

# **New Town Development in Korea:**

## **Integrated Planning Processes and Involvement of Stakeholders of Bundang and Sejong city**

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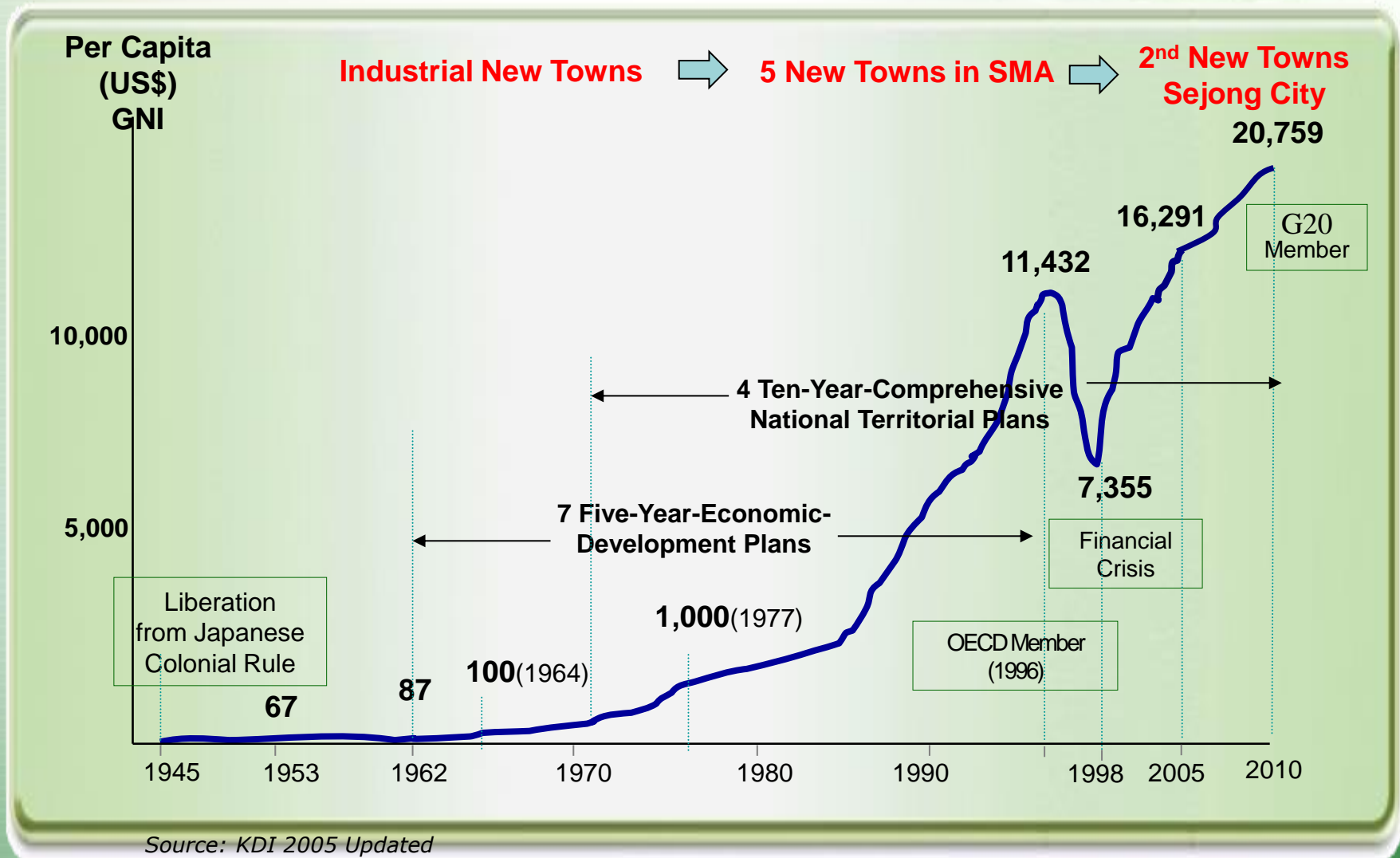
# **Outline of Korean New Towns**

# Changes in Socio-economic Structure

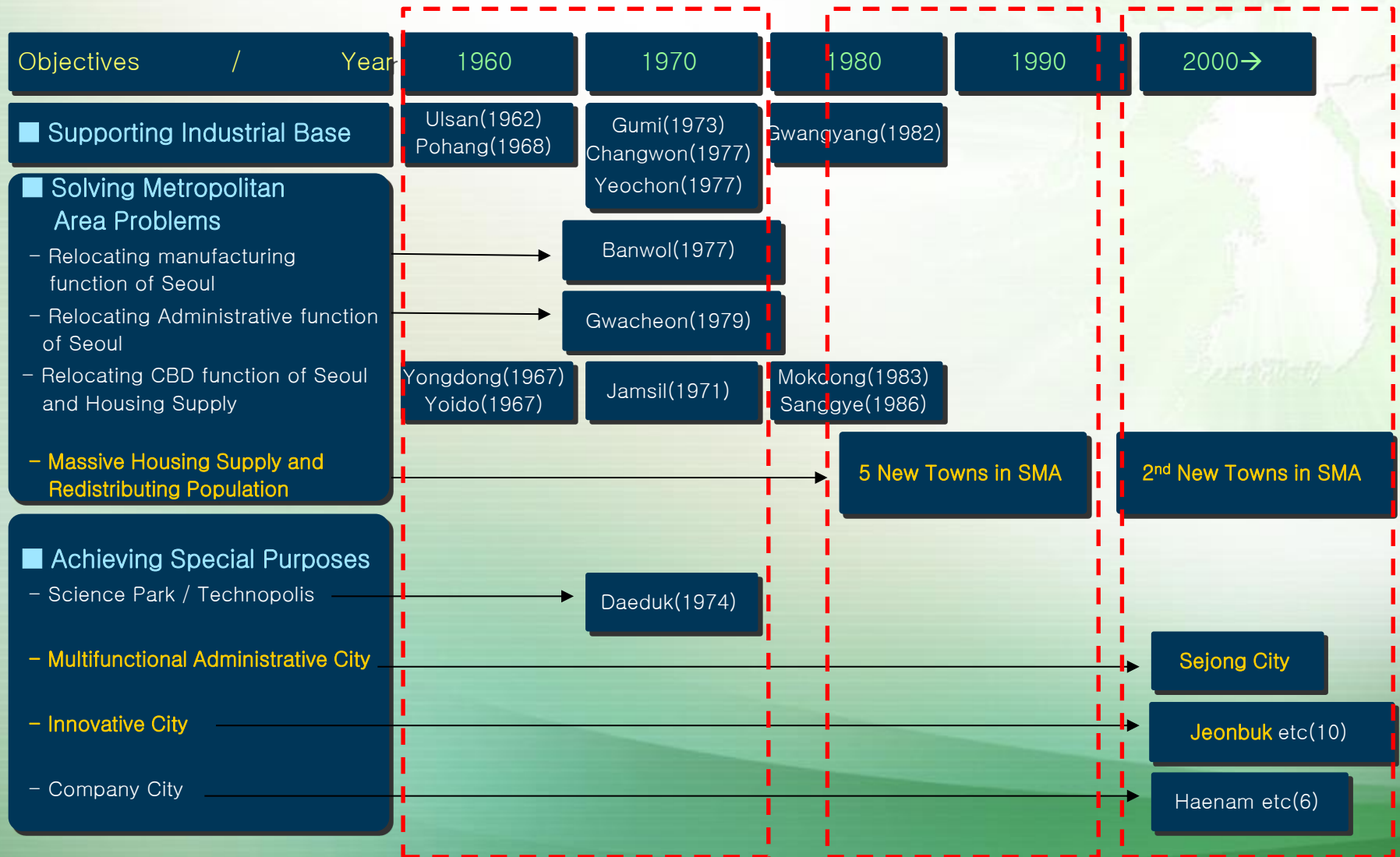
	1960 (A)	1980	2010 (B)	Ratio (B/A)
<b>Area</b> (km <sup>2</sup> )	98,431	98,992	100,214	<b>1.02</b>
<b>Population</b> (thousand persons)	24,989	37,436	48,875	<b>1.9</b>
<b>Per Capita Income</b> (\$)	79	1,598	20,759	<b>263</b>
<b>Export</b> (100 million \$)	0.3	175	4,664	<b>4220</b>
<b>Urbanization Ratio</b> (%)	35.9	66.3	90.9	<b>2.5</b>
<b>Industrial Estates</b> (km <sup>2</sup> )	0.0	205	1,336	<b>1,336</b>
<b>Housing Supply Ratio</b> (%)	79.5	71.2	101.9	<b>1.3</b>
<b>Road Length</b> (thousand km)	27.2	47.0	105.5	<b>3.9</b>

Source: Korea National Statistical Office

# Economic Growth & New Town Developments

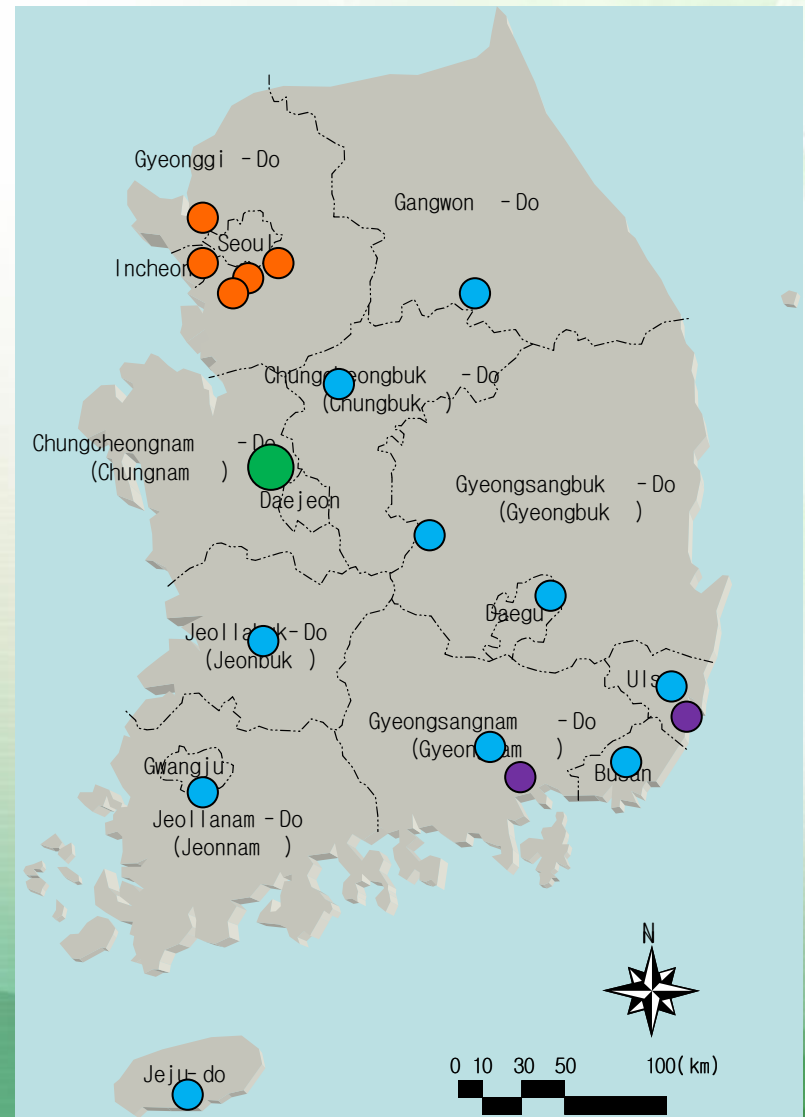


# Chronological Review of New Town Projects



# Location of Korean New Towns

- Industrial New Towns(1960-1970): Ulsan, Changwon etc.
  - Major role to lead and support Korean economy growth in the industrialization era
- New Towns for Housing Supply(1990-2000): 5 new towns near Seoul- Bundang, Ilsan etc.
  - Effective supply of large amount of housing near Seoul metropolitan area
  - Improve housing services and quality
- Complex New Towns(after 2000): Pangyo, Gimpo, Sejong, Innovative cities, company cities etc.
  - Adopt green, TOD concepts
  - Disperse some ministries of central government and public agencies







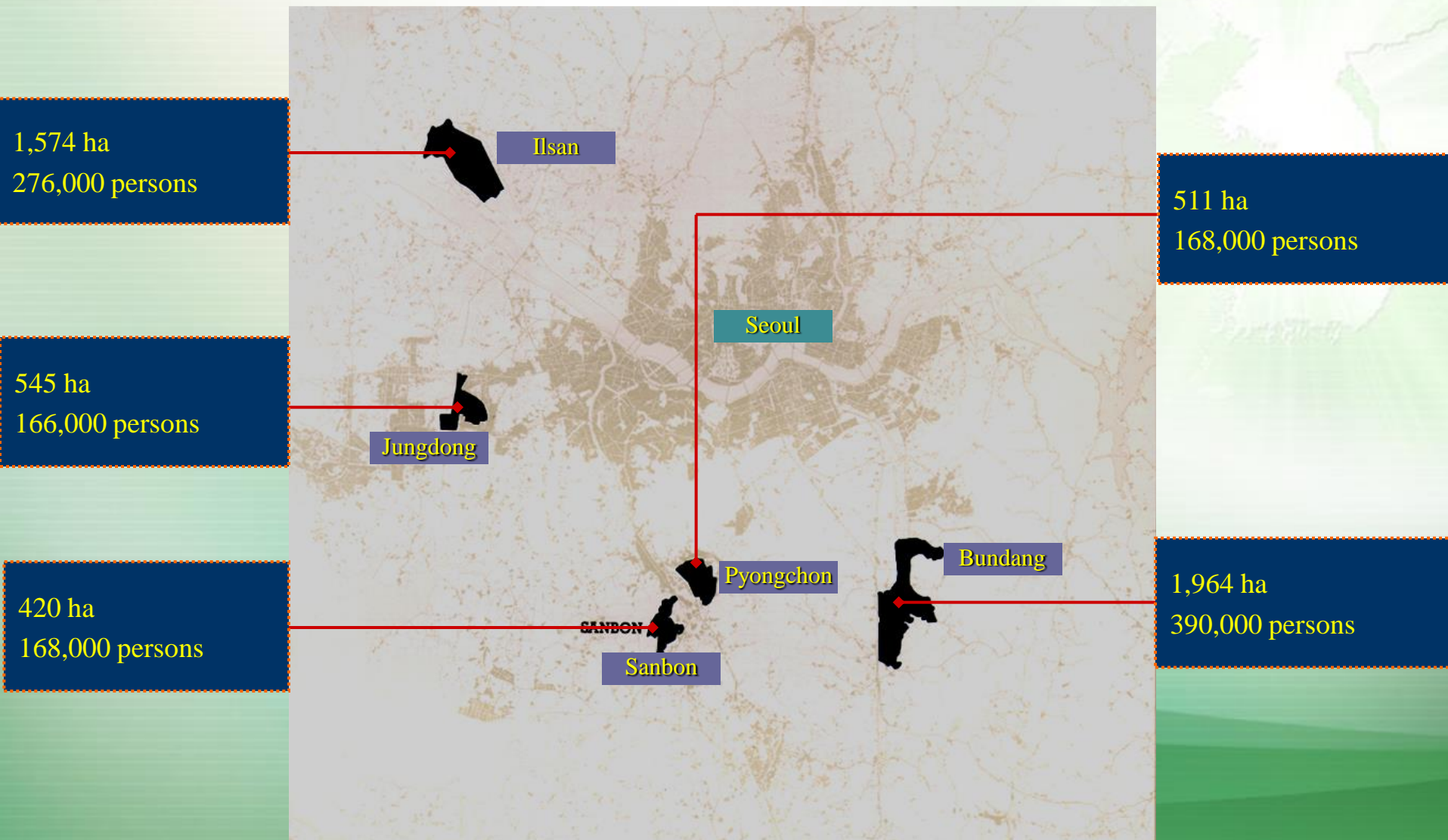
## **Bundang New Town**

# Background of 5 New Towns Project

- Excess in Housing Demand and Slow Progress in Its Supply in the Late 1980s
  - Only 50.6% of the rate of housing supply in Seoul
  - 2.45 million savings accounts for housing
- Steep Rise in Housing Prices and Speculation in Real Estate
  - Inflow of capital into real estate market
  - Increase by 57.4% of large size condominium price in Seoul
- Implement the 200 mil. Houses Supply Policy by Central Government
  - 900,000 of 200 mil. Houses were assigned to the capital region
  - Shortage of available land in Seoul
  - 400,000 houses were supposed to provide in the areas of 20-30km far from Seoul -> Construct 5 new towns

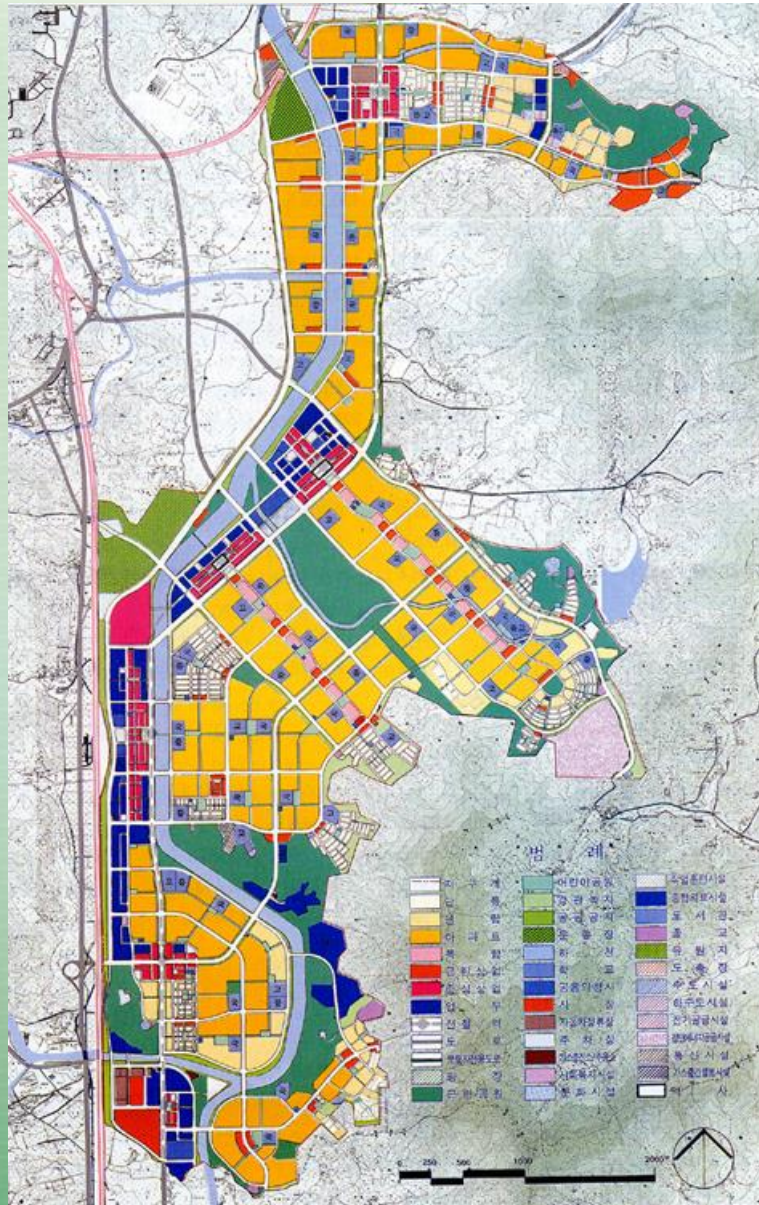


# 5 New Towns in SMA

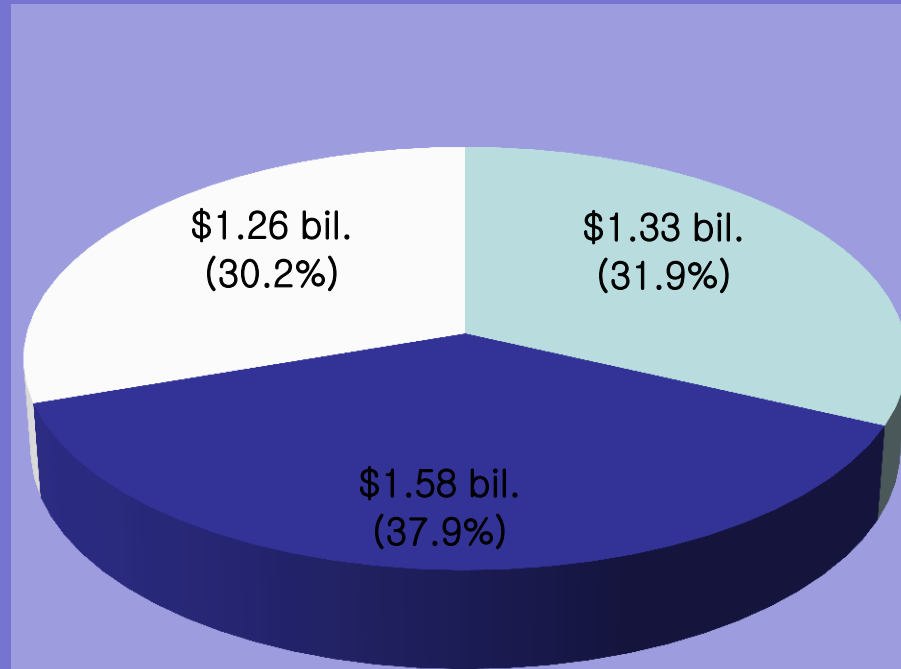




# Bundang New Town



# Cost of Bundang New Town Project



Total Cost: \$ 4.17 bil.

- Arterial Infrass:

- 2 Highways
- 6 Local Roads
- Subway(77% of total)
- Water
- Sewage etc.

- Site Construction
- Arterial Infrass
- Land Acquisition



# Finance of Bundang Development

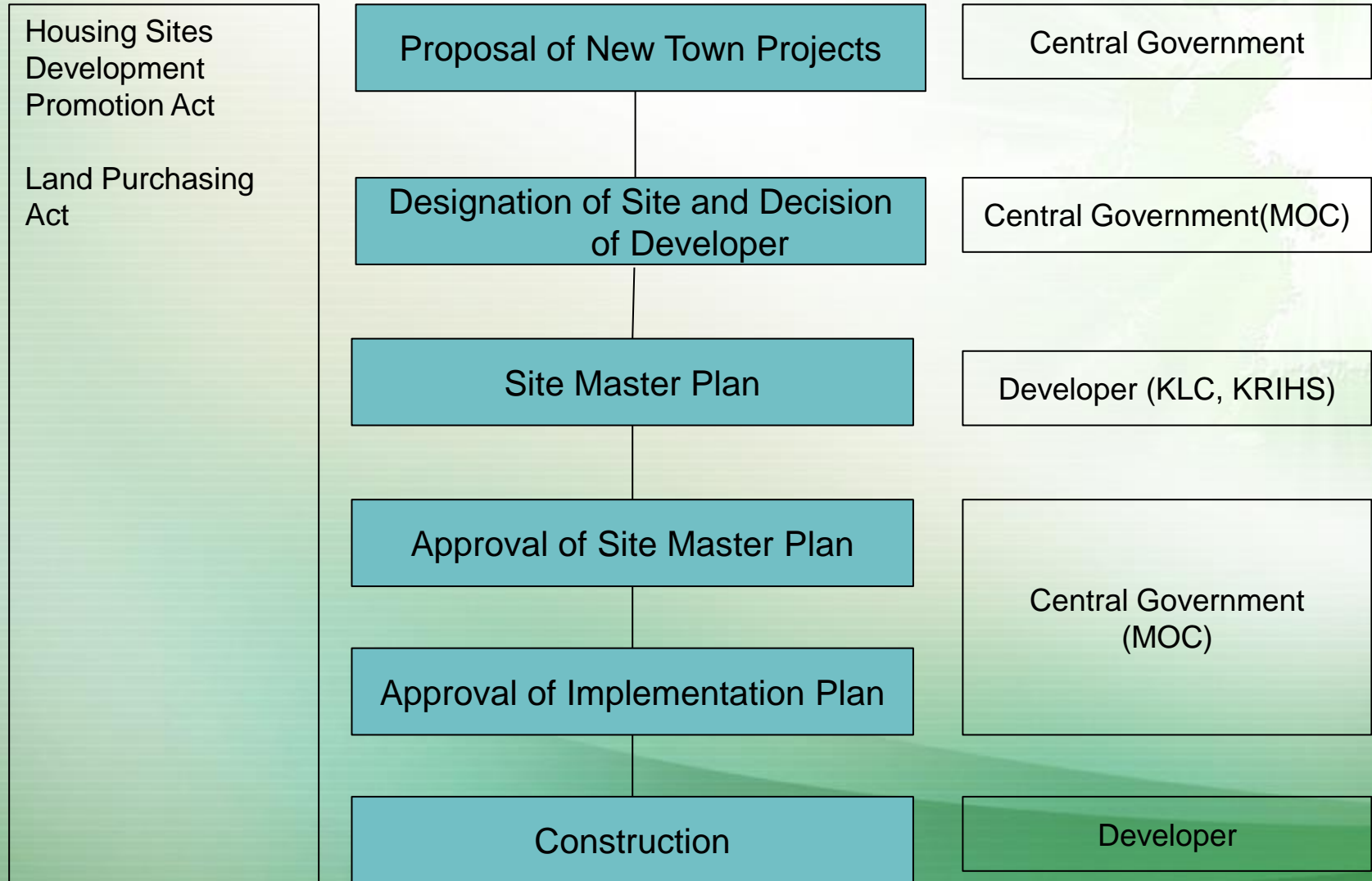
## ■ Investors of Project

- Land purchasing, site development, arterial infras: KLC
- Public facilities(school, post office etc.): governments or public agencies
- House, commercial, and office buildings: private sector

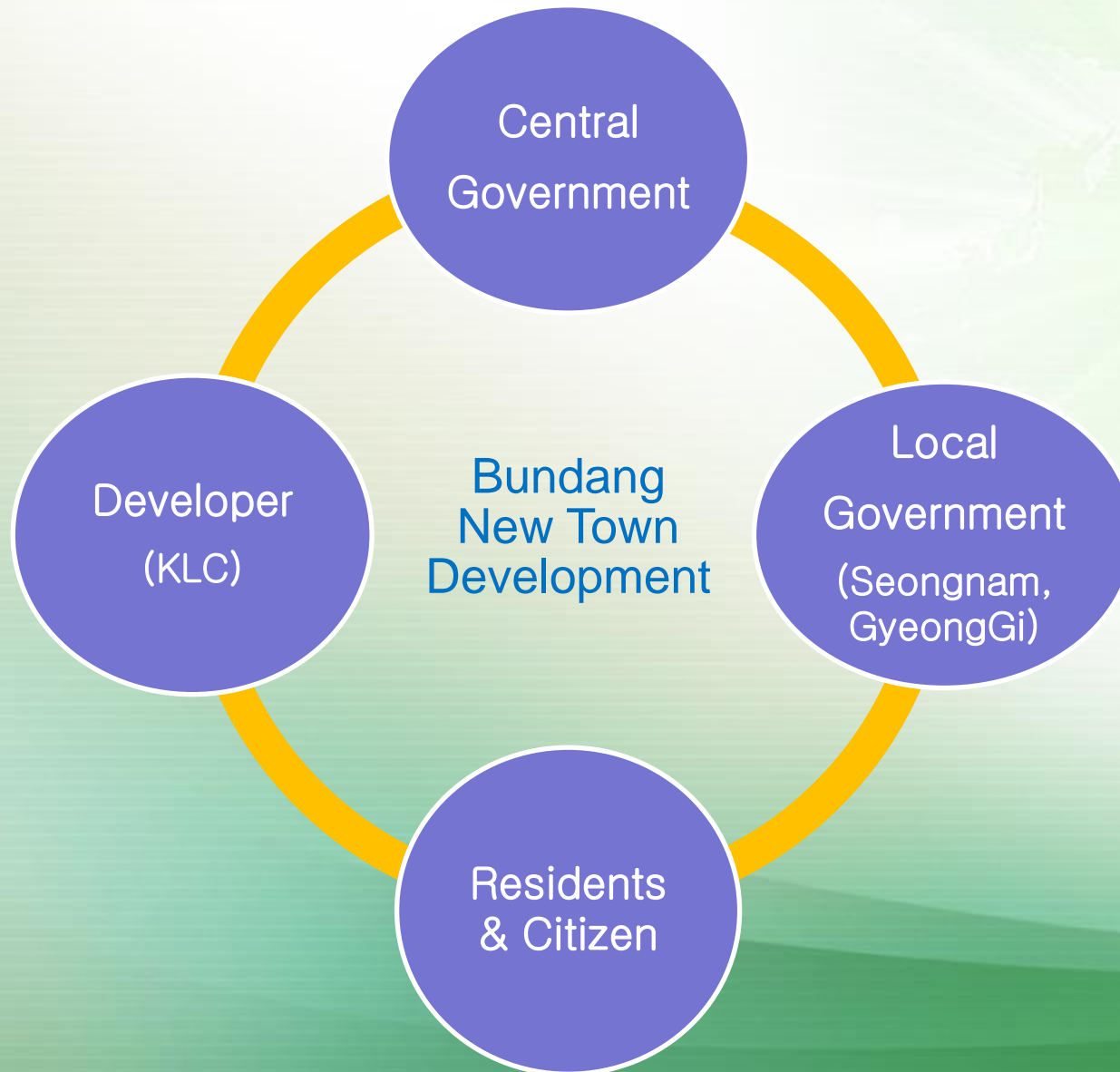
## ■ Financial Resources

- Pre-payment for land by construction companies and public agencies
- Public housing fund
- Land bond issued by KLC
- Redeemable bond by house issued by companies
- Pre-selling of houses to individuals

# Process of Bundang New Town Project

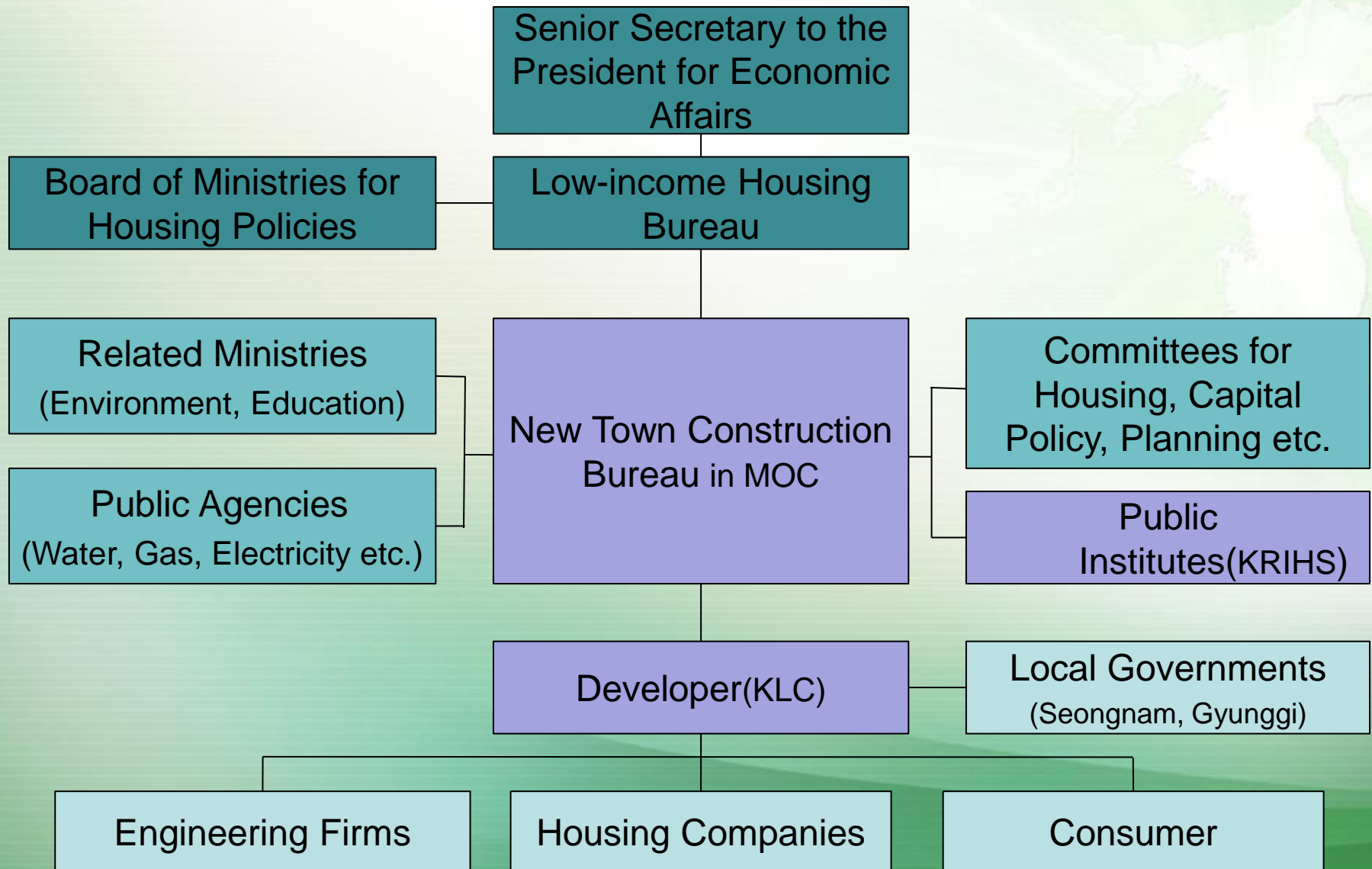


# Actors of Bundang New Town Project





# Organization of Bundang New Town Project



# Purposes & Roles of Actors

- Central Government

- Senior Secretary to the President for Economic Affairs, Board of Ministries for Housing Policies, Low-income Housing Bureau
  - Mitigate housing prices, disperse population of Seoul
  - Housing policy, functions of new towns, population size
- New Town Construction Bureau in Ministry of Construction(MOC)
  - Accomplish the national housing policy
  - Control project, decision of basic and action plans, customize of planning issues
- Public agencies
  - Supply efficiently infrastructures
  - Construction of water, electricity, gas, school, etc.
- Korea Research Institute for Human Settlements(KRIHS)
  - Planning of site master plan and urban design plan in behalf of KLC, reporting of policy issues

# Purposes & Roles of Actors

## ● Local Government

- Seongnam(local government), Gyeonggi(provincial government)
  - Control speculation, survey existing buildings, permit building construction

## ● Developer(public corporation)

- Korea Land Corporation(KLC) under MOC
  - Implement project(acquisition of land, accomplishment of site master plan, implementation plan, and urban design plan, selling land, construction of roads and parks etc.)

## ● Private Sectors

- Construction companies
  - Buy land from KLC, construct and sell houses
- Land owners and residents
  - Require compensation of land and buildings, protest the new town development
- Citizen and professionals
  - Argue about population concentration into capital region by new developments



## **Multifunctional Administrative City (Sejong)**

# Background and Progress

- Acceleration of Concentration into the Capital Region after the 1970s

- 47.2% of population and 83.2% of public corporation headquarters are concentrated in the capital region with only 11.8% of total land area
- Induce negative externalities aspects of Housing, transportation, and environment
- Several deconcentration policies of functions and population of the capital region have continuously been implemented

- New Capital Relocation Project by the Former Administration

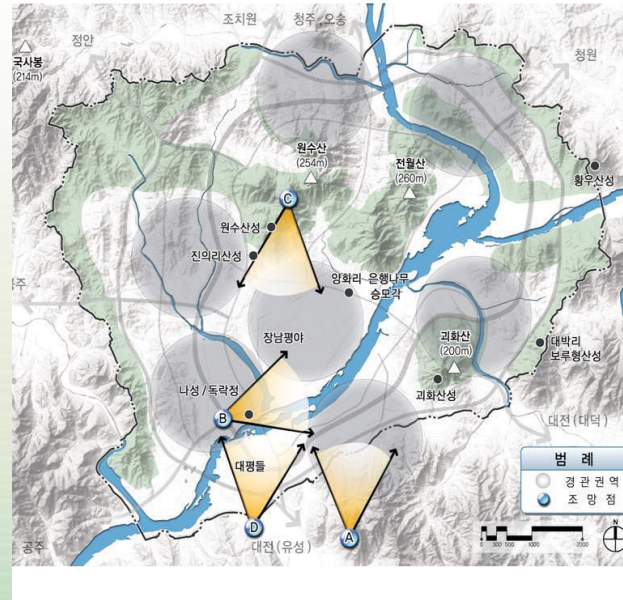
- The former president Roh Moo-hyun adopted the project as a presidential election pledge in 2002

- Implementation of the Multifunctional Administrative City(MAC)

- The Promotion Act for New Capital City was Judged to be unconstitutional
- Relocation project which national functions except for presidential, congressional, and Supreme Court functions move to MAC was pushed again



# Site of MAC



A. 비학산에서 본 원수산, 전월산



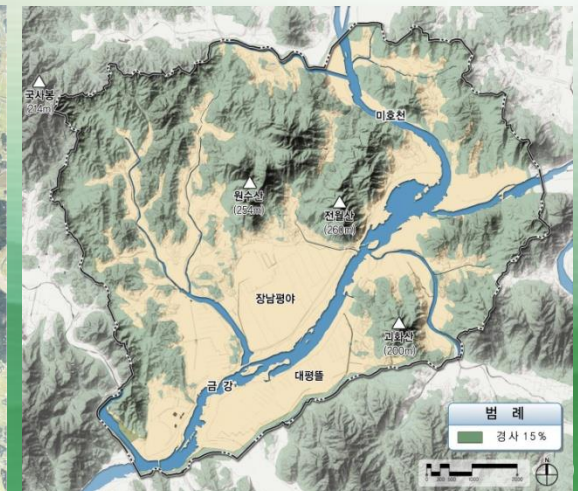
B. 금남교에서 본 금강(동측)



C. 원수산에서 본 비학산



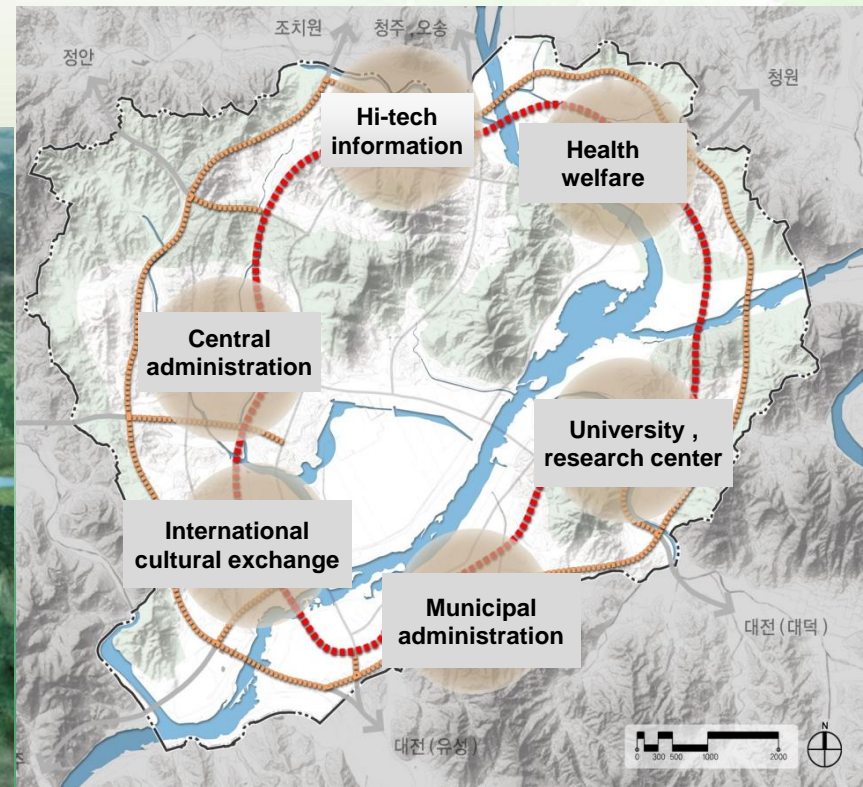
D. 대평들 상부에서 본 장남평야



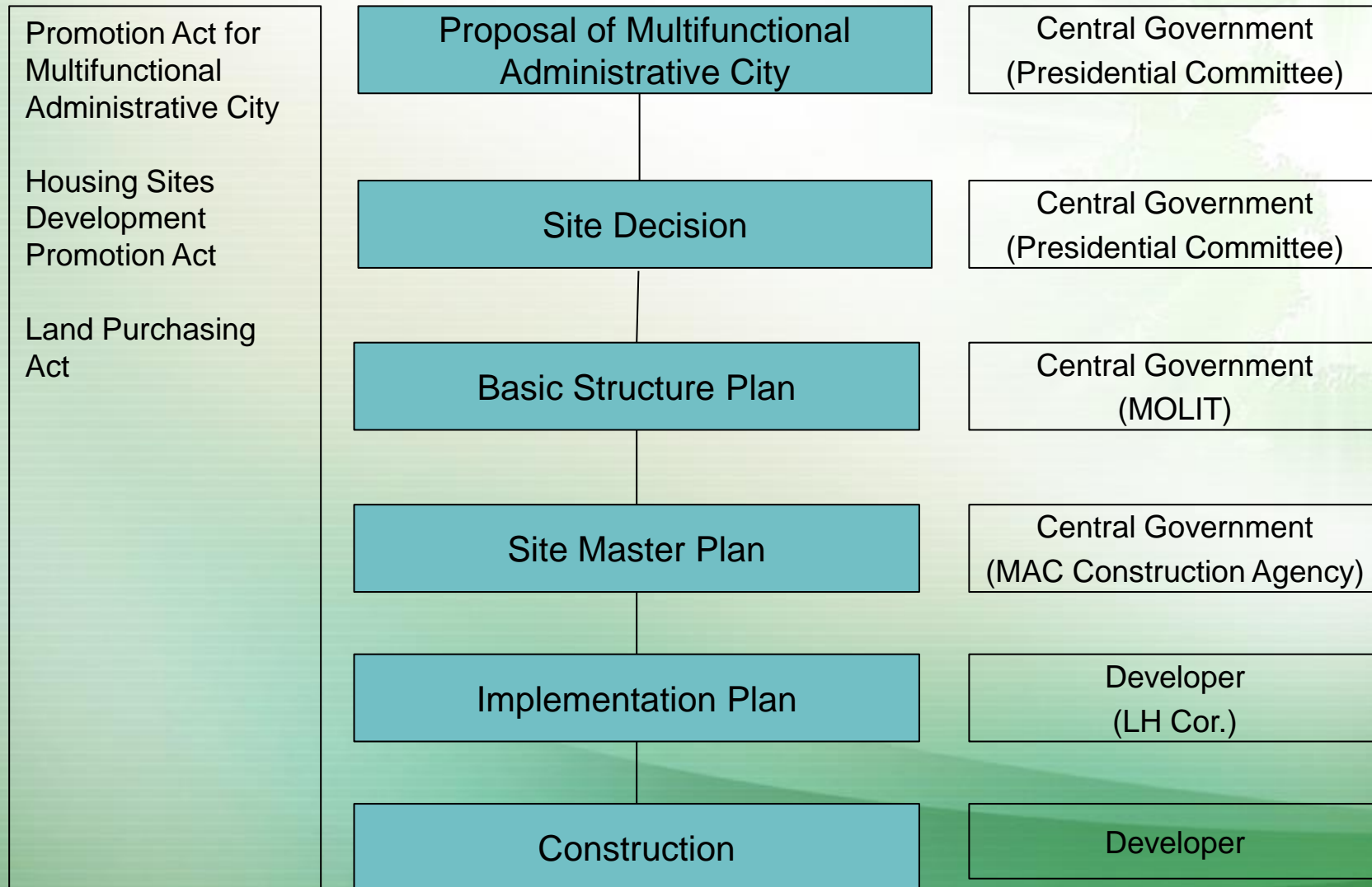


# Concept of MAC

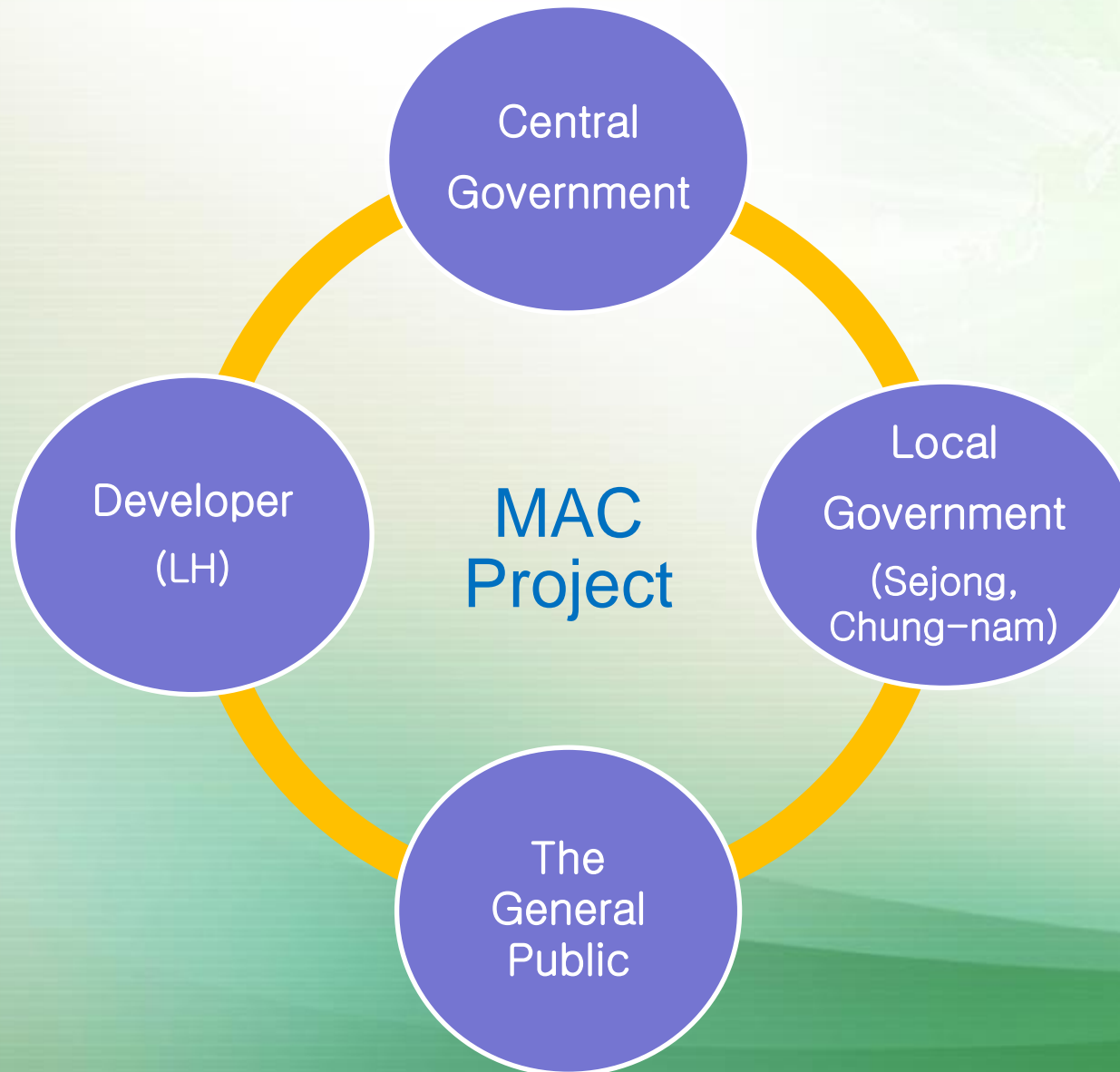
- Relocating central government under the concept of **balance, dispersion, and decentralization**
  - 12 ministries, 2 major government agencies, and 2 administrations move to Sejong city(Prime Minister's Office, MLIT, MOSF, MAFRA already moved to this Sejong city, and others will follow by this year)



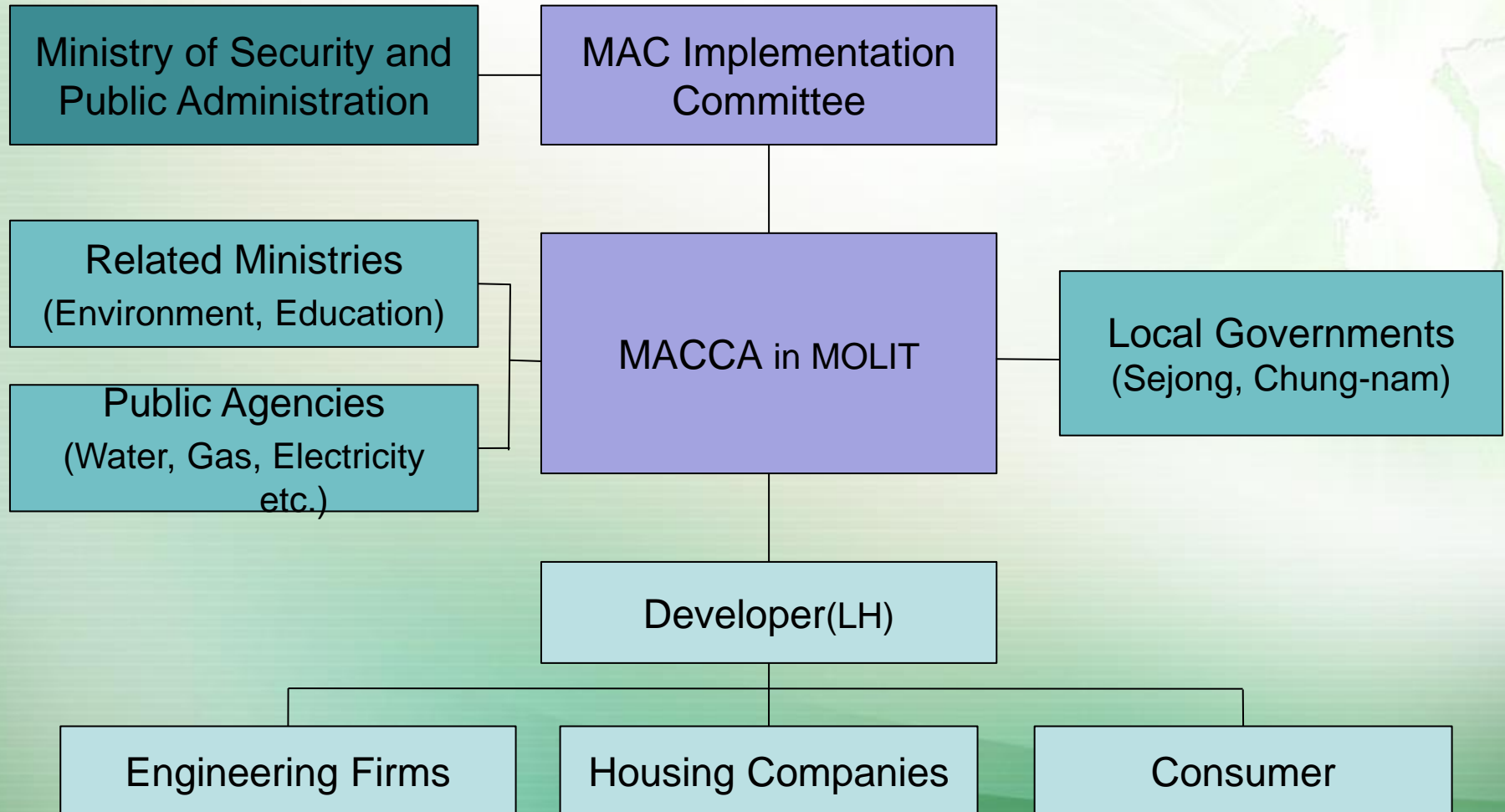
# Development Process



# Actors of MAC Project



# Organization of MAC Project





# Purposes & Roles of Actors

- Central Government

- MAC Implementation Committee, Ministry of Security and Public Administration
  - Relocate public administration successfully
  - Deliberate of the Basic Structure Plan, site master plan
- MACCA
  - Accomplish the national policy of relocation of public administration, complete city construction
  - Control whole project, decision of master and action plans, customize of planning issues
- Public agencies
  - Supply efficiently infrastructures
  - Construction of water, electricity, gas, school, etc.

# Purposes & Roles of Actors

## ● Local Government

- Sejong(local government), Chung-nam(provincial government)
  - Induce budget and science institutes, permit building construction

## ● Developer(public corporation)

- Korea Land & Housing Corporation(LH) under MOLIT
  - Implement project(acquisition of land, planning, selling land, construction of roads and parks etc.)

## ● Private Sectors

- Construction companies
  - Buy land from LH, construct and sell houses
- The general public
  - Mixed opinions depending on their living places or perspectives about national territorial dispersion policy





## **Concluding Remark**

# Implications from Bundang & MAC in Korea

## ● Lessons from Bundang New Town Project

### Pros:

- Provision of affordable housing
- Stabilization of housing price
- Improvement of living environment through the public-led development model

### Cons:

- Unsatisfactory self-containment of city
- Insufficient migration initiatives for existing residents
- Less consideration about unplanned development outskirts of Bundang afterwards

## ● Lessons from MAC Project

### Pros:

- Good start forward balanced development by overcoming a lot of disagreements and compromising other opinions

### Cons:

- Inefficiency in national administrative service due to functional dispersion
- High social conflict cost and deep split between people

# For Future Directions

## ● Diagnosis and Problems

- Conflicts between regions or classes are still latent in the MAC
- A lot of public conflicts such as Southeastern New Airport, Power Cable Construction, and Happy Public Housing project except for Urban Developments in Korea
- Public conflict projects are 66 and their social cost is up to about \$ 200 billion (72% of national budget) according to a private institute's report
- Realize the progress of decentralization of power and mature of citizenship different to Bundang
- Spend long time for negotiating with local government s and complicate in actors' interests like recent 2<sup>nd</sup> phase new towns

## ● Suggestions

- Delve the initiatives for all stakeholders to participate from the beginning of project and find common benefits
- Necessary for a system like CNDP(National Commission for Public Debate) of France for compromising conflicts unsolved



**Thank you**