural areas to become poorer, widening the gap between the cities and the countryside. Against this backdrop, Seoul, top industrial city in the nation, provided exclusive opportunities for people to move up social ladder, attracting many from all across the nation. The population of Seoul doubled in a decade, from 2.5 million in 1960 to 5 million in 1970. With this rapid population growth, as Seoul expanded, unauthorized settlements appeared in suburban areas as well as in the city center. A majority of people who came to Seoul and lived in such settlements had no specific job skills, but simply hoped to escape extreme poverty. Many remained jobless or provided cheap labor in the informal sector. They lived in shacks. According to a 1966 survey, there were 130,000 unauthorized shacks, which increased to a peak of about 200,000 in the early 1970s.

The city government recognized these unauthorized settlements as a serious urban problem. They were viewed from four perspectives. First, they were unauthorized structures built on publicly-or privately-owned land without permission. Second, the unauthorized settlements were viewed as a hotbed for social problems. Without proper water supply facilities and sewers, public hygiene was threatened. These areas were at high risk of the spread of infectious diseases. The slipshod structures built with rough materials made their occupants especially vulnerable to natural disaster. There was great concern that people living in such a poor environment might cause a variety of problems and even engage in crime out of class envy.

Third, these structures were regarded as an obstacle to urban development. Specifically in the 1960s and 1970s, when physical development of Seoul was being pushed by the central government, unauthorized shacks were considered a cancer from the view of the city government's great mission of urban development. The shacks occupied the places where infrastructure needed to be, and impeded orderly urban growth. Moreover, given that the President of Korea at that time emphasized the importance of improving the urban landscape in the 1970s, such unauthorized shacks were denounced as unaesthetic eyesores.

Fourth, some viewed the residents of unauthorized settlements as needing social assistance. In the 1950s, the government made efforts to relocate people stricken by natural disasters such as fires and flooding, to safer places. The authorities also tried to provide new settlements to those evicted from their demolished shacks in the 1960s and 1970s. Aside from whether such efforts were adequate, the government did recognize it had a duty to offer new dwellings of a minimum quality to those evicted.

These four perspectives had the priority at different times, but did coexist after liberation in 1945. One thing was clear. The unauthorized settlements were considered a serious social problem that impeded urban development. Illegal housing was subject to legal action. Still some argued, there should be aid to the residents as a socially vulnerable group. The city government took three actions

to deal with these settlements: (i) crackdown and demolition, (ii) relocation, and (iii) improvement of existing settlements.

The city government demolished new unauthorized shacks to ultimately suppress expansion. Even though the methods and intensity of this crackdown differed at times, it was a consistent policy that the city government had pursued since liberation. One exception was during election periods, when steps to temporarily legalize the settlements were taken to win votes. The ruthless policy of demolition invited resistance from the residents.

Relocation collectively moved unauthorized dwellers to other settlements so that the existing unauthorized shacks could be demolished. Large settlements were set aside on the outskirts of Seoul or Citizens' Apartments built, at the same time as further expansion of these shack areas was suppressed. Most suburban areas were vacant hills or public land near streams. Relocation sites were divided into small parcels ($33 \sim 66\text{m}^2$), with each connected by narrow roads ($1 \sim 2$ meters wide). There was no proper infrastructure or public hygiene facilities. Residents had to build their own houses, with little support from the city in terms of construction materials. While the land lots were owned by the central government, the structures did not fulfill the legal requirements. Thus, the new settlements became new unauthorized settlements outside Seoul.

In 1973, the SMG asked the central government to create legal grounds for a substandard housing redevelopment program. A new law was enacted that allowed public ownership of land to be transferred to those who occupied the land at far below market prices once the land was designated as a redevelopment district. This law also prescribed that the zoning of the redevelopment district was to automatically change to residential use. A variety of building regulations were relaxed to facilitate new housing. The law was effective until 1981 as the city government planned to finish this task by then. In the meantime, the city government was able to designate a total of 196 housing redevelopment districts, on a total of 14.74km^2 in 1973. However, the law alone did not guarantee the success of the redevelopment program as the city government wished. Despite

the generous transfer conditions of land ownership offered by the central government, there was insufficient financing. This encouraged the city government to find new ways to move ahead with the program.

In this sense, the early policy measure the city government introduced was so-called “self-help development”, where the residents themselves improved their housing while the city government provided roads, water facilities and other infrastructure. In this program, the former shack dwellers were legally bestowed land ownership from the central government. They were then supposed to rebuild or remodel their homes. The city government played a leading role in implementing overall planning and financing of facility installation. The plan was to build two-story multi-household buildings by merging 2~4 small plots of land granted to the residents. As noted, the Land Parcel Readjustment Program was employed for this plan. The government collected private land parcels and readjusted them to secure land for infrastructure and prepare it for development. Most such land set aside for infrastructure was dedicated to roads 4 to 6 meters wide in the districts. The city government used both resident funds and its own budget to pay these costs.

Unfortunately, however, this measure failed to stimulate the redevelopment program. It was carried out in only 4 districts in 1974 and 3 districts in 1975. Although it was used for 51 districts later, this method was a failure despite a variety of measures including tax benefits, assistance with construction materials, and technical support. The biggest problem was that the residents were unable to afford on their own to improve their new housing. They also had difficulty finding temporary dwelling places during the construction. Moreover, public finances set aside for this purpose were simply insufficient.

In 1967, the city government introduced a new method of urban redevelopment through loans. It borrowed USD 5 million from the Federal Housing Finance Agency with the credit of the Korean government and the United States Agency for International Development (USAID). Using these funds, the city government paid for the infrastructure and provided loans to the residents at low interest

rates. As a condition to receiving assistance in obtaining these funds, USAID required that the city government employ a participatory and incremental approach to rehabilitate the residential areas, rather than demolition and relocation of the residents. This might be in part because of the harsh criticism for demolition-based redevelopment in the U.S at the time. With these strings attached, the city government sought to improve the existing dwellings rather than simply clear out the residents and destroy their substandard dwellings. However, the residents, whose financial situation did not change with the land transfer, did not pay much attention to improving their houses, but only hoped to resell them and make a profit. Consequently, there were only 10 districts that received the loans for housing improvement between 1976 and 1981. This method was unsatisfactory, as the city government felt that even the improved districts could become shack towns again at any time.

For more rapid, visible changes, the city government attempted a different redevelopment method in 1978, which involved demolishing the existing structures and building three- to five-story apartments on reorganized land lots of about 900m². This approach was initiated by a property owners' association and a construction firm entrusted to build large-scale housing complexes, leading to such projects being termed "entrusted redevelopment". This is how it works: a construction firm with a contract was entrusted by the land owners' associations to build apartments.

Unfortunately, entrusted redevelopment did not produce significant outcomes for several reasons. Even though the authorities encouraged private construction firms to join in, it was a mere construction contract between the firm and the land/home owners, nothing more. The contractor could not expect high profits from speculation on completed projects. It was also difficult for the land/home owners to win through administrative huddles to start redevelopment projects by themselves. Since the redevelopment procedure was very complicated, it was very difficult for residents' associations to even obtain permission. Moreover, most residents could not afford the costs of the project, which ultimately meant

that this approach was employed for only nine districts. In addition, it featured total demolition, inviting strong opposition from the residents.

■ 'A Magic Solution': Joint Redevelopment Method

In 1983, the city government introduced an innovative, unprecedented approach to the substandard housing redevelopment program, where a syndicate of private construction companies joined the government's urban redevelopment projects. This was known as "joint redevelopment" method. This approach was based on a voluntary contract between a property owners' association and a construction company. The association provided land while the company paid all expenses from demolition to construction. Building sufficient infrastructure to support new housing development was the responsibility of the private contractors. This method allowed these private companies to lead the redevelopment projects as joint developers.

Here is the catch: construction companies or private contractors invest in the project from the initial stage. Then they would build a greater number of housing units than they were replacing and sell the additional housing units on the market. This would ensure profit for the companies, which proved sufficient inducement to join in. Under the joint redevelopment, the land/home owners provide housing lots while the construction firm builds the houses at their expense and retrieve its investment later. It differed from entrusted redevelopment in that the private construction firms led the redevelopment project as a partner, not simply a contractor. This approach is only possible when house or land owners provide their property. It is a redevelopment method unique to Korea, involving the sharing of land between property owners and land developers.

At the time, as the 1970s construction boom in the Middle East ended, there was a large workforce and a lot of equipment suddenly idle. Moreover, no more vacant land lots were available for housing. Joint redevelopment projects were indeed a lucrative opportunity for the struggling construction industry. For the land/home owners, there was no reason to oppose the project because they were

able to own an apartment in the end, a symbol of the middle class, after a few years of inconvenience. It was beneficial to the public sector as well. The city government was able to carry out large-scale redevelopment without bearing normally prohibitive costs of construction. In addition, sometimes there were opportunities to increase revenues because it was easier for the city government to sell public land within the redevelopment districts. The land prices in these districts were lower than other areas in the city due to the poor infrastructure and substandard housing. This meant that there was great potential for higher land prices, making it mutually beneficial for all stakeholders. The city government eagerly promoted this new redevelopment method to city residents and private developers.

Using this approach, many districts were cleared of substandard housing and new high-rise apartments with more housing units built in its stead. The city government was not a central actor in the process. When the construction was complete, each land owner received a new apartment unit. The new housing units were owned by the construction company and sold to compensate them for the costs of construction. In this process, construction firms can gain significant profits. In this approach, the role of the city government was reduced to designating the target districts and overseeing the projects, without the burden of installing infrastructure. Now, the substandard housing redevelopment program would be ruled by the contract between property owners' associations and construction companies, but under the supervision of the city government. The program was no longer public development: it became private urban development.

Redevelopment of substandard residential areas was now pursued vigorously. For private construction companies suffering from the shortage of land for new development, joint redevelopment projects introduced great business opportunities without the need to purchase land. The residents favored the projects because they could expect economic gain. Redevelopment projects of dilapidated apartment complexes were also a favorable business opportunity for the private companies because there was no need to purchase land. They were

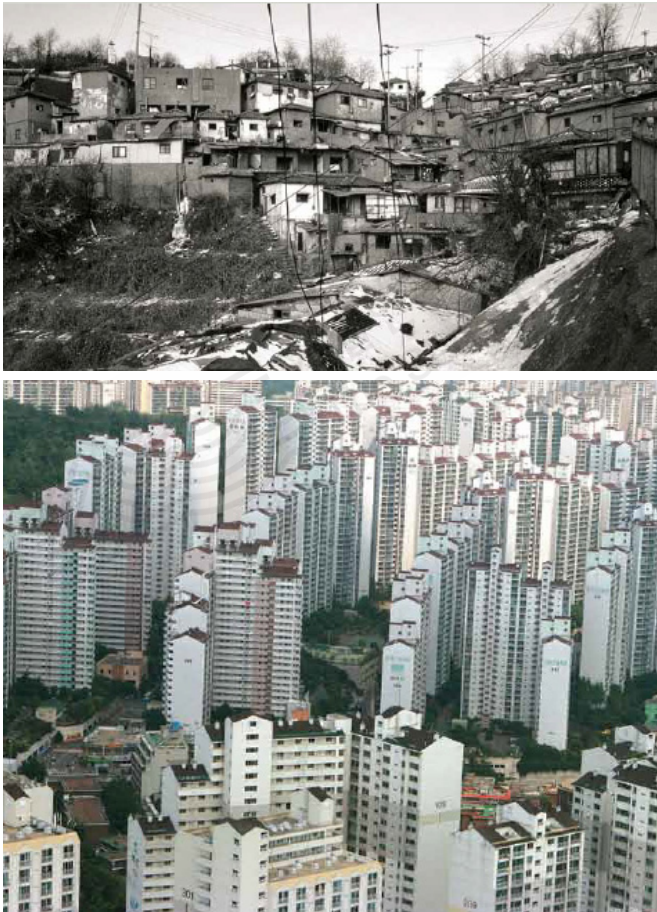
also welcomed by the residents with the same reason.

The government was able to increase the supply of housing without significant investment in infrastructure. With all the stakeholders' interests satisfied, the redevelopment projects were actively promoted.

Joint redevelopment gave momentum to housing redevelopment, which had been stagnant since the early 1980s. With the extreme housing shortage and rapid economic growth, land owners in the districts rushed to form associations and hire construction companies. The number of project districts increased from a few in the early 1980s to 8 by 1984, 9 by 1985, and 24 by 1986. Understandably, this period was when most redeveloped apartment units were created. The rapid increase in 1986 might be attributed to urban improvement efforts for the 1988 Summer Olympics, but the trend continued into the late 1990s. Specifically, at least 15 districts received project permission every year in the 1990s. Indeed, joint redevelopment became the dominant redevelopment method in Seoul from 1984. By 1996, joint redevelopment projects were implemented in 155 districts on a total of 7.8km² of land, supplying apartments for 184,900 households.

The success of the joint redevelopment projects was closely related to the changing socioeconomic conditions of the country. It was in the middle of a two-decade experience with rapid industrialization and unprecedented economic growth. This created a large middle class, the more wealthy of which wanted to own their own homes, prompting an explosion in housing demand. The government recognized that providing enough housing to the middle class was essential to social stability and assigned a housing quota to each local government. Given the limited supply and high price of land, redeveloping substandard housing was the best way to reach the national housing policy goal. Moreover, the developmental state of Korea viewed housing construction as the engine of economic growth, which would boost the construction market and create jobs. Construction companies also played a pivotal role in introducing the joint redevelopment method. In 1979 when the construction boom in the Middle East rapidly waned, construction firms had to return to Korea and face fierce competition in the small domestic market. It is believed that they lobbied to boost

housing construction to utilize their manpower and construction equipment. The interests of each party, the central and local governments, construction industry, and land owners, led to introduction of the joint redevelopment method in the early 1980s. Now the method became the most common approach to supply housing as well as to demolish unauthorized settlements.



Source: Gwanak-Gu Office, 관악 어제와 오늘, 서울시 관악구청 홍보전산과, 서울시 관악구청장, 2010, pp 88, 110 Print

Figure 68. Redevelopment of Seonghyeon-Dong, Gwanak-Gu Before & After (1996, 2003)

However, joint redevelopment entailed many problems as well. Unfortunately, most focused on maximizing profit without considering environmental impact. The vast majority of such profit went to the developers and the land owners, which hurt the tenants. The urban landscape was also negatively affected by the density of high-rise apartments. The burden on urban infrastructure also increased as more housing was built.

They also created a deficiency in infrastructure, essentially exacerbating the problems in the overall urban environment. First, infrastructure, such as roads, water supply facilities and sewers, was insufficient for the number of resettled people. Second, high-rise apartments were built everywhere, regardless of topographic conditions, ruining the city scape and natural environment. Third, as high-rise apartments were built in low-rise residential areas, they infringed on the privacy of occupants of shorter buildings and blocked their sun. Moreover, as the redevelopment projects involved construction of predominantly medium and large apartments, little was done to improve residential environment for low-income families.



Source: Gwanak-Gu Office, 관악 어제와 오늘 88, 서울시 관악구청 홍보전산과, 서울시 관악구청장, 2010, pp 87, 102 Print

Figure 69. Redevelopment of Nanhyang-Dong, Gwanak-Gu Before & After (1990s, 2006)

Most of all, density was the key problem. High-rise apartments built through joint redevelopment were more dense than ever. The floor area ratio was greatly increased to maximize profit, and in fact was higher than had been the case for any previous construction projects. It was inevitable since this scheme was designed for construction companies to sell additional housing units for profit. High-density development deteriorated the residential environment and urban landscape. However, these problems were neglected by the authorities, absorbed as they were in simply providing more housing. In 1985 when joint redevelopment began, the floor area ratio for apartment redevelopment projects was around 220%. By 1986, when the redevelopment boom hit the city, the ratio was increased to over 250%, and exceeded a maximum permitted limit of 300% in the 1990s. For redeveloped apartments, the floor area ratio reached 400%, making super high-density complexes a general trend in Seoul. As a result, local communities were destroyed. Many parts of the city became a concrete jungle.

There was a cap on apartment prices that posed a risk to project profitability. When apartments were built through joint redevelopment, some were distributed to members of the land/home owners' association at prices equal to the cost of construction. The rest were owned by the construction firms and sold to buyers at market prices to ensure a profit. The authorities applied the cap on apartment prices for general buyers. If the average construction cost was higher than the cap, the association was obliged to make up the difference. This was the worst scenario for the land/home owners who expected to build equity after a few years of inconvenience. Still, developers and associations did not decrease the density to reduce the cost. For developers, it was beneficial to carry out large-scale projects to maximize their gains even with the risk posed by the price cap.



Source: <http://db.kdemocracy.or.kr>

Figure 70. Residents of Mok-Dong Pyeonghwa & Hyochang Row House Protesting in front of Mok-Dong Construction Office (1984.4.4)

Another significant problem with joint redevelopment has to do with tenants of existing housing. The projects meant the loss of housing for the tenants, inviting strong resistance. Religious groups, academia, and civic groups constantly criticized the projects and demanded proper compensation for the tenants. In the 1980s when the projects were actively being implemented, the government began to plan compensation for the tenants. At first, the city provided subsidies equal to two months' rent according to the related law, calculated by the average household expenses of laborers in the city, announced by the Ministry of Finance and Economy. However, the subsidies were provided only to those living in registered homes, not to the tenants of unauthorized settlements.

The main problem was that through joint redevelopment, residential areas for low-income households became areas for the middle class as poorer tenants were priced out by landlords who wished to speculate in real estate. Resistance to the projects from these residents was only natural. Along with demands for

democracy in the 1980s, the protests grew stronger against redevelopment projects. The tenants argued that the authorities need to provide permanent rental housing for low-income households when beginning redevelopment projects. Unfortunately, the central government and the city government avoided responding to these demands for a long time. The authorities prioritized the joint redevelopment projects over public housing, as the former was indeed a highly profitable business for the construction industry. They turned a blind eye to the problems of speculation and housing insecurity for the evicted tenants.



Source: <http://db.kdemocracy.or.kr>

Figure 71. Demolition Protest in Mok-Dong (1985.3.20)

In 1987, the city government provided a way to compensate the tenants by giving them priority to buy one room of an apartment house. The right was called a “ticket”, which was given to each household. Three tickets were exchangeable for the right to purchase one entire apartment unit. It was commonplace for tenants who could not afford to buy a room even with a ticket (the majority) to

sell their tickets, and the connected rights, to real estate agents. They then moved out to other regions further from the city. The agents gathered enough tickets to have the rights to purchase entire apartment units, then resold them.

In April 1989, the city government introduced more direct support for the tenants: rental housing. Resident associations and construction companies in redevelopment districts were required to build permanent rental apartments 23~26m² in size for tenants from the area. The city government then purchased the units to rent out to the tenants. In addition, it directly built rental housing with the Korea National Housing Corporation on public land in the redevelopment district, and gave tenants priority to rent them. The tenants were also given the right to choose to receive either rental subsidies or the right to move into this public rental housing.

However, inadequate planning brought many problems even into this latest scheme. According to the rental housing plan, after public rental houses were built as part of a joint redevelopment project, the city government promised to purchase them for the tenants. However, developers were reluctant to build them as they had to bear the financial costs of a less profitable business. Therefore, the rental houses were created as small as possible and for the lowest cost. Due to the mismatch between supply and demand, many rental houses remained vacant in redeveloped districts, creating a huge financial burden for the city.

In a nutshell, joint redevelopment projects were supposed to serve the public good. Ironically, it ended up creating a variety of problems: (i) destroying the urban landscape with densely-packed high-rise apartments; (ii) mass eviction of tenants by landlords speculating in real estate; and (iii) deteriorating urban environment due to excessive development.

■ Reflecting on Housing Redevelopment in Seoul

Substandard housing redevelopment projects indeed had a great influence on housing development in Seoul. Despite the initial poor performance, the projects were successful in that they resulted in modern apartment buildings, thanks to

introduction of joint development in the 1980s. In the 1990s, joint development projects accounted for about 20% of the total housing supply in Seoul. However, substandard housing redevelopment did not necessarily receive social consent. There was sharp conflict over such projects.

The most contentious issue was *for whom* substandard housing redevelopment was intended. Advocates praised them as the most effective policy to supply housing in the city. In the mid-1990s, a total of 217,000 households receive housing, twice the number of demolished substandard dwellings, and accounted for about 20% of new housing units in the city. Central and local government officials joined in the argument that housing redevelopment greatly contributed to relieving the severe housing shortage, crediting them with improving the overall housing. It was argued that low-income households also benefited thanks to trickle-down effect of housing market. From such a view, stabilization of the housing market positively influenced price stability. The construction boom created many jobs and revitalized the economy.

Detractors expressed skepticism about the claims that housing supply had increased. They pointed out that even though the new housing amounted to double the number of demolished dwellings, the previous housing accommodated more people. An apartment unit could accommodate only one household while multiple households lived in a substandard house. Moreover, the size of substandard housing units was much smaller than the new apartments. Many critics said redevelopment projects actually reduced the housing stock for low-income families.

To be sure, clearing out substandard housing areas seriously affected low-income tenants. Because they were not the owners of land or buildings, they were excluded from joint redevelopment projects. Most ended up with no place to live. Technically, the tenants were given opportunities to move into the new apartments or public rental houses in other areas. But in reality, most could not afford the new housing options. The locations of public rental houses were often inconvenient for them. About half of the households in substandard settlements

were tenants. A majority of the land owners of such settlements did not actually live there. Most had already moved to other regions after they were bestowed the land. Some were speculators who purchased land after the areas were designated as housing redevelopment districts. Therefore, it was only natural for the land owners to resell or lease out the redeveloped apartment units. It was estimated that only 20% of the original residents moved into redevelopment area apartments.

Joint redevelopment, essentially a speculative venture, resulted in conflict between landowners, tenants and construction firms, which often disrupted once tight-knit local communities. Many times, these conflicts made their way into court over rent tenure, cost sharing, and corruption within the associations. For these reasons, scholars, religious leaders, civic groups and other critics questioned who the substandard housing redevelopment projects really served.

Some critics also pointed out the negative impacts the projects had on population density, infrastructure, transportation, the environment, and urban landscape. Indeed, high-density development was a goal to ensure economic feasibility. The city government had no choice but to increase it to promote the projects. The floor area ratio of 180% at the introduction of the joint redevelopment method was increased to 250% in 1985, and redevelopment projects were spurred on by rising real estate prices. The ambitious housing policy in 1989 to supply 2 million houses over ten years acted as another catalyst. To boost private investment, a variety of regulations were relaxed, including the ground coverage ratio and distance between buildings, which led to an increasing number of housing redevelopment projects being implemented throughout the 1980s and 1990s.

■ Going Up, Up, Up: High-Density, High-Rise Apartments

In the 1980s and 1990s, the housing supply rate fell and population continued to concentrate in the city center. The government developed 5 new cities on the outskirts of Seoul to resolve the housing shortage and disperse the population

from the city's CBD. In these new cities, a variety of unprecedented urban planning tools were employed to increase resident convenience, such as large-scale parks and pedestrian-only streets connecting each apartment complex to major public facilities. Most of all, the new cities were made possible only through enactment of a special law: the Housing Site Development Promotion Act in the 1980s. This law was quite radical for many reasons.

First, land lots of a certain size were designated by the Minister of Construction as prearranged housing development sites. The lots were then purchased and developed into housing sites. According to the law, before such designation, only the heads of relevant central administration agencies and local governments were to be consulted. The essential step was designation by the Minister.

Second, a pre-requisite to designation was that the housing project operator receive permission to develop that zone. In other words, zones were designated at the request of project operators, who could only be the national or local government, the Korea Land Corporation, or the Korea National Housing Corporation. Other entities, including individuals, agencies, and organizations, were not allowed to be operators of housing development projects.

Third, before this law, to initiate a housing development project, a project operator had to obtain a total of 32 permits, approvals, and licenses prescribed by 19 different laws once the Minister of Construction approved the development. However, under the Housing Site Development Promotion Act, once a prearranged housing development site was designated by the minister, the project operator was exempted from any additional regulations.

Fourth, the Korea Land Corporation or the Korea National Housing Corporation purchased land on the housing development site through expropriation, namely *takings*, not through a commercial contract. Thus, approval of a development project plan was regarded as project approval. This significantly limited the legal property rights of individual citizens. The regulation allowed the operators to acquire land more easily, but weakening the rights of citizens.

Fifth, project operators were allowed to receive in advance all or part of the

land purchase price from construction companies. If the operator was the Korea Land Corporation, part of the purchase price or land compensation could be paid in bond notes issued by the operator. As the Korea Land Corporation paid for the land in bond notes and received the purchase price of the housing sites (land) *in advance* from construction companies, the corporation was able to rapidly expand.

Sometimes the Housing Site Development Promotion Act permitted the operator to relocate grave sites in the housing site development zone. With this kind of significant legal support, new city development was on the way to providing high-quality housing for the middle class. There was, on the other hand, a downside to this scheme. In most of the new towns, high-rise apartments were built to increase population density, crowding the city's residential environment. The government revised the relevant laws to encourage construction companies to build high-rise apartments. In November 1989, it allowed an extra 12% price increase in high-rise apartments to cover construction costs, which meant the construction firms could sell the units for higher prices. Given that limits on apartment prices existed for lower apartment housing, such concessions were beneficial for construction companies, enticing them to build more high-rises, rapidly increasing their number in Seoul. The government support coupled with the construction firms' pursuit of economic profit rapidly increased the number of high-rise apartments in Seoul.

The floor area ratio went as high as 300% on average, with the highest being 400%. This created a very dense high-rise residential environment, hardly found anywhere else around the world. This was indeed a significant increase from the average floor area ratio of 200% in the early 1980s. The height of buildings increased from an average 12 stories in 1983 to 22 in 1996, with 29 being the highest. It is undeniable that there are several benefits to building high-rise apartment complexes. For example, residents can have larger outdoor spaces than residents of lower buildings with the same floor area ratio. However, given the ever-growing density and height of buildings in redevelopment districts, urban planners called for more sensible development. Traffic congestion increasingly

worsened in the redeveloped areas. They argued that the authorities needed to verify beforehand whether the current water supply and sewer systems would be enough. They also criticized the lack of consideration of public facilities, such as schools and parks.

High-rise apartments brought cityscape issues to the forefront. Most redevelopment projects were on hillsides, affecting the landscape as a whole. The projects often required cutting into these hillsides to make terraced lots. One project had a height difference of 75 meters between the highest and lowest points. Sites such as these created a coercive urban scene, blocking the beautiful natural scenery of the city. They also created a daunting landscape for the surrounding low-rise residential areas. Consequently, as many opponents of the redevelopment projects had been warning, Seoul lost the beautiful landscape harmony with nature it once had. These opponents also pointed out that the once-cohesive road system in existing neighborhoods had been disrupted. Local communities were lost as land use rapidly changed. Moreover, the new apartment complexes were surrounded by retaining walls, making them a sort of enclave in the neighborhood.



Source: <http://data.si.re.kr>

Figure 72. Bongcheon Hyundai Apartment Constructed in 1992

The apartment complexes themselves were not considered to have a good residential environment, which was difficult given the pursuit of maximum profits. The priority was given to building high-density, high-rise apartments for profits, which made it difficult to create a high-quality residential environment. The designation of redevelopment districts depended on the consent of landowners, and no comprehensive plan existed. Hence, most of the land in the districts was allocated for apartment buildings. The buildings were arranged as densely as legally possible while other required features such as roads, parking lots, and community facilities were located in the remaining space, leaving little room for green open space.

Supporters of the redevelopment projects dismissed such criticism as complaints based on romanticism. Considering the country's housing reality and economic capability, they argued that supplying housing held absolute priority over the quality of the urban environment when so many were desperate for a decent place to live. To be sure, even the critics acknowledged that housing redevelopment was definitely necessary in Seoul. There was no consensus, however, on project scale or objectives, such as how and for whom they were conducted.

To many people, housing was looked at as a financial asset rather than a place to live. Most middle-class families moved to find neighborhoods according to their social and economic conditions as new residential complexes were built. Specifically, apartment complexes, which began to be built after 1980, were considered not only as residences but also as investment tools. The city's residential areas went through new social changes. As large apartment complexes attracted people from similar social and economic backgrounds, an apartment house came to represent the owner's social status. At the end of the 19th century in the Western world, as massive numbers of housing units were supplied for factory workers, a housing class emerged during industrialization. Such a housing class was formed in a short period in Seoul through provision of large apartment complexes.

The emergence of a housing class that owned apartment houses divided the residential areas in Seoul. Except for some traditionally prestigious areas with concentrations of detached houses, the prices of detached houses dropped in general. Nonetheless the demand for apartment housing units increased. As a result, some residential areas where the rich and the poor mixed fell behind apartment complexes. The areas where the upper class moved out became neighborhoods for those who could not afford to find better residences. As a sort of social filtering process, this phenomenon was accelerated in line with the city government's policy to relocate various facilities from Gangbuk to Gangnam. In particular, prestigious secondary schools that moved to Gangnam formed a special education district, the 8th School District. These things contributed to stratifying society in the city, especially in Gangnam, with its concentration of large apartment complexes.

Meanwhile, growth stagnated in Gangbuk where detached houses were common. The gap between Gangbuk and Gangnam became more and more obvious. Manifested in appearance of the 8th School District, Gangbuk residents felt deprived of the ability to provide high-quality education to their children. Gangbuk needed a catalyst for growth.

07 Gangbuk's Turn Again: Half-Success of New Town Projects

To restrain population concentration in the city center, heavy public investment was directed at Gangnam throughout the decades. It resulted in a wide gap between Gangnam and Gangbuk. In the early 1990s, this gap was recognized as a serious urban problem. Since 2002, soaring housing prices in Gangnam have been a concern, which has brought the regional disparity to the fore. It was not only a housing problem, but also an issue of regional disparity in general between the north and the south.

This disparity was reported in terms of urban infrastructure and quality of life, with many indicators showing a stark difference. For example, in 2002, the financial capacity index of Gangnam was 6 times higher than for Gangbuk, while road area per capita in Gangnam was 2.3 times larger. Even within the southern area of the Han River, a richer district had 22 times more cultural facilities than a poorer one.

As other examples, the proportion of housing built at least 30 years ago was 0.1% in Gangnam-*Gu* (Gangnam) and 23.4% in Jongno-*Gu* (Gangbuk). The per-*pyeong* (1 *pyeong* = 3.3m²) apartment price per in Gangnam was about three times higher than in Gangbuk. To compare the financial capacity index for each of the district *Gu*-offices, the lowest was in Gangbuk (32.4) while the highest was in Gangnam (197.4). It was high time for the public sector to intervene in narrowing these gaps.

Table 6 below shows regional disparity by estimating the gaps between the highest and lowest values of various indices.

Table 6. Regional Disparity by *Gu* (Districts) in 2002

Index	Criteria	Average	Highest	Lowest
Dilapidated Housing	Houses built at least 30 years ago (%)	4.5	23.4	0.1
Housing Prices	Price of apartment per <i>pyeong</i> (3.3m ²) (KRW 10,000)	1,190	2,269	600
Parking Space	Percentage of parking space for demand	67.9	106.5	42.7
Culture	Number of cultural facilities per 10,000 persons	0.7	11.1	0.1
Educational Background	Percentage of people graduating junior college or higher	23.4	40.0	15.0
Income	Percentage of car ownership (mid-size and up)	56.2	69.4	48.2
Employment	Employment density (Persons/10,000m ²)	148	599	71
Finance	Financial Capability Index	62.4	197.4	32.4

Source: Kim, Sun-Wung, 서울시 뉴타운사업의 효율적인 추진을 위한 제도개선 방안 연구, Seoul: Seoul Development Institute, 2005 Print

Gangnam was in a good shape compared to Gangbuk. Through the Land Parcel Readjustment Program, sufficient infrastructure was built in Gangnam. The city government relocated major public agencies, prestigious schools, and cultural facilities to the area. Gangnam also had locational benefits as a gateway to other regions. Its development attracted a huge amount of private capital, largely due to the area's great potential and underdeveloped situation at the time. A virtuous circle was created in Gangnam-it had good infrastructure and pleasant residential environments, the local *Gu*-district governments were financially sound and able to attract consistent investment in the community, making the area the most competitive in Seoul.

On the other hand, Gangbuk had problems. The area's infrastructure was already old and the neighborhoods deteriorating. What was worse, further development or redevelopment was restricted in the area, making it less attractive to investors. The local *Gu*-district governments were financially weak and had little opportunity

to develop. This created a vicious circle. The regional disparity worsened over time.

In the 1980s, Gangnam became a major residential area thanks to the large apartment complexes and prestigious schools. It was in the 1990s, once local autonomy was introduced that the city government recognized a growing gap between Gangbuk and Gangnam as a serious problem. It also recognized that if it remained unaddressed, it would lead to social conflict and impede social integration. Resolution was not simply a matter of improving the residential environment, educational conditions, and infrastructure in Gangbuk. More balanced development of the city was essential for social integration and sustainable growth. The “New Town” project was an attempt to address the issues and improve the old and substandard housing in Gangbuk. Now it was Gangbuk’s turn.

■ New Town Project: A Different Kind of Redevelopment Scheme with a New Set of Problems

The New Town project was devised to resolve ever growing regional disparity in the city, especially between the Gangbuk and Gangnam. The first thing the New Town project addressed was the drawbacks of the previous redevelopment projects. Previous redevelopment projects were conducted with a primary focus on maximizing profits by the private sector. The former development method led by the private sector had problems: lack of urban infrastructure, destructive spot development based on small project districts. The focus had been on improving physical conditions of housing, neglecting the community as a whole. In many cases, several development projects were implemented separately in a single district, leading to criticism that development was reckless.

Most of all, these previous projects did not have connection to the entire nearby region in mind, with lack of infrastructure. Therefore, the redevelopment in the past was carried out without due consideration of necessary infrastructure. The main purpose was to maximize profit, rather than improving substandard areas as a whole. It was difficult to build public infrastructure for the broader region.

The New Town project not only considered improving the physical urban structure but also creating a community where different generations and social classes lived together. The public sector would again lead these projects, as the public sector did not play an active role in the previous redevelopment projects. Under the New Town scheme, the public sector created a comprehensive plan, after which the private sector would develop each project unit.



Source: <http://data.si.re.kr>

Figure 73. Gileum New Town Development Before & After (2000, 2010)

Another purpose of the New Town project was to curb real estate speculation, a chronic problem in Korean society. Most housing demand was concentrated on Gangnam. If other parts of Seoul were transformed into high-quality residential areas, this demand would spread out. Experts suggested that the New Town project was the most feasible solution to skyrocketing housing prices. The central government pledged to support the project through a variety of real estate measures.

Significantly, the New Town project was planned on a broader scale. The target areas were regions of multiple neighborhoods, not just the areas for specific apartment complexes. In this broader region, the SMG would play a leading role in establishing plans and building infrastructure. This meant that redevelopment projects were more comprehensive, and closely connected to the adjacent communities. As the authorities provided the overall plan, this improved project credibility and predictability. Moreover, with city government support, both the physical conditions of each housing unit and the residential environment would be improved. The New Town project was regarded as the most effective way to strike a better balance between Gangbuk and Gangnam.

The following summarizes the differences between the New Town project and previous redevelopment projects.

(i) A well-planned redevelopment project based on a broader area

The previous redevelopment project was implemented in small areas, focusing on each residential complex. However, the New Town project covered a broader area, following a comprehensive plan established by the authorities.

(ii) A greater role for the public sector

In the previous redevelopment project, private construction firms were responsible for building urban infrastructure including roads, schools, and parks. In the New Town project, the public sector played a greater role, investing in infrastructure and providing related administrative services.

As a result, the project was intended to be in the public's interest.

(iii) Mixture of various urban redevelopment methods

Until the New Town project was devised, joint redevelopment was employed for the vast majority of urban redevelopment projects. However, in this new project, a variety of methods was utilized in accordance with the characteristics and conditions of each project district.

The ultimate goal of the New Town project was to reduce regional disparity and promote balanced development in Seoul, in terms of infrastructure, public facilities, education, and the financial health of local governments.

The New Town project was to be implemented in stages in a comprehensive manner. A Master Planner was assigned by the SMG to oversee each project. The projects included a step-by-step plan to strategically develop key regions or facilities in each project district. Local characteristics on a broader area including culture, natural conditions, and history were prioritized in designing a development plan. Urban planning and administration were shifted from a regulation-based scheme to local management. The public sector invested in roads, schools, parks and welfare/convenience facilities in the project district. The locational characteristics of each target district was thoroughly analyzed. A variety of urban amenities were planned in a broad range of community, in consideration of the unique environment of each district. As a result, the city as a whole was expected to be more balanced.

The public sector was not the only player. The SMG expected that if the public sector expanded its own investment in urban infrastructure, the private sector would be more willing to do the same. With a lighter burden of providing infrastructure, the private sector would be able to invest more in improving the deteriorating areas. The SMG also encouraged the local *Gu*-district governments and residents to chip in developing their own communities. The city provided support that was proportionate to how actively a local district government dedicated itself to these efforts.

built-up areas were needed. The last type was in the central areas of regions with poor urban infrastructure. If commercial and industrial districts were developed in these areas, this would also influence the adjacent areas.



Source: <http://data.si.re.kr>

Figure 75. Eunpyeong New Town Development Before & After (2005, 2015)

There were candidate areas for the New Town projects in Seoul. The SMG applied four criteria to designating candidate areas for New Town projects: (i) urgency of redevelopment and its influence, (ii) feasibility of project plans, (iii) the magnitude of dedication from the local *Gu*-district office and residents, and (iv) regional equity. With these criteria, the authorities gave priority to areas: (i) with spotty developments; (ii) with no other way to build infrastructure; and (iii) where public investment would be crucial for redevelopment.

The New Town project began through a municipal ordinance of Seoul. However, an ordinance provided only limited legal basis. As the New Town project received national attention, a new law was passed in December 2005, greatly strengthening the legal foundation. In 2002, then-Mayor Lee Myung-bak announced three areas in Seoul to be the first New Town districts.

The New Town project would be implemented in 26 districts, with three (5.1km²) designated in 2002, twelve (8.2km²) in 2003, and eleven (10.5km²) at the end of 2005. The total area of the project districts (23.8km²) is 2.4 times larger than the housing redevelopment districts in Seoul from 1997 to 2003 combined (10.1km²). The districts varied in size from 0.2km² to 3.5km², with an average of 0.9km². As of 2008, the combined population in the districts was 850,000 (350,000 households), accounting for 8% of the total population of Seoul. Of these, about 230,000 households (69%) were tenants.

To summarize, the New Town project was proposed for the following reasons.

First, the former redevelopment projects were small-scale, piecemeal developments in most cases, led by the private sector. Profitability and convenience of development were top priorities. Consequently, roads, schools, and parks were inadequate. It aggravated the urban environment.

Second, conventional redevelopment had limitations in that its high reliance on the private sector made it difficult to secure sufficient infrastructure. There was a strong argument that the public sector needed to be more active in such projects.

Third, the conventional redevelopment method was not appropriate for comprehensive urban development. Plans for districts needed to include residential,

commercial, industrial, and cultural functions.

Fourth, the new redevelopment projects would make sure that as many original residents as possible could resettle in their communities after redevelopment. Redevelopment needed to be pursued that was people-centric and would create a community where people of all income brackets and generations could live peacefully together.

However, the overall outcome has been mixed.

■ Assessment of the New Town project

The New Town project introduced a concept of urban improvement based on a broader area. This became the basis for providing infrastructure to a broader area than before. The project also employed master planners (MP) and other experts.

The following could be considered as the strengths of the New Town projects.

- (i) Introducing the concept of broader area redevelopment formed the basis for providing infrastructure in a broader area. In the past, redevelopment/reconstruction projects were conducted separately, making it difficult to connect adjacent projects and build a common urban infrastructure. Therefore, it was impossible to significantly improve the residential environment as a whole. In the New Town project, the basic spatial unit was designed to encompass a living zone to resolve the limitations of former projects.
- (ii) A variety of plans that considered local characteristics became useful thanks to the broader district unit. Most of the previous redevelopment projects had focused on building high-rise apartments. As a result, the districts all had uniform environments. Thanks to the broader project district in the New Town project, it was possible to establish more comprehensive plans for incorporating local variety into housing types, size, and density.
- (iii) Master planners (MP), master project managers and other experts joined to

establish the plans. As most previous redevelopment projects had been led by the private sector, profit was placed before the public good. Sufficient infrastructure and adequate building density was placed on the back burner. For the New Town project, a new planning system was introduced where MPs, master project managers, and the authorities jointly established and actually implemented each plan.

Alternatively, the New Town projects had the following issues.

- (i) The SMG pushed forward the project too quickly and designated too many districts, leading to increasing real estate speculation. All 26 project districts (23.8km²) were designated within only three years after the first in 2002. There was insufficient preparation and legal grounds, causing confusion in overall urban management.

The average project district was 0.9km², much larger than before. The problem was that there were already many affordable, decent housing units in the districts. If these were redeveloped, low-income people would more likely be priced out of the market. This zeal was for political reasons, and led to speculation and soaring housing prices. The project ceased when the 2008 global financial crisis hit the real estate market. Conflicts between stakeholders suddenly came to the forefront.

- (ii) In some cases, the initial goal of providing sufficient infrastructure on a broader area became simply a “large-scale redevelopment”. The SMG and the central government disagreed over development of a new city in the metropolitan area. The SMG went ahead with the New Town project mostly in Gangbuk. This resulted in a loss of the initial goal of building infrastructure in a broader area. While the original plan was to improve and manage each district according to local characteristics, some projects simply became like other large redevelopment projects.
- (iii) Due to the increasing floor area ratio and height of buildings, the districts

became high-rise, high-density residential areas. According to the New Town project plans, upzoning was allowed in residential areas, which meant that floor area ratio increased to an average of 233%. The average building height was 25 stories. High-rise, high-density development was carried out in the districts.

- (iv) The SMG was not comprehensive in carrying out its responsibility to build infrastructure in the broader area. In the New Town project, it was the private contractor's responsibility to build infrastructure as part of improvement. Initially, the public sector was to be responsible for infrastructure. This was passed on to private contractors, who were again allowed to increase floor area ratios. As the SMG applied a uniform amount of infrastructure in each project district, resulting in some having too much.
- (v) There was, again, insufficient consideration of low-income residents. An average of 69% of residents in the projects districts were tenants. The SMG should have introduced a variety of measures to ensure pricing stability for them. However, the New Town project allowed lower proportions of small units (85m² maximum) than former redevelopment projects. Critics argued that the project again placed more emphasis on profit than on benefiting all residents.

Overall, the New Town project was initially meant to resolve regional disparities between Gangbuk and Gangnam. For that purpose, the SMG was supposed to establish a comprehensive improvement plan for broader areas. Nonetheless, in spite of all that was good about the New Town projects, the SMG designated too many districts too quickly, in the interest of political gain. The concept of broader area planning was not fully realized and replaced with another large-scale redevelopment. This resulted in many problems: insufficient support for urban infrastructure; soaring housing prices; absence of support for the original tenants to resettle in the project districts, creating housing instability for

low-income families; and failure to utilize various improvement methods other than demolition.

What was worse, the stagnant real estate market due to the 2008 global financial crisis negatively impacted project profitability. Housing prices suddenly plummeted. Residents found themselves having to bear an increasing burden of the project cost, while the project's expected rate of return kept decreasing. Conflicts between stakeholders deepened. In the end, many contractors left the project, serving to worsen relations between the remaining stakeholders.

Now, an Exit Strategy

This is why the new Mayor of Seoul, Park Won Soon, introduced the New Town Exit strategy.

Mayor Park took office in October 2011. He announced the new plan for the New Town projects in Seoul. Before he announced the new strategy, the SMG conducted a survey on residents of the New Town project districts to find the most feasible solutions for each district.

The content of the survey varied by district. Residents were provided with sufficient information about the project in advance so they were able to give informed feedback on their community. In addition, the SMG held briefing sessions to provide information including the price of reference land and each resident's share of the project expense. It gathered their opinions in an open way.

Based on the survey response, the SMG provided more administrative services to facilitate the project to go ahead for redevelopment to where the majority of residents agreed on the project. It also set up stronger actions to ensure housing stability for low-income households. On the other hand, where conflict had deepened and strong opposition existed, the project would be canceled. For districts without a residents' association, the project could be canceled if at least 30% of the residents agreed. In this case, a resident-led urban regeneration project would be implemented.

On January 30th, 2012, the SMG announced its new plan for the New Town

projects. The policy direction changed more towards tenants rather than homeowners. The goal also shifted from profitability to community-building. The SMG designed a process to resolve conflict between residents. First, the authorities dispatched experts to the problematic districts to examine the conflicts and devise solutions. If the issue was not then settled, a mediation committee, comprised of 15 NGO activists, lawyers, and experts on urban redevelopment, provided consultation.

In conclusion, the SMG provided housing in terms of quantity through the New Town project. However, as most of the original tenants were unable to resettle in the redeveloped New Towns, local communities were largely forgotten. Rather than quantitative measures, it is now time to switch to qualitative residential area management. In 2008, the SMG initiated alternative projects to preserve low-rise residential districts and single detached housing, which included various urban regeneration programs targeting old residential areas.



08

Discussion & Reflection: What Has Been Achieved & What Has Been Lost?

Since the Korean War, Korean society has undergone drastic changes. This is most obvious in the changing cityscape of Seoul with its endless apartment buildings. The formation process of the residential environment in Seoul in the 20th century was pushed forward by the urgent need for housing in turbulent social circumstances. Solutions were dependent on the social mandate of the time and lacked comprehensive, long-term strategies. Upon reflection, housing in the city's residential environment is an outcome of many conflicts and contradictions common in such a turbulent process. As a result, Seoul has several unique residential features that are hardly seen in other cities across the world. Followings are such distinctive features found in the formation process of the city's housing and residential areas.

First, providing housing to citizens in Seoul was a process of struggle from reconstruction efforts in the aftermath of the Korean War to the 1992 plan to build 2 million housing units across the nation and the New Town projects. Seoul had suffered a chronic housing shortage since the Japanese colonial era. The problem worsened in the 1960s when the city went through rapid economic growth and urbanization. For the last century, the population grew consistently, increasing exponentially between 1955 and 1980 from 1.85 million to 8.4 million. Due to this phenomenal increase, the city's response to the housing shortage was inevitably limited to quantitative expansion of housing. There was no time for the SMG to consider residential environment and quality of housing.

Second, housing in Seoul was influenced by political and economic considerations. All housing policies had political intentions: the development of Gangnam, extensive shack town redevelopment projects, massive construction of multi-household and multi-family housing, and development of new cities near Seoul. The momentum for these projects in the end was for shareholders to make

as much money as possible. The policy priority was always placed on increasing housing supply. Coupled with profit-seeking motives of private construction companies, densely-packed, high-rise residential environments were the result. In addition, the government focused on quantitative expansion of private residential space, with minimum investment in infrastructure and public spaces. Housing became an investment vehicle rather than living space, as individuals joined in the rampant speculation.

Third, quantitative expansion of housing and efficiency-oriented development made apartments a common form of housing in Korea. Starting with Mapo Apartments in 1962, apartment complexes changed the notion and form of residences in the country. More than half of the existing residential buildings and the majority of new housing are apartments today. This is partly because of government housing policy, but also consumer demand for convenient housing that made efficient use of space. As a result, apartments, a Western form of housing, became absolutely dominant in terms of quantity over traditional Korean housing, severing the historical continuity of Korea's residential features. In fact, as apartment complexes became more common, the continuity of urban fabric is now missing, causing imbalance in the overall residential features.

Fourth, Seoul's residential areas expanded quantitatively, but their quality did not. In the 1980s, when most of these shacks were demolished, Seoul still needed to see significant improvement in housing quality. The city is now packed with multi-household/multi-family dwellings and high-rise apartments. There were some positive changes in housing construction, such as the use of concrete instead of crude materials. The systems for water supply and sewerage were improved. But significant room remains for improving the residential environment in general. Many areas are extremely crowded with high-rise buildings. Structure uniformity paints a drab cityscape. Most of all, the absolute shortage of outdoor communal space is a serious problem.

Fifth, Seoul's residential features reflect a distinctive stratification, especially stark between Gangbuk and Gangnam. The residential environment for those

living in monthly one-room rentals in a basement is in sharp contrast to the residences of the upper class, including luxurious single-detached houses, villas, and deluxe, super high-rise apartments. Of course, such a distinction between residential environments for the upper class and for the lower class can be found in every city in the world. However, it is noticeable that the gap between, and within, the classes is extraordinarily wide in Seoul.

Sixth, the effort to provide housing to the residents of Seoul has been led by the private sector. With the joint redevelopment scheme devised in the 1980s, the role of the public sector in housing redevelopment was minimal at best. The New Town project, born as large-scale redevelopment, intended to include a stronger role for the SMG. However, as infrastructure was largely provided by the construction firms compensated through higher floor area ratios, the public sector was only active at the planning stage. Most of all, it failed to protect the original tenants who ended up being forced out of the New Town developments.

These aspects of Seoul's residential environment are attributed to the fact that housing policies and residential areas were formed quickly in a short period of time. Unlike development of technology, providing housing and improving residential environments requires more time. This is true regardless of the culture. Seoul experienced unprecedented rapid change in its housing environment, bringing with many problems. To be sure, today's residential environment is not a complete failure, but much remains to be done to relieve the problems. This is not to suggest that we should reject all that has been accomplished in the city. To that end, we need to shed new light on values that have long been overlooked and denied.

09 Closing Remarks

As of writing this book, it is 2018. Almost 70 years have passed since the Korean War. At the time, Seoul was a ravaged city of refugees and destruction. How Seoul has coped with exploding housing demand in the 20th century makes for quite a story. In the 1960s and 1970s, the city of Seoul had social problems stemming from the thousands of unauthorized shacks, something which cities in developing countries still struggle with. The difference is that Seoul did “clear out” its slum areas and built high-rise apartment complexes. The city was able to ride the crest of Korea’s rapid economic growth and harness the momentum in providing housing to its citizens. In a way, its projects have been an enormous success. Although not every family owns a house, the housing supply rate as of 2016 was 96.3% according to the Seoul Metropolitan Government(SMG)⁵.

There was, however, a dark side to this process. The unauthorized settlements were demolished, and the residents relocated to the city outskirts, far from the city center where most made their livelihoods. Sometimes government force, in the form of police officers, was used to deal with those residents unwilling to move. The effort to provide decent housing to low-income families in shack housing such as the Citizens’ Apartments were largely a failure. The shack residents, shoved out from their original habitat, became the disadvantaged in Seoul. Sometimes there was violence involved during demolition of their unauthorized housing and their relocation. Gwangju Housing Complex Riot stands out as the worst example.

Since the 1960s, the original residents were not properly considered in housing redevelopment plans. This continued throughout the 1970s and into the 1990s. With the new joint redevelopment scheme, private construction firms took the lead while the public sector took the back seat. In this approach, redeveloping housing into high-density/high-rise apartments was based on private contracts

⁵ The home ownership rate was 49.3% in 2016.

between landowners and private construction firms. The role of the SMG was minimal at best. With soaring housing prices in Seoul, it was a good business opportunity for the private sector. However, since the motive for both landowners and construction companies was sizable profit, the housing needs of the tenants were not properly considered. This trend continued with the New Town project in the 2000s.

Now the population of Seoul has been decreasing since the 1990s. Similar to other advanced economies, Korea has entered an era of low economic growth. Housing prices fluctuate in cycles, but have not soared for some time like they did in the past. Even without population growth, providing housing is still important, but not as much as 20 or 30 years ago. The current aim in the city's housing policy is to provide assistance to newlyweds and low-income families. The SMG has proposed urban regeneration programs, currently being implemented in old residential neighborhoods. It also conducts innovative rental housing policies. This book focused on how Seoul provided housing to millions of its citizens on a grand scale. It does not cover the recent programs or strategies in view of housing welfare. I hope we will be able to introduce these programs in a later publication.

The primary message of this book is rather simple. Seoul was successful in providing decent housing to its citizens. Considering the rapid population growth and the social problems of shack settlements, it was an immense task that met with great success, being admired by cities in many developing countries. However, housing policy in Seoul had its dark moments as documented in this volume. The role of the public sector, the Seoul Metropolitan Government in this case, is to deal with the market failure - that is, to take care of needs that the private sector is not interested in. In the critical period of rapid population and economic growth, this duty was not fully recognized by the SMG. Since then, its thinking has evolved and it has gradually begun to carry out this important responsibility. Now housing policies in Seoul seek to enhance housing welfare for the less well-off. It may be safe to say that the task to provide decent housing to millions of people is mostly completed. Nonetheless, it is an ongoing struggle

to increase housing stability and improve quality of the residential environment. There is a lot for the SMG to do. Through its ceaseless efforts, housing policies will benefit the citizens of Seoul for years to come.



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